

2009

# Employee Benefits Program

---

## Paid Time Off (PTO)

# Table of Contents

---

## Paid Time Off (PTO)

<b>Important Information</b> .....	3	How PTO Is Awarded .....	4
This Is Only A Summary .....	3	PTO While On Leave Of Absence.....	5
It Describes Current Plan Terms.....	3	Purchased PTO Time.....	5
Not An Employment Contract .....	3	Carryover .....	6
Disputes Handled Through Internal Dispute Resolution Procedure.....	3	Status Changes .....	7
<b>Paid Time Off (PTO)</b> .....	4	Holidays .....	7
Introduction.....	4	Designated PTO Holidays.....	7
Paid Time Off Policy May Vary By State .....	4	2009 Holidays .....	8
Eligibility .....	4	Planning Your Time Off.....	8
PTO Schedule.....	4	Order Of Usage .....	8
		When You Leave The Company .....	8

# Important Information

## **This Is Only A Summary**

This is a summary of the Travelers paid time off (PTO) program. PTO is not subject to the Employee Retirement Income Security Act of 1974 (“ERISA”).

## **It Describes Current Plan Terms**

This summary describes the terms of the program in effect as of January 1, 2009.

## **Not An Employment Contract**

The PTO program is not a contract of employment or a guarantee of continued employment for any definite period of time.

## **Disputes Handled Through Internal Dispute Resolution Procedure**

Whenever possible, a dispute about PTO time will be handled through the Travelers Internal Dispute Resolution (IDR) Procedure.

# Paid Time Off (PTO)

## Introduction

Travelers provides a Paid Time Off (PTO) program to be used for vacation, personal illness, illness of your spouse/ domestic partner or dependents, celebration of holidays that are not designated company holidays, children's school events, or other personal business.

## Paid Time Off Policy May Vary By State

Travelers conducts business and maintains operations on a national basis. The PTO policy described in this section is intended to apply to employees in all offices in the United States. However, the laws governing paid time off vary from state to state. In the event Travelers' PTO policy conflicts with state law in the state in which your office is located, the company will modify its policy to adhere to applicable state law requirements and you will be provided with information describing any changes that apply to you.

## Eligibility

PTO is first awarded to you for the first month you work if you are a regular status, salaried employee, scheduled to work at least 20 hours or more per week (or 50% of a full-time equivalent schedule if your office's work week is less than 40 hours).

## PTO Schedule

PTO is awarded to regular, full-time employees as follows:

<b>Years of service</b>	<b>Annual PTO in Hours</b>
0 to 4	<b>160 Hours</b>
5 to 9	<b>184 Hours</b>
10 to 14	<b>208 Hours</b>
15 to 24	<b>224 Hours</b>
25 or more	<b>240 Hours</b>

As you can see, more time is awarded as your years of service increase. You become eligible for additional PTO hours at the beginning of the calendar year in which your fifth, tenth, fifteenth, and twenty-fifth anniversaries occur.

PTO is prorated for part-time schedules. For example, if you work 20 hours a week, you are eligible for 50 percent of the number of PTO hours for your years of service.

## How PTO Is Awarded

PTO is awarded on a monthly basis on the first day of the month. The first calendar year you begin working at Travelers, PTO will be awarded from your date of hire at the rate of one-twelfth (e.g. 13.33 hours) per month, up to a maximum of 160 hours. For example, if you are hired in November, PTO is awarded for November and December, for a total of 26.66 hours for your first partial calendar year.

# Paid Time Off (PTO)

In subsequent years, PTO is awarded at the rate of one-twelfth of the applicable annual PTO per month from January to December.

Managers may award additional PTO through a company or department program or for other reasons. This additional PTO, referred to as Other Time Awarded, is available as soon as it is awarded.

## PTO While On Leave Of Absence

**Paid Leave.** PTO is awarded on the first day of the month if you are not on paid leave on that day. No PTO is awarded during paid leave unless you work during your paid leave under the STD Return to Work Program. PTO hours are awarded to reflect hours you work under the STD Return to Work Program and are prorated based on the number of hours you work under that program. These PTO hours will be awarded to you during your paid leave and are available for use during that leave. Upon your return to work, or upon your transition to extended disability leave, you will be credited with PTO in the same amount that you would have been awarded if you had been working during your paid leave, including any hours you work under the STD Return to Work Program.

