

# Guidelines Regarding Employee Vacation (Appointed Staff)

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Integrated HR (iHR)

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## Purpose

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These Guidelines provide practical information regarding managing vacation allowances for appointed employees, particularly Professional & Managerial, Confidential, Research Associate (Limited Term)/Senior Research Associate and USW staff. This information is general in nature and is being provided to assist managers in the overall management of vacation for staff members who report to them. For information regarding the vacation entitlements of specific employees, please see the applicable [employment policies and collective agreements](#).

## Definitions

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- i. Date of Hire*  
The first day worked at the University.
- ii. Employee Anniversary Date*  
The anniversary of first day of employment in an appointed position. This may also be referred to as the “staff-appointed anniversary date”. This date marks the start date of an employee’s vacation entitlement year.
- iii. Vacation Entitlement Year*  
The twelve month period commencing the month and day of the employee anniversary date.
- iv. Vacation Bank*  
The virtual total of all vacation days accrued but not yet used.

## Annual Accrual Cycle

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At the University, in the majority of cases, appointed employees accrue vacation on a monthly basis, starting on the date of hire. After one year, the employee will have accumulated a full year’s entitlement of vacation days in their vacation bank, subject to deduction for any vacation days taken.

The rate of accrual is determined by the employee’s years of service and the relevant [employment policy or collective agreement](#). Vacation accrues whether it is used or not. At the end of each individual employee’s vacation year, if the employee’s vacation bank has more days than the employees’ annual entitlement, the days above the employee’s annual entitlement may be carried forward into the subsequent vacation year or paid out, or a combination of both, in a manner consistent with the relevant policy or collective agreement.

## Taking Vacation

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An employee may start using their paid vacation days once there is a positive balance in their vacation bank and the request to take the vacation time is approved by the manager (provided that the vacation days requested and taken do not exceed the days accrued). All vacation requests must be approved in advance by the employee’s manager. Requests for vacation will be assessed against operational need and the requests of other staff in the unit.

In the majority of cases, it is expected that employees will use most, if not all, of their annual vacation entitlement each year, such that employees will rarely reach the end of a vacation entitlement year with more days in their vacation bank than their annual vacation entitlement.

At a minimum, it is generally expected that employees will take the minimum vacation entitlements set out in the *Employment Standards Act* each year.

## “Borrowing” Vacation

Employees are not normally permitted to take vacation that has not yet been earned. In the event of a new hire, it is reasonable to approve a reasonable amount of vacation time for which arrangements have already been made by the employee, even if the employee will not have enough days in their vacation bank at the time the vacation is taken. Often, this is done in combination with a portion of unpaid leave. These arrangements are subject to the approval of the manager and must be clearly documented in writing.

Managers should discuss all requests of this type with their [Divisional HR Office](#).

## Employee Expectations – Patterns of Vacation Use

There may be circumstances where employees have had the same pattern of vacation utilization for a number of years. These patterns could include one or more of timing, duration, and frequency. It is important that managers be very clear with employees well in advance that recurring approval should not be expected, and that each request will be reviewed based on the circumstances that exist at that time.

## Vacation Reports

Individuals with Manager Self-Service (MSS) access can use the service to view an individual employee's (or their entire team's) vacation entitlement, vacation balance, vacation projection, and absence summary. Information on how to log into MSS and access these reports can be found at <http://ess.hrandequity.utoronto.ca/mss/>.

For individuals without MSS access, or who need information on their entire Organizational Unit, Department, or Division, the following reports can be accessed in HRIS:

- The [Vacation Entitlement Report Download](#) can be used to view an individual employee's (or an entire Organizational Unit's) vacation entitlement and balance as of the previous completed month.
- The [Vacation Projection Report](#) can be used to view an estimate of an individual employee's (or an entire Organizational Unit's) scheduled vacation time and projected vacation time (by month) at a future point in time.

Departments are encouraged to review vacation records prior to the final pay close in December so that HRIS records are accurate prior to locking down for calendar year end.

