



Welcome to the SIG University Webinar Series
**War for Talent – How to
Differentiate Your PTO Benefits**

Josh Reinhard | *PTO Exchange*
Gregg Makuch | *PTO Exchange*

September 8, 2021





Questions?

During the webinar if you have any questions, please feel free to...

- 🗨 Zoom Chat: Enter questions via the “Chat” feature in the Zoom meeting

Reminders

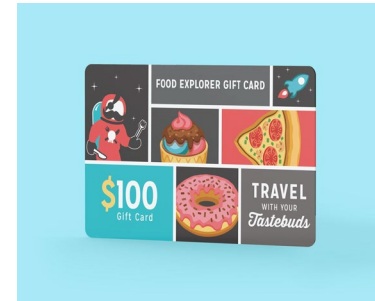
1. Slides and resources will be emailed after the webinar and are available on

silbs.com/events

2. Complete our 2-minute post webinar [SURVEY](#)** All completed surveys will be entered to win a \$100 Goldbelly gift card!

Congratulations to the winners from our last webinar!

Tommie Usdin, Mulberry Technologies
Connie Pierce, Parking Authority!



UPCOMING

To Vax or Not to Vax: Employer Incentives and Surcharges

September 8th, 3 PM – 4 PM EST

Q3 Compliance Recap

September 21st, 3 PM – 4 PM EST

Consumer Directed Healthcare and Account Based plans: HDHPs, HSAs, FSAs and HRAs

September 22nd, 12 PM – 1 PM EST

Speaker: Stacy Barrow, Esq., *Marathas, Barrow, Weatherhead, and Lent, LLP*

Employer Update – What You Need to Know When Returning to the Office

October 13th, 11 AM – 12 PM EST

Speaker: Doug Desmarias, Esq., *Smith & Downey*

Webinars





Benchmarking Survey Results

- ▶ Read the findings in our 2021 Benchmarking Survey Report to learn about the trends in Time Off Benefits [here](#)



Welcome

Josh Reinhard, *PTO Exchange*
Gregg Makuch, *PTO Exchange*

The War for Talent is on..

How to differentiate your PTO benefits

PTO
EXCHANGE

 **SIG**
AN ALERA GROUP COMPANY

September 8, 2021





"There is such a war for talent that compensation is not a differentiator."

*Tamla Oates-Forney
Chief People Officer
Waste Management*

Today's Presenters



Gregg Makuch

CMO
PTO Exchange



Josh Reinhard

VP Sales
PTO Exchange



Richard Silberstein

Managing Partner
SIG, an Alera Group Company

Competition for Workers Heats Up

“US economy set for a hiring boom ...”

Bloomberg

“Employers are aggressively competing for talent by increasing their compensation”



Hot sectors expected to include:

- Fitness centers
- Hotels and hospitality
- Restaurants
- Airlines
- Retail
- Manufacturing
- Nail salons and other service businesses



"We knew we had to do something radically different."

New benefits:

- Pay for employees to earn bachelor's and associate degrees;
- Pay for accreditations and certificates in areas like data analytics;
- Begin offering these scholarships to spouses and children.

Competition for Workers Heats Up



- Increase starting pay to \$11-\$17/hr
- More paid time off
- Helping cover tuition costs
- Backup childcare and elderly care



- Free hotel rooms
- Management training program
- \$250 signing / \$500 retention bonus



- Pay for college degrees for its 66,000 workers
- Education stipend for one child per employee
- 30% hourly pay raise

Opportunity

\$364,500,000,000

Total Value of Accrued PTO in 2019

And yet ...

768MM

*Days of Unused
PTO in 2019*

And yet ...

