



PTO Cash Out Election Information for 2024 Open Enrollment DIAM & DPAM

This announcement includes important information regarding your PTO cash out options for 2024. 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 2024 if you make an election during Open Enrollment for 2024 benefits.

What You Need to Do

- In order to cash out a portion of your PTO Allowance for 2024, an election **must** be made during the upcoming Open Enrollment for Benefits, October 24 – November 9, 2023. 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, 2024.**

What You Need to Know

- If you elect to cash out PTO in 2024, payouts will be in the last calendar quarter of 2024. The timing of the payouts will be common for all affiliates.
- The Cash Out Election cannot exceed your 2024 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 2024. *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 2024 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. If you reach 200% of your PTO Allowance, you will stop accruing until you use some hours of PTO. 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 2024 will be paid out the accrued 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

Juan's Annual PTO Allowance is 120 hours effective January 1, 2024. During Open Enrollment for 2024 (October 24 – November 9, 2023), Juan elects 40 hours of PTO to be paid out at the end of 2024. At the end of 2024, Juan has taken 80 hours of PTO, so the remaining 40 hours will be cashed out.

2. Standard Election and Cash Out Plus Roll-over

Margaret's Annual PTO Allowance is 120 hours effective January 1, 2024. During Open Enrollment for 2024, Margaret elects 40 hours of PTO to be paid out at year end 2024. By the end of 2024, Margaret has taken 60 hours of PTO, and 60 hours remain unused. Margaret will have 40 hours of PTO paid out (per her 2024 Open Enrollment election) and the remaining 20 hours will roll over.

3. Insufficient Balance

Tyrone plans to roll over 16 hours of PTO from 2023 and will receive 136 hours for his Annual PTO Allowance effective January 1, 2024 for a total of 152 hours in his PTO bank. During Open Enrollment for 2024, Tyrone elects to cash out 100 hours. Although, this will leave Tyrone 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. Rollover balances are not included in the cash out election calculation. Therefore, Tyrone's maximum cash out election for 2024 will be 96 hours.

4. Standard Election with Cash Out Reduced

Adriana's Annual PTO Allowance for 2024 is 160 hours. During Open Enrollment for 2024, Adriana elects 40 hours of PTO to be paid out at the end of 2024. By the end of 2024, Adriana has taken 150 hours of PTO. Adriana'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

Lily elects to cash out 40 hours of PTO during Open Enrollment for 2024. In March of 2024, Lily receives the opportunity to go to Europe in 2025. Lily 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. Lily will be paid for the 40 hours of PTO at year end 2024.

6. Maximum Accrual Reached

Sui has a PTO balance of 200 hours at the end of 2023. Sui's Annual PTO Allowance for 2024 is 120 hours. During the first several months of 2024, Sui does not take any PTO. When Sui's accrued balance reaches 240 hours, she will no longer accrue PTO because she cannot exceed 200% of her Annual PTO Allowance. In order for the accrual to resume, Sui will need to begin using PTO to bring her balance below 240 hours. Sui could avoid reaching the maximum accrual if she uses more PTO during the year or if she had elected to cash out PTO for 2023.