# Special Circumstances

## Pregnancy / Parental & other Leave Accrual

For ESA job protected leaves (e.g., pregnancy, parental, family caregiver, family medical, critical illness), vacation days continue to accrue during the entire period of the leave. It is understood that staff members returning from these leaves will have more vacation in their vacation bank than usual.

Managers should speak with these employees within the first month of the employee's return to work to discuss and set out a plan for reducing their vacation bank balance to their regular annual entitlement within one year of the employee's return from leave.

## “Saving” for an Extended Vacation

There may be circumstances where an employee may wish to build up their vacation bank balance in order to facilitate a planned leave. Examples may include: an overseas trip, a family gathering / event, or spending the summer months with one's children.

Discussions regarding these requests should be initiated via a request for carryover of vacation days (if not already raised outside that process), and in a manner consistent with the relevant policy or collective agreement. As with any other request for vacation time, approval of these types of requests will be assessed against operational need.

## Conversion to Appointed Status

Employees who convert from a USW Casual to USW Appointed position will accrue vacation as follows:

- Their Vacation Entitlement Year will be based on their Staff-Appointed Anniversary Date.
- Their years of employment for purposes of calculating their vacation accrual rate is counted from the start of the period of employment that qualified them for conversion.



*Consult the relevant policy or collective agreement for more information about conversions.*

## Internal Transfers

When an employee transfers departments, the value of their vacation bank as of their last day of work in the original department is transferred to the new department.

The employee should be encouraged, where possible, to take vacation before starting the new position. In the absence of agreement, and where operationally feasible, vacation may be scheduled unilaterally by the manager in accordance with the relevant policy or collective agreement.

Where an employee starts a new position, the new manager should meet with the employee to clarify any departmental practices that may exist in respect of requesting vacation.

## Vacation Carry Over

[Employment policies and collective agreements](#) set out the rules regarding carryover of vacation credits from one vacation year to the next, including written approval thresholds and limits on carryover.

It is recommended that managers schedule annual meetings with each of their appointed staff members, on or around each employee's anniversary date, to discuss current vacation bank balances and plans for reasonable vacation usage over the next year. While most policies and collective agreements provide for mechanisms to carryforward vacation, employees should be encouraged to use all their vacation entitlements each year.



See “Appendix A: Maximum Vacation Carryover by Employee Group” for more information.

## Payout of Vacation Balances on Cessation of Employment

### Maximum Vacation Payouts by Employee Group

Employee Group	Maximum Payout
<b>Professional &amp; Managerial</b>	Outstanding vacation credits, subject to the appropriate reduction, to a maximum of 10 weeks' salary
<b>Confidentials</b>	Unused vacation credits, subject to the appropriate reduction.
<b>Research Associates / Senior Research Associates</b>	Employment Standards Act entitlement if the RA/SRA has not taken the ESA minimum time off in the vacation entitlement year in which the last day of work falls.
<b>USW Staff-Appointed</b>	Unused vacation credits, subject to the appropriate reduction.

Managers should discuss all payout of vacation balances with their [Divisional HR Office](#).

### Reduction in Vacation Balances on Cessation of Employment

If a Professional & Managerial, USW or Confidential employee has more unused days in their vacation bank than their annual entitlement (e.g., 18 banked days with an annual entitlement of 15 days), the University will reduce the payout of vacation days to these employees upon their departure.

The reduction will be as follows:

- Employees with 15 days annual vacation entitlement, a payout reduction of 4 days;

- Employees with 20 days annual vacation entitlement, a payout reduction of 5 days; and
- Employees with 25 days annual vacation entitlement, a payout reduction of 6 days.

**NOTE 1:** Reduction upon cessation of employment does not bring the number of payout days below the annual entitlement.

**NOTE 2:** Reduction upon cessation of employment does not apply where a vacation bank is at or below the annual entitlement.



See "Appendix A

## Managing Banked Vacation in Excess of Annual Vacation Entitlement

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If an employee has a balance in their vacation bank that exceeds their annual vacation entitlement but was not approved for carry forward, the manager should speak with HR to determine how to address the situation.

The options may include:

- An agreement to pay out the vacation; or,
- The manager retroactively approving carry over.