\$155B

*Total Value of Unused Accrued
PTO in 2019*

PTO Time Bomb

Spikes in PTO Balances

- The pandemic has led to employees banking a massive surplus of unused vacation time – up 34% year over year
- With travel plans on hold, employees are hoarding a record number of days off, creating a unique challenge for organizations as PTO balances balloon

Changes to PTO Policies

- Studies from leading Benefit Advisory firms show that 30-40% of companies looked to make changes to their PTO policies in 2021



5 Ways to Address the PTO Surplus

1. Brute Force Method
2. Truth / Soft Encouragement
3. Short-term Incentives
4. Kick the Can
5. Get Proactive





Top Five Benefits Ranked By Employees

- Health Care Insurance (e.g., medical, dental): 40%
- Vacation/Paid Time Off: 37%
- Performance Bonus: 35%
- Paid Sick Days: 32%
- 401(k) Plan, Retirement Plan and/or Pension: 31%

Despite this fact, nearly **768MM** days of PTO are left on the books each year, equating to over **\$155 Billion** of unused PTO. And that number will only increase in 2021, as requests were down 34% and PTO balances and the associated liabilities continue to balloon.



Benefits Can Be an Investment in Culture

MANY GENERATIONS IN TODAY'S WORKFORCE

- Silents (Born between 1925 and 1946)
- Baby Boomers (Born between 1946 and 1964)
- Generation Xers (Born between 1965 and 1980)
- Millennials (Born between 1980 and 1995)
- Generation Z's (Born after 1995)

The PTO Exchange platform gives value to individuals of every background and generation, offering differentiated programs that resonate with a diverse set of needs, regardless of age, circumstance, or station in life.

Voluntary Benefits Are Shaping Total Rewards for Companies of All Sizes

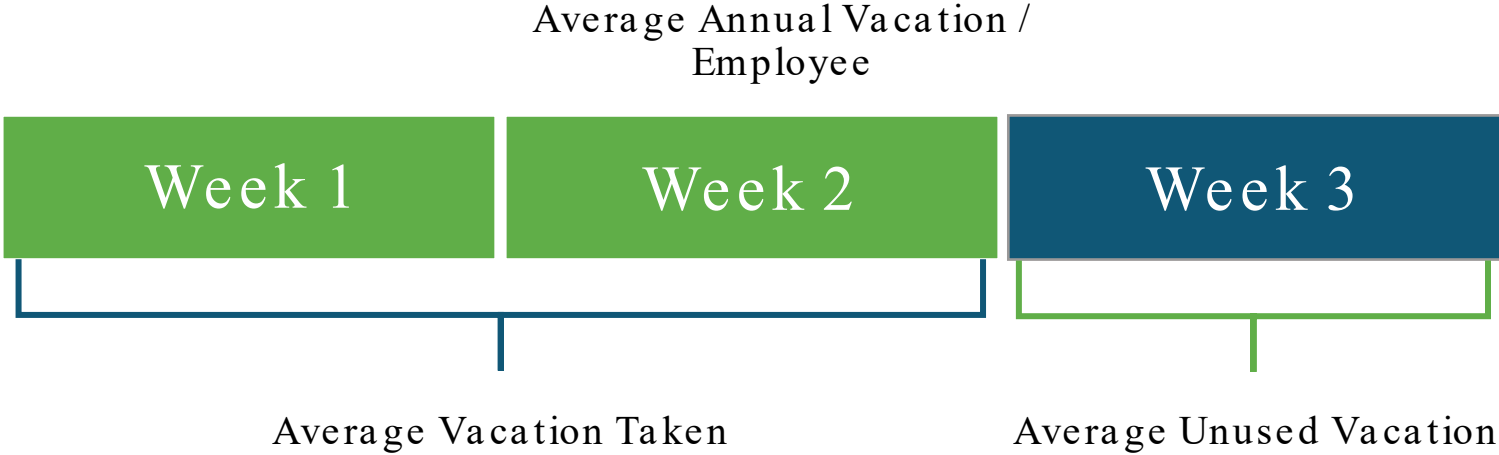
Top Five Reasons Large Employers Offer Voluntary Benefits



Voluntary Benefits to Shape the Future for SMBs

- 95% of companies said Voluntary Benefits would play an important role in their Total Rewards Strategy over the next three years
- 70% of SMB employees consider Supplemental Benefits and Perks at least as important as employer-based health insurance and retirement benefits
- Search behavior on Google for “financial help” grew 203% since the pandemic
- Not having enough money to cover unexpected expenses is the most frequently cited financial concern for Millennial and Gen X employees at SMBs

Root Cause of the Problem



Employees Can Build Financial Security, Wellness, and More...

