



Discretionary Time Off (DTO) and Holidays Policy - US Salaried/Exempt Employees

Last Reviewed: Sep 28, 2023

Purpose

Microsoft recognizes the importance of time away from work for rest, recreation and volunteerism and that flexibility is a key attribute of employee satisfaction in our hybrid work environment. Therefore, employees covered by this policy have the opportunity to take as much DTO, with pay, as is consistent with the employee's duties, business continuity, customer needs, and company obligations.

There is no limit to the amount of DTO employees are permitted to take under this policy. We assume our employees will act responsibly by ensuring their work and that of their teams gets done on-time and is of the highest quality. Effective communication with managers and between team members is vital to make this policy work for everyone.

This policy does not apply to absences related to an employee's illness or injury, to a family member's illness or injury, or to leaves of absence, all of which are covered by separate policies.

Note: Employees receive Microsoft [annual company holidays](#).

Eligibility

U.S. benefits eligible full and part-time salaried/exempt employees

Hourly non-exempt employees, interns, visiting researchers, visiting artists and contingent workers, including temporary employees, vendors, and independent contractors are not eligible for DTO.

Hourly/non-exempt employees please visit HRweb to learn more: [Vacation, leave of absence, and time off](#)

Employees with minimally integrated acquisitions are not eligible for DTO since they have their own vacation policies and approach.

Calendar: January 1—December 31

Requirements

The following requirements apply:

Leaves of absence

This DTO policy does not apply to leaves of absence, and DTO under this policy cannot be used to compensate employees for leaves of absence.

This policy does not supersede Microsoft's leave policies for illnesses, disabilities, birth or bonding with a new child, military leave, family caregiver leave, jury duty leave, personal leave, civic leave, bereavement and other leaves of absence, some of which are mandated by federal, state or local law. Microsoft permits and expects employees who are qualified to take a leave of absence to utilize these leave programs.

If an employee qualifies for and is granted a leave of absence under Microsoft's policies, and applicable federal or state law provides that an employee may substitute earned or accrued vacation time for unpaid time, the employee may not use DTO under this policy for such leave, as DTO under this policy is not earned or accrued.

Disability and sick leave

Short- or long-term disability benefits are governed by a separate policy. In addition, employees may also be eligible to receive payments under state disability insurance programs, workers' compensation insurance programs, or other third-party benefit programs. DTO under this policy may not be used to cover any waiting periods under Microsoft's disability benefit plans or third-party benefit programs.

Microsoft also provides all eligible employees with sick leave pursuant to Microsoft's Holistic Health Time Off (HHTO) policy, which employees can use for specified absences relating to illness and other specified reasons. To the extent that employees work in jurisdictions that have sick leave ordinances/laws, that policy is designed to comply with any applicable local or state sick leave ordinances/laws.

DTO can not be used for absences related to an employee's illness or injury, medical appointments and/or procedures.

If you are unsure if your reason for time is eligible for DTO, please contact AskHR.

Attendance and Time Recording

You are not required to record or track DTO. While DTO does not require tracking, ensure that you comply with the other time away reporting requirements described in the [Attendance & Time Recording Policy](#). For instance, employees must record time away related to HHTO, bereavement, or jury duty.

Carrying forward DTO

DTO under this policy is not earned or accrued at any time and is not a form of additional wages. Rather, it is being provided as part of our commitment to provide flexibility to our employees. Because there is no time that is accrued, there is no carryover of DTO from year to year.

Using DTO

Microsoft trusts employees to best manage their time against their work commitments, including scheduling time away from work. However, as was the case with our previous vacation program, you must obtain approval from your manager before you take DTO. DTO requests for 4 or more consecutive weeks off require review by the direct manager plus approval at the GM level or above. With direct manager support of the request, the manager will forward it for further GM+ review on their direct report's behalf. GM+ employees seeking DTO for any length of time will go to their direct manager for approval.

Microsoft encourages all employees to take advantage of this benefit by taking DTO every year. If you believe that you are unable to fully utilize this benefit due to your workload, you should work with your manager to adjust your workload and schedule time off.

You are responsible for arranging for coverage as appropriate while on DTO and must still ensure that your core business functions are covered, managed and achieved during any DTO. You should communicate your DTO in accordance with your manager's expectations to ensure business continuity. There are no limits on the amount of DTO that an employee may take per year so long as you are otherwise meeting all of your performance standards and job responsibilities.

Microsoft retains the authority in its sole discretion to deny requested DTO based on the company's business needs, employee productivity, certain busy times of the year, or for any other business reason. Although eligible employees are not limited in the amount of DTO they may take under this policy, they are expected to work on a full-time basis. For part-time employees, it is expected that you continue to work the number of hours agreed upon in your employment contract. Employees can spend as much time working as is necessary both in the office and away from the office to meet business requirements and obligations.

Employees remain subject to performance expectations and standards, and the failure to meet these expectations and standards or abuse of this policy may subject the employee to performance counseling and/or discipline, up to and including termination. Employees who take DTO to the detriment of their work responsibilities may be denied the use of further DTO by their manager until their performance improves.

When using DTO, you will be paid at your base salary or base hourly rate of pay.

Transfers or Leaving Microsoft

Under the DTO policy, there is no accrual of time off and no entitlement to a specific number of days off per year. This means that no vacation balance will be reflected on your paystub or in the Time and Absence (TAR) reporting tool, and thus no accrued but unused time off will be paid out upon termination. Once an employee gives notice of employment separation, DTO may not be scheduled or used during the notice period. DTO may also not be used to extend employment prior to an employee's termination date.

Accrued, unused vacation time will generally be cashed out only in the following situations:

- If you transfer from an International Microsoft subsidiary to the United States and vacation is typically paid out under the policies of the subsidiary where you were working; and/or
- If you were an hourly non-exempt employee and were recently promoted or moved into an exempt position, you will stop accruing vacation time and will be eligible for DTO upon transfer. Your unused, accrued vacation and floating holiday balance, if any, will be paid out.
- If you were a salaried/exempt employee and transferred into an hourly/non-exempt position, your vacation accrual will begin on the first day in your non-exempt role. Your vacation accrual will be based on tenure and the applicable [Corporate Hourly Vacation](#) or [Retail Hourly Vacation](#) policy. If you need to use vacation time before you have accrued time off, you are eligible to go into a vacation deficit, up to 80 hours.

Resources

- [DTO FAQ](#)
- [DTO Employee Quick Guide](#)
- [Time Away Guide](#)



Did this content help you answer your question?