

## PTO Cash Out Election Information for 2022 Open Enrollment DMAR, DMAT, DMMI, DMTN

*This announcement includes important information regarding your PTO cash out options for 2022. Please review the key points below carefully. Examples are included on page 2.*

**You will have the option to cash out a portion of your PTO Allowance for 2022 if you make an election during Open Enrollment for 2022 benefits.**

### What You Need to Do

- In order to cash out a portion of your PTO Allowance for 2022, an election **must** be made during the upcoming Open Enrollment for Benefits, November 8 – 18, 2021. Due to IRS regulations regarding the taxable cash value of PTO hours, **associates are required to make the cash out election prior to January 1, 2022.**

### What You Need to Know

- If you elect to cash out PTO in 2022, payouts will be in the last calendar quarter of 2022. The timing of the payouts will be common for all affiliates.
- The Cash Out Election cannot exceed your 2022 PTO Allowance minus 40 hours (excluding hours rolled over). Example: If your Annual PTO Allowance is equal to 120 hours, you cannot elect to cash out more than 80 hours [120 – 40 = 80].
- If you use more PTO hours during the year than you anticipated, your PTO Cash Out election will be reduced. *See example 4 on page 2.*
- The PTO Cash Out Election is irrevocable. This means you cannot make a PTO Cash Out Election during Open Enrollment, and then change it in 2022. *See example 5 on page 2.*
- PTO hours remaining at the end of the year that were not designated for cash out during DENSO's 2022 Open Enrollment will be rolled over to the next year.
- The maximum PTO hours you can accrue (amount you can accumulate) is 200% of your PTO Allowance. This means the most PTO you can have at any point in time is two (2) times your annual PTO Allowance. Please keep this in mind as you plan for how many hours you want to rollover to next year and/or elect to cash out. *See example 6 on page 2.*
- Associates who leave the company in 2022 will be paid out the accrued (earned) PTO balance at the time of departure regardless of any PTO Cash Out election.

\*PTO Allowance: The number of hours of PTO you are scheduled to earn in a calendar year based on your years of service. See next page for examples describing how the Annual PTO Cash Out Election will work under various circumstances.

## Annual Paid Time Off Cash Out Election Examples

### 1. Standard Election and Cash Out

Sally's Annual PTO Allowance is 120 hours effective January 1, 2022. During Open Enrollment for 2022 (November 8 – 18, 2021), Sally elects 40 hours of PTO to be paid out at year end 2022. At the end of 2022, Sally has taken 80 hours of PTO, so the remaining 40 hours will be cashed out.

### 2. Standard Election and Cash Out Plus Roll-over

Mark's Annual PTO Allowance is 120 hours effective January 1, 2022. During Open Enrollment for 2022, Mark elects 40 hours of PTO to be paid out at year end 2022. At the end of 2022, he has taken 60 hours of PTO, and 60 hours remain unused. Mark will have 40 hours of PTO paid out (per his Open Enrollment election) and the remaining 20 hours will roll over.

### 3. Insufficient Balance

Jim plans to roll over 16 hours of PTO from 2021 and will receive 136 hours for his Annual PTO Allowance effective January 1, 2022 for a total of 152 hours in his PTO bank. During Open Enrollment for 2022, Jim elects to cash out 100 hours. Although, this will leave Jim with a total of 52 hours in his PTO bank for the year, the maximum cash out election cannot exceed his Annual PTO Allowance minus 40 hours or 136-40. Roll-over balances are not included in the cash out election calculation. Therefore, Jim's maximum cash out election for 2022 will be 96 hours.

### 4. Standard Election with Cash Out Reduced

Anna's Annual PTO Allowance for 2022 is 160 hours. During Open Enrollment for 2022, Anna elects 40 hours of PTO to be paid out at the end of 2022. At the end of 2022, Anna has taken 150 hours of PTO. Anna's Cash Out Election exceeds her remaining balance of 10 hours, therefore, only 10 hours will be paid out.

### 5. Mid-Year Change Not Allowed

Jose elects to cash out 40 hours of PTO during Open Enrollment for 2022. In March of 2022, Jose receives the opportunity to go to Europe later in 2023. Jose contacts HR to request to carry over the 40 hours over instead of cashing it out. This is not allowed. PTO Cash Out Elections made during Open Enrollment are irrevocable. Jose will be paid for the 40 hours of PTO at year end 2022.

### 6. Maximum Accrual Reached

Laura's Annual PTO Allowance is 120 hours. On January 1, 2022, Laura rolls over 128 hours of PTO. Laura will receive a reduced front-loaded balance of 112 hours because she cannot exceed 200% of her Annual PTO Allowance of 240 hours. Laura could have avoided reaching the maximum accrual if she used at least 8 additional hours of PTO during 2021.