



Overview: Abbott Vacation Buy Program

Eligible employees may purchase an additional 1 -5 days of vacation during the annual open enrollment period for use in the subsequent year.

Eligibility: Active U.S. employees regularly scheduled to work 20 hours or more per week. Employees must be active during the election period in order to enroll in the benefit for the subsequent year. Contractors, temporary employees, employees on pay continuation leave, and terminated employees are not eligible for the Vacation Buy Program (VBP).

- **Leave of absence:** Employees on leave of absence outside of personal leave and/or long-term disability are eligible to participate in VBP during the open enrollment period. Employees on personal and/or long-term disability are eligible if they return to active status by December 31 of the election year. Employees will have 31 days from their return-to-work date to make elections by contacting the Abbott Benefits Center at (844) 306-9222.
- **Employees on assignment:** U.S. employees who may have missed the all-employee open enrollment period due to global assignment outside the U.S. are eligible to participate in VBP if they return to a U.S.-based assignment by December 31 of the election year. Employees in this category will have 31 days from the effective date of transfer to a U.S. role to make elections for the subsequent year participation by contacting the Abbott Benefits Center at (844) 306-9222.
- **New hires:** Newly hired employees are eligible to participate in VBP during the annual open enrollment period following his/her hire date for subsequent year participation.
- **Rehires:** Terminated employees who had previously elected to participate in VBP and are rehired within 31 days of their termination will have the option to re-elect the vacation previously elected through VBP by contacting the Abbott Benefits Center at (844) 306-9222. Rehired employees also will be eligible to make VBP elections during the next all-employee open enrollment period following their rehire date.

Benefit limits: Employees are not allowed to exceed 6 weeks of vacation in any given year. Therefore, employees who qualify for six weeks of vacation are not eligible to participate in VBP.

Enrollment period: Enrollment in VBP is available only during the annual open enrollment period. The only exceptions are for employees returning from leave of absence and/or global assignment (as noted above).

Benefit Election Options: Employees will elect coverage options between 1-5 days.

OPTION VACATION BUY	OPTION DESCRIPTION
0	No Elections
1	1 Day (8 Hours)
2	2 Days (16 Hours)
3	3 Days (24 Hours)
4	4 Days (32 Hours)
5	5 Days (40 Hours)

Confirmation: Employees electing vacation through VBP will receive a confirmation of the number of additional days purchased, annual cost, and per pay period calculation. The confirmation will be separate from his/her other health and welfare elections.

VBP payroll deductions: The vacation elected under VBP will be deducted from employee paychecks after taxes over the 26 or 52-week pay cycle. The amount deducted will be 75 percent of the employee's rate of pay for the number of days elected.

EXAMPLE

Pay = \$ \$80,000

Hourly rate: \$80,000 / 52 weeks/ 40 hours per week = \$38.46 per hour

1 day = \$38.46 x 8 x .75 = \$230.76 annual cost*

2 days = \$38.46 x 16 x .75 = \$461.52 annual cost*

etc.

**The post-tax deduction amount will then be based on pay period (i.e., annual amount divided by either 26 or 52 pay periods).*

Employee requirement: All employees who elect to participate in VBP are required to discuss their request to purchase vacation and receive their manager's approval before submitting a VBP election. Following the election period, employees should provide VBP election confirmation to their manager.

Payroll deductions and adjustments: Deductions will be based on the employee's annual base pay rate as of December 15 of the year in which the elections were made. Participants who have an employment change during the year (e.g., from full-time to part-time, part-time to full-time, exempt to non-exempt etc.) will maintain the elected number of days and hours purchased through VBP. Payroll deduction amounts will not be adjusted.

However, if an employee goes out on an unpaid leave of absence, upon return to active status their deductions will be increased for the remaining pay periods in order to meet the annual deduction amount.

Unused vacation: Abbott encourages all employees who elect to participate in VBP to use the benefit in the year for which it was purchased. All elected vacation should be scheduled according to normal departmental vacation scheduling procedures.

Any unused vacation purchased under VBP will not carry over to the subsequent year and will be forfeited (unless otherwise mandated by state law).

Year-end elected vacation reconciliation process: Any unused vacation purchased through VBP will be forfeited (unless otherwise mandated by state law). Requests for exceptions due to extreme and unforeseen business conditions must be submitted to the employee's second level manager on or before December 15 of each year for the current year. Those requests will be reviewed and decided by the Corporate Benefits Department.

EXAMPLE

John is a non-exempt employee who has 15 days (120 hours) of vacation. John makes \$40.38 per hour and purchased 5 days (40 hours) through VBP. John's annual vacation buy deduction would be \$1,211 or \$23.30 per payroll.

Assume John uses 40 hours (5 days) of vacation in March and has 80 hours (10 days) of regular vacation and 5 days of vacation purchased through VBP left over.

Sample Payout Calculation#1:

Pay = \$84,000 annual salary/\$40.38 per hour

Annual VBP Premium: \$40.38 per hour x 40 hours x .75 = \$1,211.60

Payout of unused regular vacation:

- Regular vacation: \$40.38 x 80 hours = \$3,230.40

The unused 40 hours of purchased vacation is forfeited (unless otherwise mandated by state law). If John works in a state that requires payout, he would receive a refund of the deductions made for VBP in his year-end pay.

Termination/retirement process: Upon termination, earned and unused vacation, including any vacation purchased through VBP, will be paid out. However, the VBP will only be paid up to the amount deducted from the employee's pay.

EXAMPLE

Joan has 20 days (160 hours) of vacation and purchases 5 additional days (40 hours) of vacation through VBP. Joan earns \$50 per hour annual cost for the purchased vacation is \$1,500. ($\$50 \times 40 \times .75 = \$1,500$)

Joan used 20 days (160 hours) of vacation prior to her retirement on Sept 30. As of that date, Joan has had deductions of \$1,125 toward the \$1,500 cost of the purchased vacation.

Joan will be paid out for the 5 purchased vacation days as follows:

- Unused purchased vacation: 5 days purchased for \$1,500
- Payroll deductions for vacation: \$1,125
- Payout for unused vacation would be \$1,125

If Joan used one purchased vacation day, her payout for the remaining 4 would be as follows:

- Unused purchased vacation: 5 days purchased for \$1,500 (\$300 per day)
- 1 purchased day used (\$300)
- Payroll deductions for vacation: \$1,125
- Payout for 4 unused vacation days:
 - $\$1,125 - 300 = \825 payout

This policy applies to employee terminations including but not limited to voluntary and involuntary termination, retirement, pay continuation leave, death, and/or long-term disability.