

PAID TIME OFF (PTO) ACCRUAL POLICY

Payroll & HR Administration Template

Company Name:

Effective Date:

Policy Number:

Revision Date:

1. Purpose

This policy defines the guidelines, eligibility, and accrual rates for Paid Time Off (PTO) to ensure accurate and consistent payroll processing.

2. Eligibility

This policy applies to all employees classified as:

- ☐ Full-Time Regular
- ☐ Part-Time Regular (Accrued pro-rata)
- ☐ Salaried / Exempt
- ☐ Hourly / Non-Exempt

Accrual begins on:

3. Accrual Schedule & Rates

PTO is accrued per (e.g., pay period, hour worked, month) according to the schedule below:

Years of Service	Accrual Rate (Per Period)	Annual Equivalent (Days/Hours)	Maximum Cap (Roll-over Limit)

4. Payroll & Tracking Rules

- Accrual Frequency:** PTO is calculated and credited to the employee's account on the day of each payroll cycle.
- Negative Balance:** Employees (are / are not) permitted to carry a negative PTO balance. Maximum negative balance allowed: hours.
- Carryover Policy:** At the end of the calendar/fiscal year, a maximum of hours may be carried over. Any excess hours will be:

☐ Forfeited (Use-it-or-lose-it)

☐ Paid out at the employee's current rate of pay

5. Separation of Employment

Upon separation of employment, unused accrued PTO will be handled as follows (subject to state laws):

- ☐ Paid out in full on the final paycheck
- ☐ Paid out up to a maximum cap of _____ hours
- ☐ Not paid out / Forfeited

6. Approvals and Acknowledgement

By signing below, the authorized representatives approve the implementation of this PTO accrual structure for payroll processing.

HR Director Signature / Date

Payroll Manager Signature / Date

Executive/Owner Signature / Date

Title