



## **2020 Paid Time Off and Holiday Updates**

The time off program is designed to allow co-workers to take time away from work. There are two changes to our PTO program effective January 1, 2020.

- We'll be separating company holiday hours from Paid Time Off.
- We will also lower the cap for how much PTO can be accrued throughout the year.

It's important to note that the overall time off you receive will not be reduced as part of this change. Both changes to PTO (separating holiday time and reducing the accrual cap) will encourage co-workers to use their time off, which is better for co-workers and our business.

Co-workers covered by a CBA are not impacted by these changes.

## **Holiday Time**

Beginning January 1, 2020, we are separating PTO from holiday time, but the overall amount of paid time off you are eligible for will not be reduced.

- Salaried, HL2, HL3 and HL3 co-workers will have 72 hours of holiday time.
- HL1 co-workers will have 36 hours of holiday time.
- There will be no change to Sick Time.

Here is a summary of time off you will receive:

<b>Years of Service</b>	<b>PTO hours</b>	<b>Holiday hours</b>	<b>Sick Time</b>
<b>Salaried, HL2, HL3 and HL4</b>			
0-4 years	Up to 120 hours per year	72	40; 30(HL2)
5-9 years	Up to 160 hours per year	72	40; 30(HL2)
10+ years	Up to 200 hours per year	72	40; 30(HL2)
<b>HL1*</b>			
0-4 years	Up to 60 hours per year	36	20
5-9 years	Up to 80 hours per year	36	20
10+ years	Up to 100 hours per year	36	20

\*For HL1 co-workers the annual accrual maximum is based on 20 hours, but co-workers can accrue additional PTO if work more than 20 hours.

How you receive your holiday time depends on where you work.

**2020 Holidays: Stores, CFF Units, Digital IT, CSC and SSC**

- If you are part of an IKEA store, CFF Unit, Digital IT, CSC or SSC, you will receive 24 hours of holiday time per tertial.
- If you don't use the holiday time by the end of the tertial, it will be forfeited.
- You can use holiday time for holidays or events, like your birthday. See below for the list of holidays and events.
- For the tertial plan, holiday time will be available for use and viewable in ESS on January 1, May 1 and September 1. If you are requesting a holiday in the first pay of the tertial, you will need to work with your manager to get approval before it is available in ESS and then enter it in ESS during the pay period.
- The holiday changes do not impact the Holiday Incentive Pay Policy. Holiday Incentive Pay continues to be at 1.5 times the base hourly rate for each hour worked on Memorial Day, the 4<sup>th</sup> of July, Labor Day and New Year's Day.

<b>Tertial</b>	<b>Holiday Available Date - 24 hours</b>	<b>Forfeit Holiday Date</b>
Sep - Dec	Sep 1	Jan 1
Jan - April	Jan 1	May 1
May - Aug	May 1	Sep 1

For new hires, holidays will be pro-rated based on when a co-worker joins IKEA:

- Hired in first month of tertial – load 24 hours
- Hired in second month of tertial – load 16 hours
- Hired in third month of tertial – load 8 hours
- Hired in fourth month of tertial – no hours until next tertial

**2020 Holidays: SO, CFF, Procurement, Real Estate (Property)**

- If you work in the Service Office, CFF, Procurement or Real Estate (Property), the SO will close for the 6 holidays listed here and you will receive 8 hours of holiday pay.
  1. New Year's Day
  2. Martin Luther King Day
  3. Memorial Day
  4. Independence Day
  5. Thanksgiving
  6. Christmas
- You will not need to put any time off request in ESS for these days as it will be done automatically.
- You will also receive 24 hours of floating holiday time to be used January 1 through December 31.
- For the Service Office, if any of the six holidays falls on a Saturday, the SO will close on Friday. If it falls on a Sunday, the SO will close on Monday.
- If due to business reasons, a co-worker under the SO Holiday plan is required to work on one of the six holidays identified above, the co-worker's manager should

obtain approval from the SO People & Culture Manager and an additional eight hours will be loaded into the co-worker's floating holiday bank.

- For new hires in the Service Office, holidays will be pro-rated based on when a co-worker joins IKEA:
  - Hired Jan – April: 24 hours
  - Hired May – Aug: 16 hours
  - Hired Sept – Dec: 8 hours

### What is Holiday time?

Holiday time is planned, scheduled absences that are approved by the co-worker's manager. If a co-worker is required to work on a holiday listed below, another day within the tertial may be used as a floating holiday to observe the holiday.

We have floating holidays because some state laws require floating holiday to be tied to specific days. We want to be as flexible as possible, but still comply with the law.

