Overview

Welcome to **starting balance options**! In this guide, you'll explore how to set up each employee's PTO bank, using retroactive, or fully custom starting balances. Example scenarios will help you establish accurate starting points for new hires and existing team members, based on your company policies and local regulations.

Retroactive starting balance

A **retroactive starting balance** gives employees the time off they would have earned from the start of the current time off cycle up until today, based on your milestone rules.

Example:

If your policy's cycle starts on January 1st and you create the policy on July 14th, the system will immediately give employees a retroactive balance covering January 1st to July 31st.

Regular accruals (fire events) will begin on August 1st—for example, if your milestone is set to accrue monthly at the start of each month.

Retroactive starting balance for existing employees

When setting up a new time off policy, you can give existing employees a starting balance, which can be a retroactive accrual based on the current cycle.

Example:

If your policy's cycle started on January 1st but you're creating the policy on July 14th, you can choose to give employees time off for the period January through July:

Retroactive starting balance will automatically calculate and grant the time off they would have earned during that period based on your milestone rules.

Fire events (regular accruals) will begin on August 1st, if your policy is set to accrue monthly at the start of each month.

Important rules to note:

- Each employee can receive a starting balance only once per policy and time off type.
- If an employee has already accrued time off from this policy and time off type (via past fire events), they are not eligible to receive a starting balance.

Example:

You have a policy that grants two vacation days per month. If an employee has already received accruals from this policy in previous months, they cannot be given an additional starting balance for that same vacation type.

If the policy is updated in order to give a starting balance:

Employees who have accrued vacation time off from the policy will not get any starting balance.

- There are cases where a retroactive starting balance is not given because of the milestone's specs. These are all the cases where we create or update the accrual before the first fire event of the current cycle takes place.

Example:

- Cycle start date: January 1
- Policy accrual rule: 2 days monthly, accrual on the last day of each month

Name *

Vacation Policy

Time off type *

Vacation

☐ Unlimited days off ⓘ

☑ Remove manual budget ⓘ

Starting balance * ⓘ

Yes   Retroactive

Schedule

Employee accrues *

2   Days ⌄   Monthly ⌄   on the Last ⌄   day

Start date *

Hire date ⌄

End date *

No end date ⌄

Carry over balance * ⓘ

No ⌄

Cap on balance * ⓘ

No ⌄

Scenario 1: Policy created on January 15

The first fire event will run on January 31, and the balance will accrue from January 1 to 30. No retroactive starting balance is given in this case because the fire event for the current month is still pending and will be handled through accrual.

Scenario 2: Same policy created on April 10

Because the January, February, and March fire events have already passed, the system will instantly grant employees a retroactive starting balance (January 1–March 31).

The next regular fire event will run on April 30 and accrue the amount for April.

Retroactive starting balance for new hires

New hires can also receive time off on their hire date, depending on how the policy is set up. Whether they receive an immediate starting balance or wait for the next scheduled accrual depends on two things:

- Whether the policy includes a starting balance
- When and how accruals are scheduled (e.g., monthly at the start or end of the month)

Example 1: Monthly accrual at the start of the month, with retroactive starting balance

- Policy: Grants 2 days/month, applies to the Europe division, includes retroactive starting balance
- If an employee is hired on July 14th, 2025, and belongs to the Europe division, they will receive an immediate proportional balance for July (about 1.1 days, covering July 14–31).

If the **same policy** did **not** include a starting balance, the employee would receive **nothing for July**. Their accruals would begin with the August cycle.

Example 2: Monthly accrual at the end of the month, with starting balance
- Policy: Grants 2 days/month, applies to the Europe division, includes starting balance
- If the same employee is hired on July 14th, 2025, they will not receive any balance immediately.
- Instead, they will accrue **approximately 1.1 days** for July on **July 31st**, when the fire event runs.

If the **same policy** did *not* include a starting balance, the outcome would still be the same: The employee would get ~1.1 days on **July 31st**, based on the proportion of days worked in the month.

Custom starting balance

If you choose to apply a custom starting balance, employees will instantly receive the specified amount, regardless of their seniority or hire date.

Example:

Starting balance * ⓘ

| Yes ⌄ | Custom ⌄ | 5 | Days ⌄ |

- All existing employees will immediately receive 5 days.
- New hires will also receive 5 days on their hire date.

This applies even in cases where a retroactive starting balance would *not* be given, such as when the fire event for the current period is still scheduled to run.

Important: Employees who have already received any balance from this time off policy, either via a previous starting balance or through regular fire events, will not receive an additional custom starting balance.

