

Attract and Retain Great Talent by Offering Unlimited Paid Time Off (The Right Way)

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As a business owner or senior manager, I'm sure you're well aware of the unlimited paid time off (PTO) debate. Is this for real? Is this a joke? Like many of my clients, you probably shrugged it off as a fad or something that isn't practical. But many companies are finding out it can be very practical, and a powerful benefit to offer.

That's what a recent study conducted by HR platform Namely found. According to the study, 34.5% of the more than 1,000 companies surveyed offer an unlimited PTO plan, a number that has significantly risen over the past few years.

Yes, your business can have an unlimited paid time Off (PTO) plan. And sure, there are a lot of pros and cons, a few of which I describe below. But an unlimited PTO plan is not as hard to implement as you may think. And for me, the benefits significantly outweigh the costs.

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So if you're thinking about it, here are a few things that I've learned from some of my clients who are doing this the right way.

The first thing to know is that your unlimited PTO plan doesn't have to be your only PTO plan. Most of my clients with unlimited PTO plans have multiple plans. For example, there's a PTO plan for hourly employees which may be the standard 2-3

weeks of vacation plus sick days and then another plan for salaried or senior managers that allows more time off and may include sick days.

Your PTO plan is your decision. There's no law (yet) about the type of plan you offer (although some states – like Illinois, Maine and Nevada – are requiring employers to provide vacation time). The unlimited PTO plan that you offer to your employees can be the ultimate nirvana, the mecca, the peak and the top of the heap of all vacation benefits. It can be the goal that everyone wants to reach, but to do so, they must perform. This brings me to my next point.

And that is that people should only be eligible for your unlimited PTO plan after fulfilling certain requirements. For my clients with these plans, they only consider employees who have been working for them for at least two years and sometimes as many as five. It's a perk for loyalty and good work. Other eligibility requirements may include the employee's position in the company, compensation levels or meeting certain performance milestones. So many of us are struggling not only to attract new talent but retain our best people, and an unlimited PTO plan can be the carrot on the stick for doing this, which brings me to my next point.

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And that is that unlimited PTO plans are a great sell. Most workers love the sound of “unlimited” when it comes to their vacation. The workplace has changed, and now, besides offering healthcare and retirement plans, good companies are also revisiting the concept of flexibility by offering more remote working and time off opportunities. So if you're able to make such a plan viable in your company, you've got a great sales pitch to attract talent – particularly younger talent who value this benefit more – in these times of tight labor.

Just be aware of the drawbacks. For example, studies like the one Namely conducted have shown that employees that work at companies with unlimited PTO plans have generally taken less time off than they were taking under previous use-it-or-lose-it plans. This is a potential mental health issue, which has caused some companies to require that employees take at least two weeks off.

“Clearly, unlimited PTO has gained credibility as an employee benefit, but to what end?” says Amy Roy, Namely’s Chief People Officer. “Regardless of their company’s plan, workers seem to be taking less time off. Employers concerned about the wellbeing and retention of their workers encourage the use of paid time off, as it gives employees the chance to reset and refresh.”

Like Roy, you still may have concerns about your employees’ mental health. And you may have other concerns too.

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You may be saying how in the heck can your company avoid having employees disappear for weeks or months on end while taking advantage of their unlimited PTO plan? Well, I’ve learned from a few successful clients to include an important caveat.

It’s this: yes, an employee can take “unlimited” time off, but any time off must be approved in advance by a supervisor. That type of policy then ensures that someone isn’t going to say, “Hey, I’m surfing in Australia for the next few months, see ya!” As long as a supervisor is happy with the amount of time someone is taking off, then good for everyone all around. It’s a strong control to avoid people really taking excessive advantage of your program.

The takeaway is that today’s workers love to talk about “4-day

work weeks” and “bare minimum Mondays” and, as frustrating as this may sound to business owners who are doing just the opposite, smart companies have to respond with benefits that help employees achieve greater flexibility and work-life balance. An unlimited PTO plan can be just that if implemented the right way.

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