All Saints Day	Memorial Day (and Friday before)
Ash Wednesday	Midsommar
Asian Culture New Year Celebrations (Solar, Lunar, etc)	National Coming Out Day
Autumn Equinox (Mabon)	New Year's Day
Chanukah	New Year's Eve
Christmas	Parent's Day
Christmas Eve	Passover
Columbus Day (and Friday before)	Personal anniversaries
Co-worker's birthday or birthday of family member	President's Day
Diwali	Ramadan
Easter (and Monday after)	Rosh Hashanah
Eid-al-Adha	September 11
Eid-al-Fitr	Shavuot
Good Friday	Spring Equinox (Ostara)
Graduation for co-worker or graduation of family member	St Patrick's Day
Halloween	St. Lucia Day
Hijri	Sukkot
Hispanic Countries Independence Day	Summer Solstice (Lithia)
Human Rights Day	Teacher Conference Days
IDAHOT	Thanksgiving (and day before and after)
Independence Day	Vesak
International Women's	Veterans Day (and designated observed day)
International Day of Persons w/Disabilities	Week between Christmas & New Year's Day
Juneteenth (Emancipation Day)	Wesak (Buddhist Observance)
Labor Day (and Friday before)	Winter Solstice (Yule)
Martin Luther King, Jr. Day	Yom Kippur

## **New Annual Accrual Maximum**

The annual accrual maximum will be reduced to 1x the annual accrual hours (unless not permitted by state law), and 1.5x for co-workers living in California. When you reach your accrual maximum, you won't accrue PTO until you use some of your PTO.

If your PTO bank exceeds the new maximum **as of December 31, 2019**, you will receive a one-time payout in January for the amount that exceeds the new maximum. This will bring you to the new maximum so you will need to plan to take some time off in the first pay period to ensure you accrue time.

Here is the new PTO accrual schedule and accrual maximums. Remember you will receive holiday (72 or 36 hours) in addition to PTO.

Category	Anniversary Years	Eligible Hours Per Year (up to)	Hourly Accrual	Max at 1X	Max at 1.5X (CA)
Salaried, HL4, HL3, HL2	0-4 yrs	120	0.05769	120	180
Salaried, HL4, HL3, HL2	5-9 yrs	160	0.07692	160	240
Salaried, HL4, HL3, HL2	10+ yrs	200	0.09615	200	300
HL1	0-4 yrs	60	0.05769	60	90
HL1	5-9 yrs	80	0.07692	80	120
HL1	10+ yrs	100	0.09615	100	150

PTO is accrued based on the hours you work (or when you use paid time off). HL1 co-workers can accrue additional PTO if they work more than 20 hours per week. The accrual maximums for HL1 co-workers are based on 20 hours per week.

## **Timing & Accruing**

- The PTO payout will be based on your PTO balance on **12/31/19**. If you have PTO scheduled after 12/31/2019, this time will be taken from your PTO balance as of 1/1/20. Note that your balance on the ESS homepage reflects future scheduled time. So, you will need to add any time scheduled after 12/31/19 to the balance shown on the ESS homepage to have an accurate idea of whether you're above the new maximum or not.
  - *Look on the ESS homepage to see your PTO balance*
  - *Click on the myTime tab on the left-hand side to see if you have time scheduled for the future (future time shows under "Upcoming Leave")*
    - *If you don't then the balance you see is what will be used to determine if you are getting a payout.*
    - *If you do have future scheduled time, add the future hours to the balance you see on the homepage. That is your true PTO balance and the number that will be used to determine if you're getting a payout.*
  - *Example: Charles is an HL3. In ESS on 12/31/2019, his homepage says his balance is*

*120 hours. This is the new maximum so he doesn't think he will get a payout. However, Charles has 24 hours of future PTO already scheduled for 2020. This means his actual balance on 12/31/2019 is 144 hours (120 + 24), and he will be paid out for 24 hours to bring him to the new maximum.*

- If you are eligible for a payout, co-workers in the cycle 1 or weekly pay schedule will receive the payout in the 1/10/2020 paycheck. Co-workers in the cycle 2 pay schedule will receive the payout in the 1/17/2020 paycheck.
  - The payout will not be taxed at a bonus rate.
  - It will not be a separate paycheck.
  - 401(k) deductions and match will apply to the PTO payout.
  - The tax rate is based on the co-worker's pay frequency, marital status and exemptions.
  - If someone is receiving a large pay out, they can expect a larger percentage of tax to be withheld than a normal check.
- The payout will bring you to the new maximum, so you'll need to take some time off in the first pay period to ensure you accrue time.
  - For cycle 1 or weekly, that means you will need to use some PTO 1/1 - 1/4/2020.
  - For cycle 2, you will need to use some PTO 1/1-1/11/2020.
  - To help transition to the new program, all hourly co-workers will be able to request PTO above their hours level (not to exceed 40 hours per week) for January 2020. For salaried co-workers, manager and leaders, we encourage you to work with your location to create a plan to meet individual's needs while also meeting the needs of the business. Remember, once PTO is utilized, you will begin to earn PTO again.
- Effective 1/1/2020, holiday time is a separate bank and will not count toward the PTO maximum.

For personal or specific questions, call Benefits Advocacy they can help you by providing information that suits your specific situation. To get in touch with a Benefits Advocate, call 1-877-212-HR4U (4748), and select option two for "Benefits Advocacy." Or, e-mail your question to: [AskBenefitsAdvocacy@BenefitsVIP.com](mailto:AskBenefitsAdvocacy@BenefitsVIP.com). Benefits Advocates are available Monday through Friday, 8:30 am - 8 pm Eastern time.

### **Paid Sick Time**

There are no changes to Sick Time for 2020. Co-workers will be granted sick time hours on January 1, 2020 as described in the schedule below and have until March 31, 2021 to use the time.

Category	Hours Granted
Salaried, HL4, HL3	40 hours
HL2	30 hours
HL1	20 hours