Common scenarios

Scenario A

Suppose the above policy is created today (**July 14th, 2025**) and the cycle started on **January 1st, 2025.** In that case, employees will accrue their time off balance for the current cycle on **September**

30th, 2025, when the fire event runs. Any manual budgets assigned to existing employees for the **current** or **next** time off cycles will be removed.

Remove manual budget ⓘ
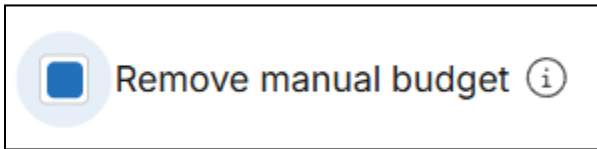
On **September 30th, 2025**, employees will accrue time off as follows:

- Employees hired **on or before the cycle start date** (January 1st, 2025) will receive the full **15 days**.
- Employees **hired after** January 1st, 2025 will receive a **proportional amount** of the 15 days based on their hire date.

Examples:

- An employee hired on **July 1st** will accrue **7.5 days**.
- An employee hired on **September 1st** will accrue **5 days**.

Note: Employees hired after September 30th will not accrue any balance for the current cycle (2025), **unless the starting balance option is enabled**. In that case, they will receive a balance based on the policy's rules.

Starting balance * ⓘ

| Yes ⌄ | Retroactive ⌄ |

Suppose the **starting balance** option is enabled as **Retroactive.** In that case, an employee hired on **November 1st, 2025,** will **instantly accrue approximately 2.5 days** on their hire date, covering the remaining period of the current cycle (**November and December**).

Scenario B

In the following time off example:

Name *

Yearly Vacation

Time off type *

Vacation

☐ Unlimited days off ⓘ

☑ Remove manual budget ⓘ

Starting balance * ⓘ

No

Schedule

Milestone 1

Employee accrues *

15 Days Yearly at the Start of January

Start date *

Hire date

End date *

Next milestone

Carry over balance * ⓘ

No

Cap on balance * ⓘ

No

Milestone 2 🗑

Employee accrues *

| 20 | Days ⌄ | Yearly ⌄ | at the | Start ⌄ | of | January ⌄ |

Start date *

| After hire date ⌄ | 3 | Years ⌄ |

End date *

| Next milestone |

Carry over balance * ⓘ

| No ⌄ |

Cap on balance * ⓘ

| No ⌄ |

Milestone 3 🗑

Employee accrues *

| 25 | Days ⌄ | Yearly ⌄ | at the | Start ⌄ | of | January ⌄ |

Start date *

| After hire date ⌄ | 10 | Years ⌄ |

End date *

| No end date ⌄ |

Carry over balance * ⓘ

| No ⌄ |

Cap on balance * ⓘ

| No ⌄ |

Suppose this policy is created today (July 14th, 2025) and the cycle starts on **January 1st. In that case**, employees will **not** receive any accruals for the current cycle (2025) because the **starting balance is set to No**.

The **first fire event** will run on **January 1st, 2026**, and accrue time off for the **2026 cycle**.

On **January 1st, 2026**, employees will accrue based on their **seniority** during the 2026 cycle:

- Seniority less than 3 years → 15 days
- Seniority between 3 and 10 years → 20 days
- Seniority greater than 10 years → 25 days

Employees who reach a milestone during the year will accrue a **proportional amount** for each milestone period.

Example:

- Hire date: **July 1st, 2023**
- The employee hits **3 years of service** on **July 1st, 2026**

They will accrue:

- **~7.5 days** from Jan 1 to June 30 (based on the 15-day milestone)
- **~10 days** from July 1 to Dec 31 (based on the 20-day milestone)
- → **Total: 17.5 days** for the 2026 cycle

If you want **new hires after January 1st** to receive time off for the current cycle, set the **starting balance** option to **Yes**—either when creating the policy or when updating it.

If you enable a **retroactive starting balance**, employees will instantly accrue time off for the **entire current cycle**, based on their **seniority** and **hire date**.

- Employees hired **before the start of the cycle** will receive the **full amount** based on their seniority.
- Employees hired **after the start of the cycle** will receive a **proportional amount**—calculated from their hire date to the end of the cycle.

