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◆ FUNERAL DIRECTOR ◆

MAGAZINE

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# STAFFING

February 2023

[www.sfdmagazine.com](http://www.sfdmagazine.com)

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# PTO

By Curtis Rostad, CFSP

If you grew up on a farm you probably learned that PTO stands for “power takeoff” and that it is the connection point on a tractor for other implements and attachments.

But today we will be talking about PTO as “Personal Time Off” or “Paid Time Off” as a system to replace the traditional vacation, sick leave, and personal leave policies that you may be presently using.

Simply put, PTO combines vacation time, sick leave, and personal time into one “bank” of time-off available to your employees as the need or desire arises. Employees have more flexibility for a work-life balance while no longer having to be untruthful or deceitful when obtaining time-off.

You don’t have to have a very large operation with very many employees before you will recognize that you have at least one “warrior” and one “wimp” on your staff. The warrior is the person who despite a migraine headache, severe allergies, or even a sprained ankle will always come to work on time and be ready to go.

On the other hand, you have the wimp, who at the first sign of a headache or minor throat irritation calls in sick. Strangely these calls tend to be on a Friday or a Monday creating a three-day weekend for them. These days might coincidentally follow a weekend where they posted photos on social media from the great party they had over the weekend. You may also see an increase in “sick” days towards the end of the year because the employee recognizes that unused sick days disappear on December 31st.

While it’s bad enough that these absences disrupt the workflow and scheduling for everyone, it can also breed resentment among the other employees who realize that this person is getting more time off than they are and that they’re having to pick up that extra workload or on-call night.

We have also found that a lot of firms do not have a set sick leave policy. They allow a person to call in sick

whenever they feel the need and the employer is simply assuming the reason is legitimate. Too often they don’t even keep track of the amount of time taken as long as it seems reasonable. That lax attitude is ripe for abuse and resentment by other staff members.

The PTO system remedies all of that. Under this system whether a person is sick or taking a vacation it comes out of the same bank of time-off that they have accumulated and is fair to everyone.

Now the rest of your policies concerning time off can remain intact even if you change the terminology a little. If you require employees to notify you so many weeks in advance that they want to take vacation time or if you have a policy that says only a certain number of people can be gone at the same time, or that the number of consecutive days off are limited, those requirements can remain in effect. If you have a policy that says people have to call in by a certain time of the morning to say that they’re going to be out that day for an illness or other last-minute need, that policy can also remain intact. But if you have a policy of requiring a doctor’s statement to justify multiple days of time off for an illness, you no longer need to require that. It doesn’t matter why they were out, it’s just time taken out of their bank.

To simplify the tracking of time taken, you can also specify that PTO time must be taken in blocks of half days or full days only. You also have the option of expressing the amount of time off as hours rather than days (One day = 8 hours of PTO). You can then grant PTO in increments as small as one hour if you wish. The only difference for you and the employee is that you no longer have to track the reason for their absence. Simply put, if they want to use their time off for minor illnesses instead of vacation time with their family, that’s up to them. They don’t have to justify the use of their time to you.

You should also have specific policies concerning unpaid leave. When a person has used up their PTO time you may want to grant them unpaid leave under certain circumstances. You may also need to check your state

requirements on unpaid leave to make sure you are complying with those laws.

It might take a little time for both you and the employees to get used to the concept, but once you implement this system, the only real downside is that you may notice that you have an employee who is not only a warrior but a source of contamination. In their desire to preserve their time-off they might come into work when they are not only sick but are also contagious. The solution to this situation is a policy simply stating that as the manager or owner, you have the right to send them home and have their time deducted from their PTO bank rather than giving them the opportunity to infect the rest of the staff or the families you serve. So to implement this system, the first step is to determine how many days (or hours) you're going to place in everyone's "bank."

The easiest way to convert to a PTO system is to simply take your current vacation policy of so many days off after so many years of service, add a certain number of sick days that you want to give to people, and then add any additional personal time that you give people such as giving them the day off on their birthday. That number of days then becomes their total PTO bank of time available for them to use each year. By the way, it also means they don't have to take that personal day off on their actual birthday. They can use that day any way they wish.

I'm sure a lot of you are hoping at this point that I will tell you how much time off you should be granting to your employees. That's a little hard to do because even among businesses outside of funeral service there's a wide variation between companies and industries. If anything, funeral service traditionally has been a little behind the curve on granting time off. If we are to attract and retain good employees, we are going to have to offer employment benefits, including time off, that is compatible with other businesses.

According to statistics available, after one year of service an employee typically receives 5-9 days of vacation. For 5-10 years of service, the typical vacation time is 10-14 days. For 10-20 years of service 15-19 days. Over 20 years of service, 20-24 days. In addition, the typical amount of sick leave granted is 3-9 days per year which in many cases is also tied to years of service.

So adding these together without any additional personal leave days, we have the following broad guidelines:

After one year of service:	8-15 days of PTO
5-10 years of service:	16-21 days of PTO
11-20 years of service:	22-27 days of PTO
Over 20 years of service:	29-35 days of PTO

Your PTO policy should also include what happens to unused time at the end of the year. Some firms have a "use it or lose it policy" meaning that unused PTO time disappears at the end of the year. Some companies allow the employee to carry over a certain number of unused days to add to the bank of new days in the new year. If you allow a carry over, we advise that you limit the number of days that can be carried over. You want people to take time off and get away for their own good as well as the good of the business. It is important for employees to have time away. You may also want to consider whether or not to pay an employee for unused time at the end of the year.

Please note that there are no federal laws concerning vacations and PTO, but some states have laws covering time-off. In some states, vacation time or PTO time is considered an "earned benefit" (or similar terminology). It means that once you grant time off, the employee is entitled to either use it or be compensated for it. For instance, if they resign their position or even if they are fired, you have to pay them for their unused time off. However, most of those same jurisdictions also say that you can have a policy addressing these situations and as long as these policies are clear and distributed to your employees, your policies are honored. You can decide whether you pay for unused time off if a person leaves and you can certainly specify that you do not pay for unused time off if you fire the employee.


An increasing trend we are seeing across the states is mandatory paid sick leave (MPSL). The benefit of a PTO policy such as the one we are describing is that most of the states implementing MPSL accept PTO policies in lieu of MPSL. The only requirement is that your PTO policy must meet the minimum required state MPSL. You should check to see what your state says on these topics prior to writing your policy.

That is why it is so important for you to have these pol-

icies clearly outlined, printed, and distributed to your employees. They should be a part of your Employee Handbook so there is no question as to what time is available, how time-off is administered, and what happens to unused time.


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Curtis Rostad is the Director of Compliance and Association Relations for the Foresight Companies in Phoenix, AZ. He is the former Executive Director of the Indiana Funeral Directors Association, a position he held for 12 years prior to his retirement. Prior to that he served both the Colorado and Wyoming associations and owned his own funeral home in Wyoming. He and his wife reside in Fountain Hills, AZ. He can be reached at 1-800-426-0165.



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**JOHN A. GUPTON  
COLLEGE**

**1616 Church Street | Nashville, TN 37203  
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