**PAID TIME OFF (PTO)**

**(effective 1/1/17)**

**POLICY**

Isaac’s Deli, Inc. believes that employees should have opportunities to enjoy time away from work to help balance their lives. Isaac’s Deli, Inc. recognizes that employees have diverse needs for time off from work. Isaac’s Deli, Inc. has established this paid time off (PTO) policy to meet those needs. The policy contains provisions for vacation time, sick leave, holiday pay & other scheduled and unscheduled time off.

The benefits of PTO are that it promotes a flexible approach to time off. Employees are accountable and responsible for managing their own PTO hours to allow for adequate reserves if there is a need to cover vacation, illness or disability, holidays, appointments, emergencies or other needs that require time off from work.

**Eligibility**

PTO is accrued after:

* Transfer into a PTO-eligible position (start accruing on eligibility date), or
* By completing 4 years of service as a non-benefits eligible employee (start accruing based on hire date).

**Availability**

PTO accruals are available for use in the pay period following completion of 90 days of initial employment. All hours thereafter are available for use in the pay period following the pay period in which they are accrued.

**Accrual and Payment of PTO**

For all employees, accruals are based upon the PTO Accrual Schedules below for the applicable category of employee. Hourly employee maximum accruals are based on 2080 hours per year, excluding overtime (maximum of 80 hours per pay period). PTO does not accrue on paid or unpaid leaves of absence. Employees become eligible for the new higher accrual rate on the first day of the pay period in which the employee’s anniversary date or promotion date falls.

**Use and Scheduling of PTO**

Whenever possible, PTO must be scheduled in advance for all time off except for illness & emergencies. It is subject to supervisory approval, location staffing needs and established location procedures. Unscheduled absences will be monitored. In the case of an emergency or illness, an employee shall give as much notice as is practically possible. An employee will be counseled when the frequency of unscheduled absences

adversely affect the operations of the department. The supervisor may request the employee provide a statement from his or her health care provider concerning the justification for an unscheduled absence.

* PTO may not be used for missed time because an employee reports late to work, except during inclement weather or other commonly recognized emergencies.
* It is not the intent of this policy for PTO to be used to supplement hours for maintaining benefits eligible status and use of PTO for this purpose is discouraged.
* PTO for hourly employees is paid at the employee’s average hourly rate plus claimed tips for the past 6 pay periods- excluding overtime.
* PTO for salaried employees is paid at the employee’s salary at the time the PTO is taken. Pay for salaried employees may be reduced for any full days away from work in excess of accrued PTO.
* PTO is not part of any overtime calculation.
* Hours paid plus PTO in any single pay period cannot exceed the average hours worked for the last 6 pay periods.
* Hourly employees may take PTO in increments as low as 1 hour.
* Employees may not borrow against their PTO banks; therefore, no advance paid leave will be granted.

**Payment upon Termination**

After 90 days of employment, an employee who accrues PTO on an hourly basis, may be paid upon resignation, separation or retirement, PTO hours accumulated but not used if they complete a proper notice (2 weeks) (1) (2) Employees terminated after they have gone through the progressive disciplinary process may be eligible for payment of accrued PTO. Employees terminated for Gross Misconduct or job abandonment (no call, no show) WILL NOT be paid PTO at the time of termination.

After 90 days of employment, an employee who accrues PTO annually, rather than hourly, will have accrued PTO addressed within a separate agreement.

For an employee who is rehired within six months of their termination date, the break in service will not interrupt the length of service used to determine PTO accrual rates and

amounts. However, any unused or unpaid PTO from prior employment period will not be restored.

1. Any employee with any current manager job code will be required to give a proper notice of 4 weeks.
2. An employee who voluntarily reduces the number of hours worked between the time they submitted their notice and their last day worked, may not be eligible for payment of accrued PTO.