Example (Cycle starts on January 1st):

- **Employee with 1 year of seniority** → Instantly accrues **15 days** (1st milestone)
- **Employee with 5 years of seniority** → Instantly accrues **20 days** (2nd milestone)
- **Employee with 12 years of seniority** → Instantly accrues **25 days** (3rd milestone)
- **Employee hired on April 15th, 2025** → Proportional accrual based on the 1st milestone: **15 days × (365 − 105) / 365 ≈ 12 days**
- **Employee hired on July 1st, 2022** → Reaches 3 years of seniority on **July 1st, 2025:**
  - Accrues ~**7.5 days** for Jan–June (1st milestone)
  - Accrues **10 days** for July–Dec (2nd milestone) → **Total: 17.5 days**
- **New hire on September 1st, 2025**
  → Proportional accrual under 1st milestone: **15 days × (122 / 365) ≈ 5 days**

Custom starting balance option:

If you choose a **custom starting balance**, employees will instantly receive the exact amount you specify—**regardless of their seniority or hire date**.

In our example:

- **All existing employees** receive **5 days** instantly.
- **New hires** will also receive **5 days** on their **hire date**.

Remove manual budgets option:

Enabling **Remove Manual Budgets** will delete any manual time off balances for employees who are covered by this policy **and** meet its accrual criteria. In this example, **all employees** to whom the policy applies will have their **manual budgets removed.**

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Scenario C

Name *
Vacation Policy

Time off type *
Vacation

☐ Unlimited days off ⓘ

☑ Remove manual budget ⓘ

Starting balance * ⓘ
Yes | Retroactive

Schedule

Employee accrues *
2 | Days | Monthly | on the | First | day

Start date *
Hire date

End date *
No end date

Carry over balance * ⓘ
No

Cap on balance * ⓘ
No

Applied to

☐ All employees

Location
London ✕

Division
Europe ✕

In this example, we have set the following rules:

- Accrual rule: 2 days monthly, on the 1st of each month, starting from the employee's hire date
- Policy created on: July 14, 2025
- Current cycle started on: November 1, 2024

The first **fire event** will run on **August 1st, 2025**, and accrue **2 days** to all eligible employees for the period **August 1–31**.

Retroactive starting balance option:

Because **retroactive starting balance** is enabled, employees will **instantly** receive accruals for the period **November 2024 through July 2025**—a total of 9 months.

Breakdown:

- **Employees hired on or before November 1st, 2024** → Instantly accrue **18 days** (2 days × 9 months)
- **Employees hired after November 1st, 2024 and before July 14th, 2025**
  → Instantly accrue a **proportional balance** based on their hire date
  - Example: Employee hired on **April 15th, 2025** will accrue **~7 days** for the period April 15 – July 31
- **New hires after July 14th, 2025:**
  - Example: An employee hired on **August 15th, 2025** will accrue **~1 day** as a retroactive starting balance (for August 15–31)
  - Note: If the **starting balance was set to No**, the employee **wouldn't receive** that 1 day. Instead, they'll accrue **2 days** on **September 1st** when the next fire event runs.

Custom starting balance option:

If **custom starting balance** were selected instead:

- **All existing employees** would instantly receive the **specified amount** (e.g. **5 days**)
- **New hires** would receive the same amount on their **hire date**

- If the starting balance option was set to **No**, no custom or retroactive starting balances would be given.

Remove manual budgets option:

Enabling **Remove Manual Budgets** will clear any manually assigned time off balances for employees:

- This applies only to employees **covered by the policy** and who meet the **accrual criteria**.
- In this case, all employees in the **London, Europe** division will have their manual budgets removed.

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Scenario D

Name *
Vacation Policy

Time off type *
Vacation

☐ Unlimited days off ⓘ

☑ Remove manual budget ⓘ

Starting balance * ⓘ
Yes | Retroactive

Schedule

Employee accrues *
2 | Days | Monthly | on the | Last | day

Start date *
Hire date

End date *
No end date

Carry over balance * ⓘ
No

Cap on balance * ⓘ
No

Applied to

☐ All employees

Location
London ✕

Division
Europe ✕

In this example, we have set the following rules:

- Accrual rule: 2 days monthly, on the last day of each month, starting from the employee's hire date
- Policy created on: July 14, 2025
- Current time off cycle started on: November 1, 2024

The first fire event will take place on **July 31, 2025** and will accrue time off as follows:

- **Employees hired on or before July 1st, 2025** → Will accrue the full **2 days** for July
- **Employees hired after July 1st, 2025** → Will accrue a **proportional amount** of the 2 days based on their hire date
  - Example: Hired on **July 15th** → accrues ~1 day on July 31

Retroactive starting balance option:

Since **retroactive starting balance** is enabled, employees will **instantly accrue time off** for the period **November 2024 through July 2025**, based on their hire date.