In situations where an employee is not taking action to request and schedule their vacation leading up to their anniversary date, several strategies should be explored by the manager to encourage and/or ensure the employee takes vacation. Some will require the employee's agreement, while others can be implemented at the discretion of the manager.

Options to consider:

- Scheduling vacation in one or more full weeks (which can be done unilaterally by the employer in most cases, subject to any collective agreement limitations)
- One vacation day every week or every other week for a set period of time
- Adding more time to a vacation that is already scheduled
- Taking vacation before or after the December closure
- Taking long weekends over the summer (or at any other time of year)
- Paying out vacation days

Use of paid vacation time, ideally based on a mutually agreed schedule, should be thoroughly explored prior to issuing any payouts.

Managers should meet with any employees who have balances that are either over or approaching their annual entitlement to discuss plans for vacation time use over the course of the next 12 months. Managers need to consider any additional vacation accrual that will occur over that period.

In the event an employee has vacation carrying forward to the next vacation year, there should be a concrete plan for how this will be used in the upcoming vacation year, again keeping in mind that vacation will continue to accrue.

Managers have the discretion to schedule vacation, as long as this is done in whole weeks (**Note:** under the terms of the USW collective agreement, unilaterally scheduled vacation must be in increments of no less than 5 consecutive days).

If it is not practicable to schedule enough vacation time to utilize all banked vacation in excess of an employee's annual entitlement, it may be appropriate to pay out some or all of the excess, as set out below.

## Paying Out Vacation

Payouts of vacation should be treated as a last resort to maintain compliance with relevant policies/collective agreements. All reasonable efforts to schedule vacation *time* should be made before payouts are explored. Depending on the employee's role, it may be more cost effective to hire a casual employee to cover an employee taking an extended vacation than to issue a payout.

It is critical that payouts be properly coded as vacation payouts in [HRIS](#) so that payments may be tracked for reporting purposes.

# Appendices

## Appendix A: Maximum Vacation Carryover and Cessation Calculations by Employee Group

All maxima are based on 100% FTE – prorate per percentage appointment if required.

**Note:** Carry Forward Maximum represents the greatest number of days that may be in an employee’s vacation bank on the last day of their vacation entitlement year.

**Note:** The reduction in payment upon cessation of employment applies as follows:

- Reduction upon cessation of employment applies only where the vacation bank exceeds the annual entitlement.
- Reduction upon cessation of employment does not bring the # of payout days below the annual entitlement.
- Reduction upon cessation of employment does not apply where a vacation bank is at or below the annual entitlement.

### Professional & Managerial Staff

Months of Service	Monthly Accrual	Annual Entitlement (days)	Carry Forward Maximum, including Annual Entitlement (days)	Reduction Upon Cessation, if applicable (days)
0 to 132	1.667	20	45	5
133 to 156	1.75	21	46	5
157 to 168	1.833	22	47	5
169 or more	2.083	25	50	6

### Confidential Staff

Months of Service	Monthly Accrual	Annual Entitlement (days)	Carry Forward Maximum, including Annual Entitlement (days)	Reduction Upon Cessation, if applicable (days)
First 60	1.25	15	25	4
61 to 72	1.33	16	26	4
73 to 84	1.417	17	27	4
85 to 96	1.5	18	28	4
97 to 108	1.583	19	29	4
109 to 132	1.667	20	30	5
133 to 156	1.75	21	31	5
157 to 168	1.833	22	32	5
169 or more	2.083	25	35	6

## Research Associates

### Research Associates

Months of Service	Monthly Accrual	Annual Entitlement (days)	Carry Forward Maximum, including Annual Entitlement (days)	Reduction Upon Cessation, if applicable
First 60	1.667	20	25	Pay out of vacation to ESA minimum entitlement, if equivalent ESA minimum in paid vacation time not taken in vacation entitlement year in which termination falls.