Use your PTO to help fund your retirement

Cash Out,
Emergency Cash,
or Rainy-Day Funds

Access your PTO to help pay your student debt

Donate your PTO to a non-profit or co-worker

Exchange your PTO in the marketplace hotels, cruises and airfare

Take control of your retirement
Redirect PTO to your retirement account

1 Select plan 2 Enter contribution 3 Review details

Contribute to 401(k) Contribute to Roth 401(k)

Contribute to your 401(k) retirement savings plan. Contribute to your Roth 401(k) retirement savings plan.

Emergency cash when needed
Pay for home/auto repairs or unexpected medical bills without wiping out your savings!

1 Enter amount 2 Request reimbursement 3 Review details

Fill out the information form

Information

Dollar amount

Date

Reduce your education expenses
Redirect PTO to pay your student loans or tuition

1 Enter receipt 2 Receipt reimbursement 3 Review details

Fill out the receipt form

Receipt information

Reimbursement type

Search reimbursement type

Dollar amount

Date

Month of Giving
Annual Campaign

\$1,720
of \$15,000

31 days Remaining 20 Donors

Donate

PTO STORAGE Dashboard Administration Help

Enter a City or Airport 2/29/2020 2/29/2020 1 Room

Popular Destinations

Los Angeles, CA San Francisco, CA

Why PTO Exchange?

Organizations are looking for cost-effective benefits to differentiate in a tight job market

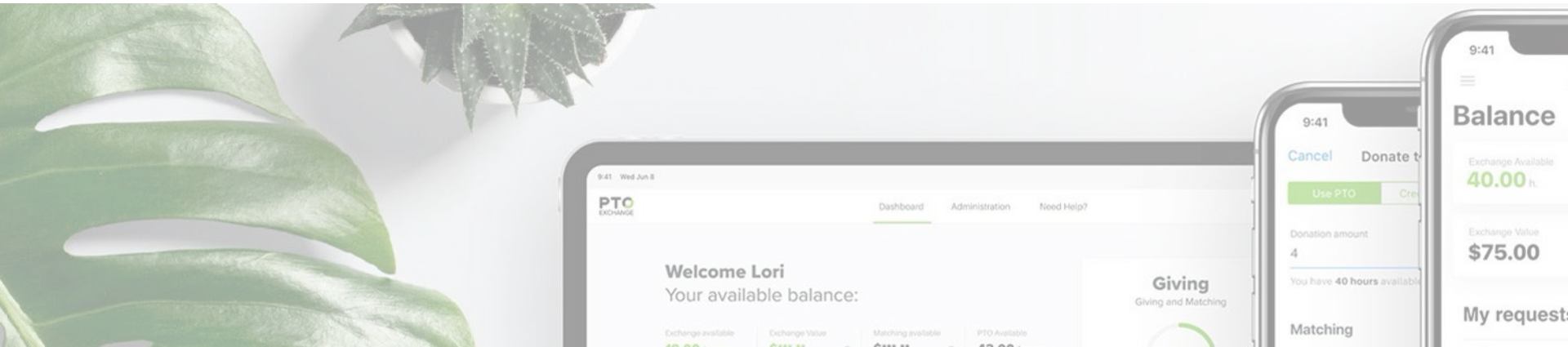
- Coming out of COVID, companies are hyper-focused on filling jobs and retaining highly skilled employees
- Growing liability associated with excess PTO that is on the minds of CFOs and HR Professionals