Breakdown:

- **Employees hired on or before November 1st, 2024** → Instantly accrue **16 days** (2 days × 8 months: Nov–June, since the fire event handles July)
- **Employees hired between November 2nd, 2024 and June 30th, 2025** → Instantly accrue a **proportional balance** based on their hire date
  - Example: Hired on **April 15, 2025** → accrues ~5 days
- **Employees hired after June 30th, 2025** → **Do not receive** a retroactive starting balance. They'll earn their first accrual from the **July 31st fire event**.
- Note: If **starting balance was set to No**, none of the above retroactive balances will be granted.

Custom starting balance option:

Starting balance * ⓘ

| Yes ˅ | Custom ˅ | 5 | Days ˅ |

If a custom starting balance was selected instead:

- All existing employees would receive the defined amount (e.g., 5 days) instantly
- New hires would receive the same amount on their hire date
- If the starting balance option was set to No, these custom balances would not be given.

Remove manual budgets option:

If **Remove Manual Budgets** is enabled:

- All **manual time off balances** for employees covered by this policy and meeting the accrual criteria will be **automatically removed**.
- In this example, **all employees in the London, Europe division** will have their manual budgets cleared.

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Scenario E

Name *

Vacation Policy

Time off type *

Vacation ▾

☐ Unlimited days off ⓘ

☑ Remove manual budget ⓘ

Starting balance * ⓘ

Yes ▾   Retroactive ▾

Schedule

Employee accrues *

6   Days ▾   Quarterly ▾   at the   End ▾   of the period

Start date *

After hire date ▾   5   Years ▾

End date *

No end date ▾

Carry over balance * ⓘ

No ▾

Cap on balance * ⓘ

No ▾

Let's now look into this case:

- **Accrual rule:** 6 days quarterly, at the **end of each quarter**, for employees with **more than 5 years of seniority**
- **Cycle start date:** January 1st, 2025
- **Policy created on:** July 14th, 2025

The **first fire event** will run on **September 30th, 2025**, and accrue leave for the quarter **July 1 – September 30**. Accruals will apply as follows:

- **Employees hired after September 30th, 2020** → Will **not accrue** any balance. They'll begin accruing only once they reach 5 years of seniority.
- **Employees hired between July 1st and September 30th, 2020** → Will receive a **proportional accrual** of the 6 days based on their seniority
  - Example: Hired on **August 15th, 2020** → accrues **~3 days**
- **Employees hired on or before June 30th, 2020** → Will accrue the **full 6 days**

Retroactive starting balance option:

Because **retroactive starting balance** is enabled, employees will instantly receive accruals for **previous eligible quarters** in the current cycle (January–June 2025), based on seniority.

- **Employees hired before January 1st, 2020** → Instantly accrue **12 days** (6 days per quarter × 2 quarters)
- **Employees hired between January 1st and June 30th, 2020** → Instantly accrue a **proportional amount**
  - Example: Hired on **April 1st, 2020** → accrues **~6 days**
- **Employees hired after July 1st, 2020** → **Do not receive** a starting balance (as they weren't yet eligible for accruals in the current cycle)

Custom starting balance option:

Starting balance * ⓘ			
Yes ⌄	Custom ⌄	5	Days ⌄

If a **custom starting balance** was used instead:
- **All existing employees** would receive the specified amount (e.g., **5 days**) **instantly**
- **New hires** would also receive **5 days on their hire date**

- If the **starting balance was set to No**, neither retroactive nor custom balances would be applied.

Remove manual budgets option:

Enabling **Remove Manual Budgets** will delete **manual time off balances** for employees **covered by this policy**—but only for the **cycles where the employee is eligible to accrue**.

<u>Example:</u>

An employee hired on **January 15th, 2025** will reach 5 years of seniority in **January 2030:**

- Their **manual budgets for the 2030 cycle and beyond** will be removed
- Manual budgets from **cycles before 2030** will **not** be affected

Scenario F

Name *

Vacation Policy

Time off type *

Vacation

☐ Unlimited days off ⓘ

☑ Remove manual budget ⓘ

Starting balance * ⓘ

Yes | Retroactive

Schedule

Employee accrues *

2 | Days | Monthly | on the | First | day

Start date *

Other date | Apr 01, 2025 ✕

End date *

Other date | Dec 31, 2030 ✕

Carry over balance * ⓘ

No

Cap on balance * ⓘ

No

Let's look at a scenario with the following set of rules:

- Accrual rule: 2 days monthly, on the 1st of each month, starting from April 1, 2025
- Policy created on: July 14, 2025
- Current time off cycle started on: January 1, 2025

The **first fire event** under this policy will run on **August 1, 2025**, and will accrue **2 days** for the period **August 1–31** to all eligible employees.

