

**KOHL'S** | design a life you love

# More Time for R&R

2018 Vacation  
Buy Guide



CAREER

*Kohl's supports growing and achieving greatness through the work you do every day.*



# Take Time Out... for You

THE VACATION BUY PROGRAM OFFERS ELIGIBLE ASSOCIATES THE OPPORTUNITY TO PURCHASE VACATION TIME WITH PRE-TAX DOLLARS.

Purchasing additional vacation allows you to take extra time off without being financially impacted all at once. The cost of the program is spread out evenly per pay period on a pre-tax basis. This is an “elective” program. For details on enrollment, including how to calculate the cost of this benefit, see page 2.

Read this guide to learn more about how the program works. If you have any questions, please call **844-564-5747**. Select your preferred language, then select *Option 7*.

Your supervisor or manager must approve your scheduled vacation in advance. All blackout periods apply to the use of purchased vacation.

## **CRITICAL PROGRAM ELEMENTS:**

- Company-granted paid time off must be used first.
- Purchased vacation must be used in the 2018 calendar year.
- Any unused purchased vacation will be cashed out at the rate of pay at which you bought it. In other words, the cash-out will not reflect any pay increases received in 2018. This cash-out will take place at the end of the calendar year. This does not apply to unused Company-granted paid time off.



# Eligibility and Enrollment

Full-time nonexempt and exempt associates (unless listed below) with one year of continuous service before January 1, 2018 (whose most recent hire date is before January 1, 2017) are eligible for this program. However, this program is not available to:

- Senior vice presidents and above
- Store exempt associates
- Part-time exempt and nonexempt associates

## Enrollment

You can elect to purchase vacation (for use during the following calendar year) during each year's designated Open Enrollment period using the enrollment site: **myHR.kohls.com**. Once enrollment is confirmed, you cannot change your election until next year's Open Enrollment.

**You should carefully consider whether to elect to participate in this program based on your other benefit elections and individual circumstances.**

## Amount

The program allows eligible associates to purchase vacation in addition to their Kohl's Company-granted paid time off. Associates can purchase the following amounts.

### EXEMPT ASSOCIATES

- 45 hours (1 week)
- 90 hours (2 weeks)

### NONEXEMPT ASSOCIATES

- 40 hours (1 week)
- 80 hours (2 weeks)

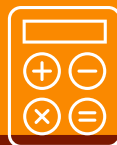
**Associates cannot purchase individual days or amounts other than those indicated.**

## Cost

You pay for the vacation time you elect to purchase as a pre-tax deduction from each paycheck throughout the calendar year.

For exempt associates, the cost of purchased vacation generally is based on the annual base salary in effect on the first day of the Open Enrollment period (prior to the year for which the election applies). For nonexempt associates, the cost of purchased vacation generally is based on the hourly rate in effect on the first day of the Open Enrollment period (prior to the year for which the election applies).

Purchased vacation time will be paid out at the current rate of pay at the time taken. You are taxed on this amount, which is subject to normal withholdings that are deducted from your regular paycheck.



## Calculating the Cost of Vacation

### EXEMPT ASSOCIATES

For example, if your annual salary is \$52,000 and you elect to buy two weeks of vacation time, your total cost and deduction amounts are as follows:

#### STEP 1:

Divide your annual salary by 52.

$$\text{\$52,000} \div 52 = \text{\$1,000}$$

#### STEP 2:

Multiply the result of Step 1 by the number of weeks you elect to purchase.

$$\text{\$1,000} \times 2 \text{ weeks} = \text{\$2,000}$$

#### STEP 3:

Divide the result of Step 2 by 24 pay periods.

$$\text{\$2,000} \div 24 = \text{\$83.33} \text{ (semi-monthly pre-tax payroll deductions)}$$

### NONEXEMPT ASSOCIATES

For example, if your hourly rate is \$10.00 and you elect to buy 40 hours of vacation time, your total cost and deduction amounts are as follows:

#### STEP 1:

Multiply your hourly rate by 40

$$\text{\$10} \times 40 \text{ hours} = \text{\$400} \text{ (total cost)}$$

#### STEP 2:

$$\text{\$400} \div 52 \text{ pay periods} = \text{\$7.69}$$

(weekly pre-tax payroll deductions)

# How the Program Works

## Scheduling Vacation

Purchased vacation must be used during the 2018 calendar year and should be scheduled and taken according to the Company's regular paid time off policy. All blackout periods apply to the use of purchased vacation.

