PAID HOLIDAY AND PAID TIME OFF POLICY

Organization: International Porcelain Arist and Teachers, Inc. (IPAT)
Effective date: 7 August 2026
Policy owner: IPAT Board of Directors

1. Purpose

IPAT provides paid holiday benefits and paid time off ("PTO") to eligible hourly employees. This policy explains employee eligibility, benefit accrual, permitted use, payment, carryover, and treatment upon separation from employment.

This policy does not create a contract of employment or alter the at-will employment relationship.

2. Employment classifications

For purposes of this policy:

- **Full-time employee:** An employee regularly scheduled to work at least 40 hours per workweek.
- **Three-quarter-time employee:** An employee regularly scheduled to work at least 32 but fewer than 40 hours per workweek.
- **Less-than-three-quarter-time employee:** An employee regularly scheduled to work fewer than 32 hours per workweek.

Eligibility is based on the employee's regular approved work schedule, not occasional additional hours worked during a particular week.

All employees covered by this policy are hourly, nonexempt employees and must accurately record all hours worked.

3. Paid holidays

3.1 Recognized holidays

The organization recognizes the following five paid holidays:

1. New Year's Day
2. Independence Day, also known as the Fourth of July
3. Labor Day
4. Thanksgiving Day
5. Christmas Day

The organization will announce the observed holiday date when a holiday falls on a weekend or when operational needs require a different observed date.

3.2 Holiday-pay eligibility

Holiday pay is provided as follows:

- A three-quarter-time employee regularly scheduled to work at least 32 but fewer than 40 hours per week receives **6 hours of holiday pay for each recognized holiday**, for a total of **30 holiday hours per calendar year**.
- A full-time employee regularly scheduled to work at least 40 hours per week receives **8 hours of holiday pay for each recognized holiday**, for a total of **40 holiday hours per calendar year**.
- An employee regularly scheduled to work fewer than 32 hours per week is not eligible for paid holiday benefits.

Holiday hours are assigned to the five holidays listed above. They are not a general floating-holiday bank and ordinarily may not be transferred to another holiday or used for another purpose.

3.3 Conditions for receiving holiday pay

To receive holiday pay, the employee must:

- Be actively employed on the observed holiday;
- Be in an eligible employment classification;
- Work all scheduled hours immediately before and after the holiday, unless the absence is approved or legally protected; and
- Comply with the organization's attendance and time-reporting requirements.

An employee on unpaid leave of absence is not eligible for holiday pay unless otherwise required by law or approved in writing by the organization.

3.4 Holidays falling on nonscheduled days

Eligible employees receive the applicable 6 or 8 hours of holiday pay even when the observed holiday falls on a day that is not part of the employee's normal schedule, provided the employee otherwise satisfies this policy.

Holiday pay does not change the employee's regular work schedule or guarantee a specific number of total paid hours during the holiday workweek.

3.5 Working on a holiday

An employee who is required or approved to work on an observed holiday will receive:

- Regular wages for all hours actually worked; and
- The employee's applicable 6 or 8 hours of holiday pay.

Working on a holiday does not, by itself, qualify an employee for time-and-one-half pay or another premium rate. Overtime will be paid when the employee works more than 40 hours in the organization's established seven-day workweek, as required by applicable law.

Paid holiday hours are not hours actually worked and are not included when determining whether the employee worked more than 40 hours for overtime purposes.

Unused holiday hours:

- Do not carry over from one calendar year to another;
- May not be converted to PTO;
- May not be donated or transferred to another employee; and
- Are not paid out when employment ends.

4. Paid time off

4.1 PTO eligibility

An employee is eligible to accrue PTO when the employee is regularly scheduled to work at least 32 hours per workweek.

An employee regularly scheduled to work fewer than 32 hours per workweek does not accrue PTO, even when the employee occasionally works 32 or more hours during a particular week.

4.2 PTO accrual rate

Eligible employees accrue:

1 hour of PTO for every 40 hours actually worked.

PTO is calculated each pay period using the following formula:

Hours actually worked during the pay period ÷ 40 = PTO hours earned

Fractional PTO will be recorded to the nearest one-hundredth of an hour.

Examples:

- An employee who works 32 hours during a weekly pay period earns **0.80 hours of PTO**.
- An employee who works 64 hours during a two-week pay period earns **1.60 hours of PTO**.
- An employee who actually works 1,664 hours during a year earns **41.60 hours of PTO**.
- An employee who actually works 2,080 hours during a year earns **52 hours of PTO**.

PTO accrual is based on actual hours worked. PTO does not accrue on:

- PTO hours used;
- Paid holiday hours;
- Unpaid leave;
- Other paid or unpaid time during which no work is performed; or
- Payments that are not compensation for hours actually worked.

Eligible employees begin accruing PTO upon signing this document or on their first day in an eligible position. PTO may be used after it appears in the employee's recorded available balance.