Retroactive starting balance option:

Since **retroactive starting balance** is enabled, employees will instantly accrue **2 days per month** for the period **April 1 – July 31, 2025**, based on their hire date (that's 4 months total: April, May, June, and July).

- If a milestone's start date is **after** the current cycle's start date, the retroactive accrual will begin from the milestone's start date.
- If it's **before or equal to** the cycle start date, retroactive accrual begins from the cycle's start date instead.

Example: If the **milestone's start date** is set to **August 6, 2024**, and today is **July 14, 2025**, the **retroactive starting balance** will be calculated **from January 1, 2025** (the current cycle's start date) to **July 31, 2025.**.

Start date *

| Other date ⌄ | Aug 06, 2024 ✕ |

In this case (start date: April 1, 2025):

- **Employees hired on or before April 1, 2025** → Instantly accrue **8 days** (2 days/month × 4 months: April–July)
- **Employees hired between April 1 and July 14, 2025** → Instantly accrue a **proportional amount** based on hire date
  - Example: Hired on **May 15, 2025** → accrues **~5 days**
- **New hires after July 14, 2025**
  - Example: Hired on **July 20, 2025** → Accrues **~0.7 days** instantly (for July 20–31)

■ If the **starting balance were set to No**, this balance wouldn't be granted; instead, the employee would accrue **2 days** on **August 1** during the next fire event.

Custom starting balance option:

If a **custom starting balance** is selected instead:

- **All existing employees** would receive **5 days instantly**
- **New hires** would receive **5 days on their hire date**
- If the **starting balance was set to No**, neither custom nor retroactive starting balances would be applied.

Remove manual budgets option:

When **Remove Manual Budgets** is enabled:

- All **manual time off balances** for employees covered by the policy and matching the accrual criteria will be **automatically removed**
- In this example, **all employees** covered by the policy will have their **manual budgets cleared**

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Scenario G

Name *

Vacation Policy

Time off type *

Vacation

☐ Unlimited days off ⓘ

☑ Remove manual budget ⓘ

Starting balance * ⓘ

Yes

Retroactive

Schedule

Employee accrues *

4   Hours   Weekly   at the   Start   of the week

Start date *

Other date   Jan 01, 2025   ✕

End date *

After start date   3   Years

Carry over balance * ⓘ

No

Cap on balance * ⓘ

No

Let's now look into an hourly time off scenario:
- Accrual rule: 4 hours weekly, at the start of each week, from January 1, 2025 until January 1, 2028
- Fire event timing: Runs on the first working day of the week (e.g. Tuesday, if Monday is not a working day)
- Policy created on: July 14, 2025
- Current cycle started on: January 1, 2025

Then in this case:

- The **first fire event** under this policy will run on **Tuesday, July 15, 2025**
- It will accrue **4 hours** to all eligible employees for the current week

Because **time off is displayed in days**, the system converts hours based on each employee's daily working hours:

- An employee who works **8 hours/day** will see **0.5 days**
- An employee who works **4 hours/day** will see **1 day**
- And so on…

Retroactive starting balance option:

Since **retroactive starting balance** is enabled, employees will instantly accrue **4 hours per week** for the period **January 1 to July 13, 2025** (a total of 27 weeks), based on their hire date.

Breakdown:

- **Employees hired on or before January 1, 2025** → Instantly accrue **108 hours** (27 weeks × 4 hours)
- **Employees hired between January 1 and July 14, 2025** → Instantly accrue a **proportional number of hours**
  - Example: Hired on **April 15, 2025** → accrues **~52 hours**
  - If working **9 hours/day**, this is equivalent to **~5.8 days**
- **New hires (after July 14, 2025)**
  - Example: Hired on **July 24, 2025** → Will accrue **~2 hours** instantly (for the remainder of that week: July 24–28)
    → If **starting balance was set to No**, they won't get this partial balance, but will accrue **4 hours** on **Tuesday, July 29** (next fire event)

Custom starting balance option:

Starting balance * ⓘ

| Yes ⌄ | Custom ⌄ | 5 | Days ⌄ |

If a **custom starting balance** is used instead:

- **All existing employees** will receive **10 hours instantly**
- **New hires** will also receive **10 hours** on their **hire date**
- If the **starting balance was set to No**, no custom or retroactive balances would be applied.

Remove manual budgets option:

If **Remove Manual Budgets** is enabled:

- All **manual time off balances** for employees covered by this policy and meeting the accrual criteria will be **removed**
- In this case, **all employees covered by the policy** will have their manual budgets cleared