

## PTO Carryover Process Announced

Jul 02, 2020



With all the challenges created by the COVID-19 health emergency, it has been difficult for employees to use their Paid Time Off (PTO). But taking time away from work to refresh and recharge – even if you are not going anywhere – has significant wellness benefits. Employees are encouraged to schedule and use their PTO.

### Non-Bargaining PTO Carryover Enhancement

While many other companies do not currently have plans to enhance their PTO or vacation carryover policies, FirstEnergy continues to keep employees and their families as the top priority. Consistent with the message previously shared by Chuck Jones, employees will not lose any 2020 PTO. As usual, non-bargaining employees will be able to carry over the already allowed 80 hours, which becomes deferred PTO. But now, any additional 2020 PTO remaining at the end of this year will be added to a deferred COVID-19 PTO quota.

The company will allow employees three years to use their deferred COVID-19 PTO. So this means employees will have until Dec. 31, 2023, to use the deferred COVID-19 allotment. In addition, the deferred COVID-19 PTO will be valued at the employee's rate of pay on the date when they use the time off. The typical "use it or lose it" provision still applies to any regular deferred PTO (up to 80 hours) carried from 2020 to 2021. *For bargaining unit employees, FirstEnergy will work with union leadership on similar carryover options.*

Beginning in 2021, employees should use time off in the following order:

1. Deferred PTO
2. Current-year PTO balanced with deferred COVID-19 PTO, keeping in mind that:
  - No more than 80 hours of current-year PTO can be deferred into the next year
  - Employees have until Dec. 31, 2023 to use deferred COVID-19 PTO

3. Frozen/banked vacation, if applicable
4. Purchased PTO, if applicable

Following standard practice, each business unit may determine the PTO request and approval process for its area of responsibility based on its operational needs. Employees should discuss any time-off requests with their supervisor.

#### **Use of deferred COVID-19 PTO at Retirement**

PTO remaining at separation is not paid out to employees. The current non-bargaining Time-Off Program allows that at retirement, and with supervisor approval, employees may take up to 30 calendar days off using any unused PTO, deferred PTO, purchased PTO, banked or frozen vacation immediately following their last regular work day. These 30 calendar days may not extend beyond the last day of the month in which the employee last worked.

Employees planning to retire after 2020 who have any deferred COVID-19 PTO hours remaining should talk to their supervisor. To help these employees use this additional time before retirement, employees may be eligible to receive an exception to the 30-day provision described above, which would permit an extension up to 60 calendar days.

If you are a current or former participant in the Long-Term Incentive Program, please contact a member of the Executive Compensation team to discuss your time-off prior to retirement. The Executive Compensation team will advise the appropriate use of PTO to ensure the employee meets the criteria established by the Internal Revenue Service (IRS) and the employee is not impacted by excise tax that could otherwise be imposed by the IRS.

If you have questions, please talk to your supervisor or your local Human Resources representative. If you have questions, please talk to your supervisor or your local Human Resources representative. Employees can find additional information on the company's response to COVID-19 on the *FirstEnergy Today* portal, the [Corporate Health & Safety Coronavirus SharePoint site](#) or [MyFirstRewards.com](#). Please print and post important information for employees who do not access the portal routinely.