**PTO ACCRUAL FOR RESAURANT GENERAL HOURLY EMPLOYEES AND EQUIVELANT POSITIONS IN MAINTENANCE, LIBERTY BREADS & THE CORPORATE OFFICE**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| BE | NBE | Year of Service | Accrual Rate per Hour | Annual PTO Accrual\* | Maximum Accrual\*\* |
| X | N/A | Less than 1  | .011538 | 3 days (24 hours) | 3 days (24 hours) |
| X | N/A | 2 through 4  | .023077 | 6 days (48 hours) | 6 days (48 hours)  |
| X | X | 5 through 9  | .038462 | 10 days (80 hours) | 10 days (80 hours)  |
| X | X | 10 or more  | .057692 | 15 days (120 hours) | 15 days (120 hours) |

\*Annual PTO Accruals are based on an employee working 2080 hours per year (40 hours per week).
\*\*No PTO hours will accrue beyond the maximum accruals listed.

### PTO ACCRUAL FOR ASSISTANT GENERAL MANAGERS(1), ASSISTANT MANAGERS(1), AND EQUIVELANT POSITIONS IN MAINTENANCE, LIBERTY BREADS & THE CORPORATE OFFICE

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| BE | NBE | Year of Service | Accrual Rate per Hour | Annual PTO Accrual\* | Maximum Accrual\*\* |
| X | X | 0 through 4  | .038462 | 10 days (80 hours) | 10 days (80 hours)  |
| X | X | 5 through 9  | .057692 | 15 days (120 hours) | 15 days (120 hours)  |
| X | X | 10 or more  | .076923 | 20 days (160 hours) | 20 days (160 hours) |

\*Annual PTO Accruals are based on an employee working 2080 hours per year (40 hours per week).
\*\*No PTO hours will accrue beyond the maximum accruals listed.

(1) Assistant General Manager and Assistant Manager designation for PTO purposes is determined by the General Manager on a case by case basis and is based upon managing shifts a minimum of 25hrs/week.

**PTO ACCRUAL FOR GENERAL MANAGERS & EQUIVELANT POSITIONS IN MAINTENANCE, LIBERTY BREADS & THE CORPORATE OFFICE**

|  |  |  |  |
| --- | --- | --- | --- |
| Year of Service | Accrual Rate | Annual PTO Accrual | Maximum Accrual |
| 0 through 4 | 15 days | 15 days | 20 days |
| 5 through 9 | 20 days | 20 days | 25 days |
| 10 or more | 25 days | 25 days | 30 days |

### PTO ACCRUAL FOR SENIOR MANAGERS

|  |  |  |  |
| --- | --- | --- | --- |
| Year of Service | Accrual Rate | Annual PTO Accrual\* | Maximum Accrual\*\* |
| 0 through 19 | 25 days | 25 days | 30 days |
| Years Thereafter | 30 days | 30 days | 35 days |

Employee’s in General Manager, Senior Manager, Maintenance, Liberty Bread and Corporate Office positions are entitled to 3 paid holidays (Easter, Thanksgiving, Christmas Day) off without a reduction in accrued PTO. Should the paid holiday land on a Saturday or Sunday, another day, either 6 days before or after the holiday, may be used instead.

**Carry Over**

Any employee accruing PTO annually may carry over a maximum of 40 hours or 5 days to provide a buffer for illness and personal needs at the year-end. The total number of hours carried over from one year to the next can never exceed 40 hours or 5 days. Any PTO in excess of 40 hours or 5 days will be lost if it is unused in the anniversary year.

An employee changing positions may carry over unused PTO from the previous position, including unused PTO that is in excess of the new position’s maximum accrual. However, they will not accrue PTO until they fall below the maximum accrual for their new position. Senior Managers, General Manager & equivalent positions will carry over prorated PTO amounts based on their anniversary year.

It is the intent of Isaac’s to encourage all employees to take time away from work to rejuvenate both body and spirit but we also take into consideration that those in supervisory positions may not always have the ability to take time off due to business necessity.

Those that accrue PTO at the General Manager & equivalent positions in maintenance, liberty breads & the corporate office, when requesting time should work with their direct

supervisor to ensure their position is properly covered. If coverage cannot be obtained or an alternate period of time off cannot be negotiated, the PTO request may be denied. In cases where a PTO request is denied, the amount requested may be paid out to the employee at their anniversary, up to one week per anniversary year. This excludes any PTO that has been used during or will roll over at the end of the year. PTO requests denied that were submitted within 30 days prior to the requested time off will not be paid out.