Primary Challenge

- Multi-generational workforce with wildly different needs and budget constraints to install programs that make an impact
- Organizations need to install innovative benefits to maintain or create reputational excellence and win the War for Talent
- Reduce PTO Time Bomb

How PTO Exchange Can Help

- Provide choice and flexibility for employees with an already accounted-for benefit
- Build Financial Wellness to help employees establish solid and repeatable fiscal behaviors
- Promote Social Wellbeing to build community and help employees assist one another



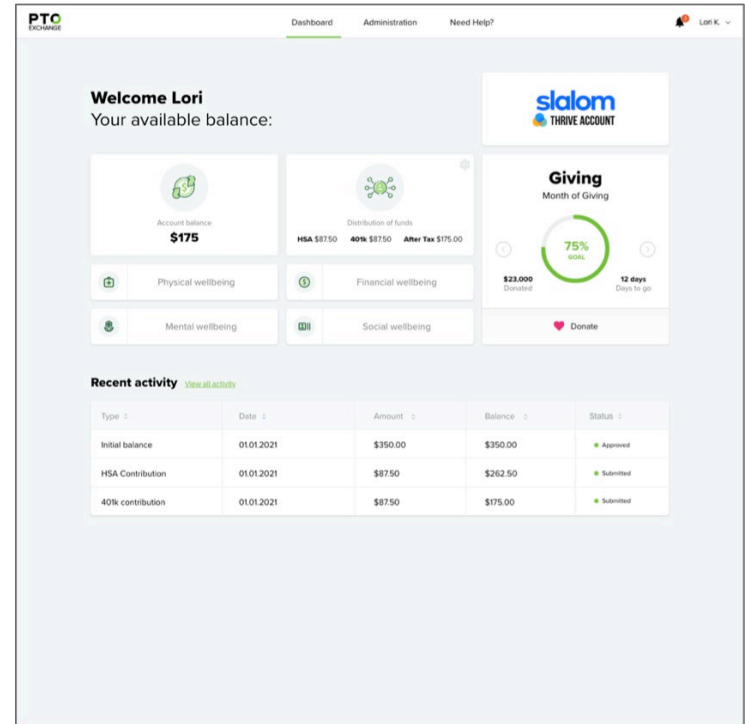
Life Planning Accounts (LPAs)

Create Flexibility

- Employers can choose the pillars they want to make available
- Reimbursement and Debit Card models available
- Platform adaptability for easy implementation

Allow for Growth

- Compliant Pre-Tax (401k/HSA) and Post-Tax choices available
- Options for global capabilities
- Program expansion to include PTO Exchanges



Case Study: Maintaining Reputational Excellence for Howard Brown Health



Challenge – HBH needed to offer an innovative benefit to retain their highly skilled employees, while satisfying Finance’s need to reduce PTO liabilities from the balance sheet

- **Company Profile:**
 - 700 Employees
 - Growing healthcare organization in Chicago
 - Emphasis on Financial Wellness Programs
- Generous PTO policy allowed employees to carry significant balances from year to year
- Challenged with employees accessing Pay Day Loans/401k Loans

Solution – PTO Exchange Launched as a Financial Wellness Voluntary Benefit in Q4 of 2020

- Enabled Plans: Retirement, Cash Out, Student Loans, Giving to Non-Profits, Travel, and Leave Sharing
- Automated Integration with Payroll System requires no ongoing support from HBH Payroll Team
- Utilization through first four months:
 - 82 Unique Users and 104 Total Exchanges
 - 5,113 Hours Exchanged for \$257,800



“We are always looking for new ways to support our team members, who are literally on the front lines of the COVID-19 crisis serving our community. The ability to tap into unused PTO creates meaningful benefits for employees and also helps differentiate us.”