4.3 Change in employment classification

When an employee's regular approved schedule changes:

- Accrual begins with the effective date of a change to an eligible schedule of at least 32 hours per week.
- Accrual stops with the effective date of a change to a schedule of fewer than 32 hours per week.
- PTO already earned before a reduction below 32 hours will remain recorded but may not be used while the employee is in an ineligible classification.
- The existing balance becomes available again if the employee returns to an eligible classification before employment ends.
- Any remaining balance is forfeited when employment ends, as provided below.

4.4 Permitted uses

PTO may be used for:

- Vacation;
- Personal business;
- Illness, injury, or medical appointments;
- Caring for a family or household member;
- Mental-health or wellness needs; or
- Other approved personal absences.

Employees are not required to disclose private medical information beyond what is reasonably necessary to administer attendance requirements or comply with applicable law.

4.5 Requesting PTO

For foreseeable absences, employees should submit a PTO request as far in advance as reasonably possible.

PTO requests are subject to supervisor approval based on staffing, operational needs, previously approved leave, and the order in which requests were received. The organization will administer requests consistently and will not deny leave for an unlawful or discriminatory reason.

For an unexpected illness or emergency, the employee must notify the employee's supervisor as soon as reasonably possible under the organization's attendance procedures.

PTO may be used in increments of no less than one-quarter hour.

4.6 Available balance

Employees may use only PTO that has already been earned and recorded. Employees may not borrow against future PTO or maintain a negative PTO balance.

PTO will be paid at the employee's regular base hourly rate in effect when the PTO is used. PTO payments do not include overtime premiums, bonuses, reimbursements, or other supplemental compensation.

PTO hours are not hours actually worked and do not count toward the 40-hour threshold for overtime.

Unused PTO carries over from one calendar year to the next.

An employee may maintain a maximum PTO balance of **60 hours**. Once the employee reaches 60 accrued hours, additional PTO accrual stops. Accrual resumes after the employee uses enough PTO to reduce the balance below 60 hours.

No PTO is earned retroactively for hours worked while the employee was at the maximum balance.

4.7 PTO maximum balance, year-end carryover, and forfeiture

An employee may maintain a maximum PTO balance of 60 hours during the calendar year. Once the employee reaches 60 accrued hours, additional PTO accrual stops. Accrual resumes after the employee's available balance falls below 60 hours. PTO is not earned retroactively for hours worked while the employee was at the maximum balance.

An employee may carry over no more than 20 hours of unused PTO from one calendar year to the next.

Any unused PTO exceeding 20 hours as of December 31 will be placed in a temporary grace-period balance. The employee may use those excess hours through January 31 of the following year. PTO taken during January will be deducted from the grace-period balance first.

Any hours remaining in the grace-period balance as of February 1 will be forfeited and will not be paid, restored, transferred, or converted to another benefit.

PTO earned for hours actually worked during January is considered newly accrued PTO and is not subject to forfeiture on February 1. The February 1 forfeiture applies only to excess PTO carried forward from the prior calendar year.

Employees are responsible for monitoring their PTO balances and requesting time off sufficiently in advance. Approval of PTO remains subject to staffing and operational needs. The organization does not guarantee that every PTO request will be approved; employees are therefore encouraged to schedule excess PTO well before the end of the grace period.

4.8 Organization closure

When the organization closes for a day that is not one of the five recognized paid holidays, eligible employees may request to use available PTO. If PTO is not available or the employee chooses not to use it, the closure time will be unpaid unless the organization announces a different arrangement.

5. Separation from employment

Accrued but unused PTO is **not paid out** when employment ends, regardless of whether the separation is voluntary or involuntary.

Unused holiday hours are also not paid out when employment ends.

6. Coordination with legally protected leave

PTO and holiday benefits under this policy are separate from any leave, time off, or workplace accommodation required by federal, state, or local law.

When permitted by law, the organization may require or allow available PTO to run concurrently with an otherwise unpaid leave. The organization will not apply this policy in a manner that interferes with an employee’s legally protected rights.

7. Timekeeping and payroll corrections

Employees must review their time and leave records and promptly report suspected errors.

The organization will correct verified payroll or PTO-record errors. Employees may not work without recording their time and may not perform work while recording the time as PTO or holiday leave.

8. Administration and policy changes

The IPAT Chairman or the IPAT Board of Directors is responsible for administering and interpreting this policy.

The organization may amend, suspend, or discontinue this policy prospectively, subject to applicable law. Changes will be communicated in writing and will not reduce wages or benefits that were already earned and payable under the terms of the policy in effect when they were earned.

I acknowledge that I received and reviewed the Paid Holiday and Paid Time Off Policy. I understand that I am responsible for complying with the policy and that I should direct questions to the Executive Director or the Board of Directors.

Employee name: ________________________________

Employee signature: _____________________________

Date: ____