Vacation Buy hours will be recorded the same as Company-granted paid time off in Assets/Kronos\* and are subject to manager/location approval.

## IRS Rules

Before you can take your purchased vacation time:

1. The IRS requires that you use all your current regular, Company-granted paid time off first.
2. You must use all your purchased vacation days during the calendar year for which you elect them, subject to blackout periods based on business needs. You cannot carry over purchased vacation days into the next calendar year. Unused vacation days purchased under this program will be cashed out in December 2018.

## Status/Pay Changes

If you meet the eligibility requirements and then have a status change during the calendar year that would otherwise cause you to become ineligible, you are deemed ineligible for the rest of the calendar year, regardless of the status change, and will no longer be able to use purchased vacation time. A calculation will be performed to determine if you are due a refund or if you still owe. If you have paid in more than you have used, your Vacation Buy deduction will be stopped and you will be issued a refund. If you have used more time than you paid for, you are responsible for paying for the hours you used, and deductions will continue for the remainder of the calendar year.

If your employment changes from part-time to full-time and you otherwise meet the eligibility requirements, you must wait until the next Open Enrollment period to elect Vacation Buy.

If you receive an increase or decrease in your hourly rate or annual salary during the plan year, you will continue to pay for the purchased vacation time at the hourly rate or annual salary you earned at the beginning of the Open Enrollment period prior to the year for which your election applies ("purchase rate").

If your employment changes from an exempt position to a nonexempt position or vice versa, your deduction amount will be automatically recalculated over the remaining pay periods for that calendar year based on your original election and purchase rate.

## Company-Approved Unpaid Leave of Absence\*\*

If you are on an approved unpaid leave of absence, your participation under this program will continue; however, deductions will stop during your unpaid leave. Upon your return to work, missed payments as well as your remaining annual contribution will be recalculated over the remaining pay periods for that calendar year. This may cause an increase in your deduction amount.

## Carryover or Cash-out

You must use all purchased vacation time by the end of the calendar year for which you elect it. Purchased vacation time not used cannot be carried into the next calendar year; rather, these hours will be cashed out at the end of the calendar year—December 2018. Any unused purchased vacation will be cashed out at the rate of pay at which you bought it. In other words, your cash-out will not reflect any pay increases received in 2018.

You may not request a payout of purchased vacation as a cash advance in addition to your regular wages/salary. However, vacation may be added to supplement a short workweek, up to your regularly scheduled workweek.

You may not transfer or donate purchased vacation time to another associate.

## Leaving the Company\*\*

If your employment with the Company ends for any reason (termination, resignation, retirement, etc.), a calculation will be performed to determine if you are due a refund or if you still owe. If you have paid in more than you have used, you will be issued a refund. If you have used more time than you have paid for, you will be required to repay the Company.

### QUESTIONS?

Call **844-564-5747**, Monday through Friday from 7 a.m. to 7 p.m. (Central time). Select your preferred language, then select *Option 7*.

\*Kronos tracking applies to nonexempt associates only.

\*\*If you do not repay the Company for any amount that is in arrears for any reason, the Company will treat the unpaid amount as a debt owed to it by you. As such, the Company reserves the right to recoup the unpaid amount without your permission via payroll deduction or any other method permitted by law. Your acceptance of coverage under the program will be treated as your prior consent to these recoupment methods.





## Using Your Vacation Buy

- 1 On August 1 you schedule a one-week vacation and request to use 40 hours paid time off.
- 2 As of August 1 you have 40 hours of purchased vacation and 120 hours of Company-granted paid time off remaining for the calendar year.
- 3 40 hours of Company-granted paid time off will go toward your vacation, leaving you with 80 hours of Company-granted paid time off and 40 hours of purchased vacation. **You will need to plan accordingly to use all Company-granted paid time off before your purchased vacation.** Unused purchased vacation will not roll over to the next calendar year.



### TRACK YOUR TIME OFF IN KRONOS\*

Associates who elect to participate in the Vacation Buy Program for 2018 will need to track their time off in Kronos.

\*Kronos tracking applies to nonexempt associates only.