**Unpaid FMLA Leave.** Under Travelers' FMLA policy, you are required to use all of your awarded PTO prior to taking unpaid FMLA leave. PTO is awarded on the first day of the month if you are not on unpaid leave on that day. No PTO is awarded while you are on unpaid FMLA leave. Upon your return to work, you will be credited with PTO in the same amount that you would have been awarded if you had been working during your unpaid leave.

**Extended Disability Leave.** No PTO is awarded while you are on extended disability leave, unless you work during extended disability leave under the LTD Return to Work Program (see below). After four (4) weeks of extended disability leave, your awarded unused PTO will be paid to you. If you return to work after fewer than four (4) weeks of extended disability leave, your awarded unused PTO will remain intact.

If you work during extended disability leave under the LTD Return to Work Program, PTO hours are awarded to reflect the hours you work. These PTO hours, which are prorated based on the number of hours you work under the LTD Return to Work Program, will be available for use during the period you work under the program. Any unused hours will be paid to you after you complete the program (or, if you return to work following completion of the program, will be available for your use at that time).

**Unpaid Personal Leave.** PTO is awarded on the first day of the month if you are actively at work on that day. No PTO is awarded while you are on unpaid personal leave. After four (4) weeks of unpaid personal leave, your awarded unused PTO will be paid to you. If you return to work after fewer than four (4) weeks of unpaid personal leave, your awarded unused PTO will remain intact.

This is a general discussion of how PTO interacts with various types of leaves, and it is not intended to be all-inclusive. For example, this discussion does not address intermittent leaves. Travelers will comply with the FMLA and all applicable laws.

## Purchased PTO Time

If you are a full-time employee, you can purchase up to 48 hours of additional PTO time during each Annual Enrollment period. During Annual Enrollment, you will be provided with information on the cost to purchase additional PTO time. The cost will generally be based on your regular base pay as of December 31st of the year before the year for which you are electing purchased PTO. For members of the CAT team, "regular base pay" includes amounts characterized as "catastrophe" pay paid as an annual differential. (For example, the cost for purchased PTO time for 2009 will be based on your regular base pay plus CAT differential (if any) in effect on December 31, 2008.) You must purchase PTO time in four (4) hour increments.

# Paid Time Off (PTO)

Part-time employees, scheduled to work at least 20 hours per week, may purchase PTO hours up to the equivalent of six (6) workdays based on their scheduled hours in four (4) hour increments.

You may elect to purchase PTO time during Annual Enrollment each year for use in the next calendar year. Employees hired after Annual Enrollment but before the end of the calendar year may elect to purchase PTO time up to 12/31 of the calendar year for use during the next calendar year. Once the calendar year begins, no one can elect to purchase PTO time until the next Annual Enrollment.

You must be actively at work on the last business day of the calendar year for your purchased PTO election to take effect in the next calendar year.

Your supervisor must approve the use of your purchased PTO time. Decide carefully as you cannot make changes, nor can you stop or start deductions mid-year.

You cannot carry over purchased PTO time from one calendar year to the next. In other words, you must use the PTO time that you purchase during Annual Enrollment during the following calendar year. Note that your purchased PTO time is not considered to be used until all your regular PTO time, other time awarded and carryover time has been used.

If you do not use all your purchased PTO time, you must cash out during the annual cash-out period (usually in the fall of each year). You will receive the cashout amount in the same year and that amount is considered taxable income. For example, if you buy 24 hours of PTO time for 2009 but you are unable to use them in 2009, you may cash them out during the 2010 annual cash-out period, which will occur in Fall 2009. You will receive a refund representing the cost of the 24 hours of PTO that you bought in calendar year 2009, and that amount will be reported on your 2009 W-2. You lose purchased PTO time that you do not cash out during the annual cash-out period or use by the end of the calendar year.

If you purchase PTO time and then switch from full-time to part-time or part-time to full-time status during the year, your PTO purchase will be recalculated based on your new status.

## Carryover

Full-time employees may carry over up to 40 hours of regular PTO into the following calendar year. If more than 40 hours are left at the end of the year, that time will be lost. Part-time employees scheduled to work at least 20 hours per week may carry over up to the equivalent of one (1) standard workweek based on their scheduled hours. Where required by state law, employees may carry over more than 40 hours of PTO time.