## Senior Research Associates

Months of Service	Monthly Accrual	Annual Entitlement (days)	Carry Forward Maximum, including Annual Entitlement (days)	Reduction Upon Cessation, if applicable
0 to 132	1.667	20	25	Pay out of vacation to ESA minimum entitlement, if equivalent ESA minimum in paid vacation time not taken in vacation entitlement year in which termination falls.
133 to 156	1.75	21	26	
157 to 168	1.833	22	27	
169 or more	2.083	25	30	

## USW Staff-Appointed

Months of Service	Monthly Accrual	Annual Entitlement (days)	Carry Forward Maximum, including Annual Entitlement (days)	Reduction Upon Cessation, if applicable (days)
First 60	1.25	15	25	4
61 to 72	1.33	16	26	4
73 to 84	1.417	17	27	4
85 to 96	1.5	18	28	4
97 to 108	1.583	19	29	4
109 to 132	1.667	20	30	5
133 to 156	1.75	21	31	5
157 to 168	1.833	22	32	5
169 or more	2.083	25	35	6

## Pay Out Scenarios

Scenario	Annual Entitlement (days)	Vacation Bank (days)	Max Payout (carry forward maximum including annual entitlement)	Reduction (days)	Total Days Paid
PM employee with 14 years of service (or 168 months) is terminated. Employee has 40 days in their vacation bank	22	40	10 weeks salary (or 10 weeks x 5 days per week = 50 days)	5	35
USW employee with 19 years of service (or 228 months) retires. Employee has 24 days in their vacation bank	25	24	35 days	0	24
PM employee with 14 years of service (or 168 months) resigns. Employee has 25 days in their vacation bank	22	25	10 weeks salary (or 10 weeks x 5 days per week = 50 days)	3*	22
<b>Reduction upon cessation of employment does not bring the # of payout days below the annual entitlement</b>					
PM employee with 14 years of service (or 168 months) is terminated. Employee has 15 days in their vacation bank	22	15	10 weeks salary (or 10 weeks x 5 days per week = 50 days)	0	15
<b>Reduction upon cessation of employment does not apply where a vacation bank is at or below the annual entitlement.</b>					

### Example #1

A PM employee with an annual vacation entitlement of 22 days has 44 days in their vacation bank on the date of termination. The employee's vacation balance is below the 50 day maximum payout under the Policy. The payment reduction for this vacation bank is 5 days.

The employee's vacation payout would be reduced as follows:

$$44 \text{ (days banked)} - 5 \text{ (days payment reduction)} = 39$$

Therefore, pay out **39** days.

### Example #2

A PM employee with an annual vacation entitlement of 25 days has 58 days in their vacation bank on the date of termination. The employee's vacation balance is above the 50 day maximum payout under the Policy. Further, the payment reduction for this vacation bank is 6 days.

The employee's vacation payout would be reduced as follows:

$$58 \text{ (days banked)} - 8 \text{ (to bring vacation balance in line with max pay out)} = 50$$

$$50 \text{ (revised days banked)} - 6 \text{ (days payment reduction)} = 44$$

Therefore, pay out **44** days.

### Example #3

A PM employee with an annual vacation entitlement of 20 days has 22 days in their vacation bank on the date of termination. The payment reduction for this vacation bank is 5 days.

However, we do not reduce the employee's vacation to a level lower than their annual entitlement:

$$22 \text{ (days banked)} - 2 \text{ (days payment reduction)} = 20$$

Therefore pay out **20** days.

### Example #4

A PM employee with an annual vacation entitlement of 25 days has 52 days in their vacation bank on the date of termination. The employee's vacation balance is above the 50 day maximum payout under the Policy. Further, the payment reduction for this vacation bank is 6 days.

The employee's vacation payout would be reduced as follows:

$$52 \text{ (days banked)} - 2 \text{ (to bring vacation balance in line with max pay out)} = 50$$

$$50 \text{ (revised days banked)} - 6 \text{ (days payment reduction)} = 44$$

Therefore pay out **44** days.

### Example #5

A PM employee with an annual vacation entitlement of 22 days has 12 days in their vacation bank on the date of termination. The payment reduction for this vacation bank is 5 days,

however, this employee's vacation balance is below their annual entitlement, therefore there is no reduction upon termination.

$$12 \text{ (days banked)} - 0 \text{ (days payment reduction)} = 12$$

Therefore, pay out **12** days.