- Paul R., Vice President of Human Resources

Q & A

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Next Steps

Demo / discovery meeting

Contact your Alera partners

Josh Reinhard

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(917) 510-5966

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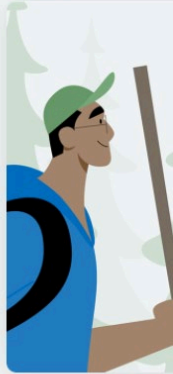
[Platform](#) [Problems We Solve](#) [Pricing](#) [Partners](#) [Resources](#)

The War for Talent is On.

PTO Exchange is highly differentiating benefits platform that turns unused paid time off (PTO) into retirement accounts, student loan payments, donations, leave-sharing, charitable causes and more...

"There is such a war for talent that compensation is not a differentiator."

[Read More..](#)



COVID-19: Help employees navigate the pandemic by extending your ex

APPENDIX



Regulations

409A

409A applies to compensation that workers earn in one year, but that is paid in a future year. This is referred to as **nonqualified deferred compensation**. This is different from deferred compensation in the form of elective deferrals to qualified plans, such as a 401(k) plan or to a 403(b) or 457(b) plan.

*Bona fide Paid Time Off (PTO) is exempt from 409A

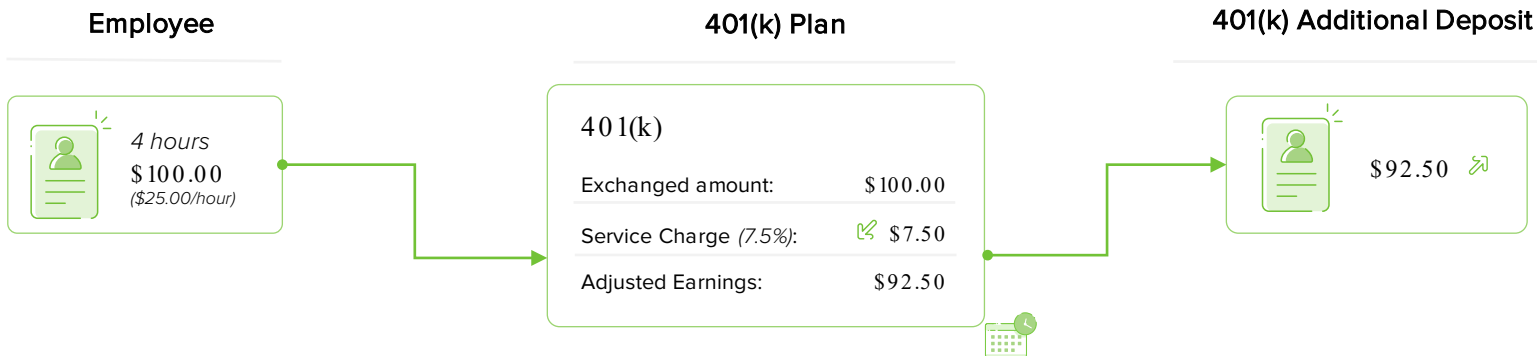
Constructive Receipt

For federal income tax purposes, the doctrine of constructive receipt is used to determine when a cash-basis taxpayer has received gross income. A taxpayer is subject to tax in the current year if he or she has **unfettered control** in determining when items of income will or should be paid.

Service Charge

Accrued vacation or PTO is considered deferred compensation, which is subject to the doctrine of constructive receipt. The Service Charge addresses the substantial restriction or limitation requirement that **allows access to accrued time without invoking constructive receipt**. The IRS requires at least a 7.5% Service Charge for all exchanges.

Sample Transaction – 401(k)



Client Testimonials



“At Premera, we’re always looking for innovative solutions that support our employees and their diverse needs. PTO Exchange has made it easy for employees to support their community through donations and our corporate matching program.”

- Cecily Hall, Senior Vice President of HR at Premera Blue Cross



“We are always looking for new ways to support our team members, who are literally on the front lines of the COVID-19 crisis serving our community. The ability to tap into unused PTO creates meaningful benefits for employees and also helps differentiate us as we recruit for top talent.”

- Paul Rauseo, Vice President of HR at Howard Brown Health





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