California and Montana, for example, impose special rules regarding paid time off. In compliance with these rules, PTO carryover for California employees will be capped based on an employee's years of service as follows:

California PTO Cap	
Years of service	Capped PTO in Hours
0 to 4	280 Hours
5 to 9	320 Hours
10 to 14	368 Hours
15 to 24	392 Hours
25 or more	424 Hours

PTO carryover in Montana will be capped at 280 hours for all employees regardless of years of service.

# Paid Time Off (PTO)

You can carry over PTO hours up to the capped amount. However, you will not be awarded any new PTO time until your PTO balance drops below the cap.

For example, an employee working in California with three (3) years of service has, over three (3) years, carried over 280 hours of regular PTO time. That employee must use some of these carryover hours before he/she will be awarded additional PTO time throughout the year. This employee will be awarded PTO time at the rate of 13.33 hours per month up to the 280 hour cap.

If you make an intercompany transfer out of California or Montana and your PTO carryover balance exceeds the amount permitted to be carried over in your new location, all of your awarded PTO and purchased PTO in excess of what you have used in the calendar year of the transfer will be paid to you.

If you are on an approved military leave at the end of the calendar year, the carryover cap will not apply for that year.

Please note the caps listed above are for full-time regular employees. The caps for part-time employees will be prorated based on their scheduled hours.

## Status Changes

If your status or hours change so that you are no longer eligible for PTO, any awarded PTO or purchased PTO in excess of what you have already used will be paid to you.

## Holidays

Travelers observes holidays to provide you with paid time off. Local custom and location practice determine the specific holidays observed where you work. Generally, the following holidays are observed:

- New Year's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Friday after Thanksgiving
- Christmas Eve or the day after Christmas
- Christmas Day

Part-time employees will receive a prorated portion of holiday hours based on their regular scheduled hours.

New hires will receive the remaining holidays in the year based on their date of hire.

## Designated PTO Holidays

Before each new year, Travelers will determine and publish the holiday schedule. In general, the company will observe eight (8) holidays each calendar year. In certain years, traditional holidays fall in the middle of the week or on a weekend. In these years, Travelers may decide to designate more than eight (8) company holidays. If this is the case, up to three (3) of your PTO days (24 hours) may be designated to be used to observe these holidays.

# Paid Time Off (PTO)

In years when the company observes fewer than eight (8) holidays (64 hours), the company will add the difference to your regular PTO hours. These added hours or “floating holidays” are awarded on the same basis as your regular PTO – that is, at a rate of one-twelfth per month.

## 2009 Holidays

In 2009, Travelers will observe seven (7) holidays. Please refer to the Benefits Web site for the 2009 Holiday Schedule.

## Planning Your Time Off

Scheduling of PTO is subject to your supervisor’s approval. Check with your supervisor to ensure that you will be able to use all your PTO time before you buy more PTO time. Also, discuss your PTO schedule with your supervisor as soon as possible each year to be certain that your job responsibilities can be handled during your absence.

Active employees are eligible to use more PTO hours than what they have been awarded up to the hours the employee is eligible for in that calendar year, with their manager’s approval. However, employees are responsible for planning their time off to ensure they have reserved time in their PTO for illnesses, unexpected events and emergencies.

For exempt employees, PTO can be taken and recorded in full or half-day increments only. For nonexempt employees, PTO can be taken in one (1) hour increments. PTO time used for an approved intermittent FMLA reason may be taken in 15 minute increments regardless of whether the employee is exempt or non-exempt.

## Order Of Usage

You must use your PTO time in a certain order. The order of usage is:

- 1) Carryover time
- 2) Other Time Awarded
- 3) Regular PTO
- 4) Purchased PTO

## When You Leave The Company

PTO time may not be used to extend an employee’s termination date unless the manager approves this. When you terminate your employment with Travelers, you will be paid for PTO time that has been awarded to you but that you have not used. You also will be paid for accrued purchased PTO time that you have not used as of the last day worked.

If the PTO time used exceeds the time awarded, the employee will be required to pay back the unearned used time to Travelers.



The Travelers Indemnity Company  
and its property casualty affiliates  
One Tower Square  
Hartford, CT 06183

[travelers.com](http://travelers.com)

© 2009 The Travelers Companies, Inc. All rights reserved. CP-0000 Rev. 10-09