

Paid Time Off (PTO)

NCO, Inc. believes that employees should have opportunities to enjoy time away from work to help balance their lives. NCO, Inc. recognizes that employees have diverse needs for time off from work. This paid time off (PTO) policy has been established to meet those needs. The benefits of PTO are that it promotes a flexible approach to time off. Employees are accountable and responsible for managing their own PTO hours to allow for adequate reserves if there is a need to cover vacation, personal, illness, bereavement, emergencies, or other situations that require time off from work.

Eligibility

PTO is accumulated upon hire or transfer into a full-time position (35 hours per week). Upon transferring from full time to part time, PTO accumulations will be paid to employee up to 40 hours. New hires can start to accumulate PTO after 90 days of full-time employment. Part-time employees (less than 35 hours per week) are not eligible to accumulate PTO.

Cost of Coverage

NCO, Inc. provides this PTO plan as a benefit at no cost to employees.

Accumulation and Payment of PTO

Accumulation of PTO is made the Monday following a pay date. Length of full-time employment determines the rate at which the employees will accumulate PTO. PTO is accumulated on actual hours worked. PTO does not accumulate during unpaid leaves of absence. Employees become eligible for the higher accumulation rates on the first day of the pay period in which the employee's full-time anniversary date falls.

- PTO accumulates at 100 percent of the employee's regular straight-time rate of pay up to a maximum of 40 hours per work week.
- PTO is not used in the computation of overtime.
- PTO is paid at the employee's straight-time rate of pay or, for exempt employees, the weekly salary.

Accumulation hours calculation based on a 40-hour work week pay period and Annual Caps:

- 0-1 year 3.6922×26
- 1-2 years $6.1538 \times 26 = 160$ hours with an annual cap of 400 hours
- 3-4 years $6.7691 \times 26 = 176$ hours with an annual cap of 440 hours
- 5+ years $7.6921 \times 26 = 200$ hours with an annual cap of 500 hours

Annual PTO Caps

The PTO annual caps are based on years of service. Once an annual cap has been reached, no further days will be added until hours have been used. Unused hours will carry over to the next year, but cannot exceed annual caps.

Annual caps are based on years of service

- 1-2 years of service: 160 hours per year available with an annual cap of 344 hours
- 3 years of service: 176 hours per year available with an annual cap of 376 hours
- 4-5 years of service: 200 hours per year available with an annual cap of 424 hours
- 6-9 years of service: 240 hours per year available with an annual cap of 504 hours
- 10+ years of service: 280 hours per year available with an annual cap of 584 hours

PTO requirements

After the first full year of employment, any employee with a minimum of 184 hours must take 5 consecutive days during that year. Employees with 4-6 years of service and a minimum 224 hours must take an additional non-consecutive week out of their PTO bank. Employees with 7-10 years of service and a minimum of 264 hours must take a third week away from work allowable at one time. Employees with 10+ years of service and 304 hours must take a fourth week away from work allowable at one day at a time. PTO is subject to supervisor approval.

Use and scheduling of PTO

Employees are required to use available PTO when taking time off from work with the exception of a company-required absence due to low workload or absences occasioned by the company. PTO may be taken in increments of as low as one hour. However, PTO may not be used for missed time because an employee reports late to work, except during inclement weather.

PTO is always subject to supervisory approval, department/client needs, and established departmental procedures. Unscheduled absences will be monitored. An employee will be counseled when the frequency of unscheduled absences adversely affects the work environment/clients. All approved absences must be used as PTO. PTO must be taken for any work absence longer than three hours. PTO must be scheduled three days in advance with the exception of unforeseen circumstances, subject to supervisory approval. PTO must be scheduled in advance of 30 days when block scheduling at work week (five consecutive days or 40 hours). In the event of conflicting dates when scheduling PTO between employees of the same organizational level, the employee with the greater length of service time will have preference. Employees may not borrow against their PTO banks. Therefore, no advance leave will be granted.

PTO may only be used for days of regularly scheduled work and may not be used to accumulate overtime.

Payment upon separation

Upon resignation or retirement, employees will be paid any unused PTO hours within thirty (30) days of their departure. NCO, Inc. has the discretion to determine whether accumulated PTO will be paid to employees who resigned their employment with NCO, Inc. The employee will typically have the opportunity to sell back the remaining accumulated PTO time at 100 percent at the employee's straight-time rate of pay or for exempt employees, the weekly salary up to 200 hours, if he or she has met the following:

- 1.) Submits a written two-week notice and works each scheduled day of the notice.
- 2.) Has been an active employee for at least a year. Employees that resigned without notice, are terminated, or fail to fully complete the notice forfeit any PTO they have accumulated.

Selling Back of PTO

PTO may be sold back to NCO, Inc. up to 40 hours once annually at the employee's regular rate of pay on the employee's anniversary date. A written request must be made to HR one month in advance of the employee's anniversary date. Failure to do so will make the employee ineligible to sell PTO back until the following anniversary date. (Example: An anniversary date of March 15th would require the employee to request the annual 40 hour sell back no later than February 15th.)

Death Benefit

Upon death, an employee's beneficiary will receive a pay out of the employee's PTO at their regular rate of pay up to 200 hours. This will be processed within 30 days of HR receiving a death certificate.

Donating PTO time

Employees may donate, anonymously if they wish, accumulated PTO hours to other employees who have exhausted their leave to use in emergency cases (i.e., bereavement, personal leave, personal illness, or family emergencies).

- Employees shall not donate PTO to other employees for vacation purposes or to avoid losing their PTO when the PTO cap is reached.
- Donated employees may only donate accumulated PTO.
- The donating employee must submit a donation request to Human Resources in writing.
- Employees receiving donation of PTO must be eligible for accumulation of PTO.

Family and Medical Leave Act and PTO

Under the company's Family and Medical Leave Act (FMLA), all accumulated time is taken before the start of unpaid FMLA.

Reserved Rights

This plan is a guideline and NCO, Inc. reserves the right to change and interpret as needed. NCO, Inc. reserves the right to review on a case-to-case situation, consider appropriate action, and make exceptions as needed. All exceptions must be granted by the NCO, Inc. Board of Directors.