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Is unlimited vacation a bad idea?

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*On paper the idea of unlimited vacation time can seem like a great workplace perk—you can have the **flexibility to travel** or **take time off** whenever you want or need to, provided, of course, that you maintain **your productivity**.*

That may be why in today's tight labor market, such policies are becoming more common. Last year **8% of companies** offered unlimited or open leave, up from 6% the previous year. That's still a small share of organizations, but as numbers trend upward, high-profile companies like **Goldman Sachs**, **Microsoft**, and **Roku** are among the companies that have stopped tracking employees' days off.

Such policies are typically structured as unlimited paid time off (PTO), which means that they also include sick days and **other time off**. Companies like to offer PTO because it lift the administrative burden of monitoring employee time off and takes the liability of PTO off their financial books.

Many workers like the idea as well, with nearly three-quarters feeling positive about unlimited PTO as a policy, **according to a Joblist survey**. That makes such policies appealing for employers looking to attract and retain talent.

"It's very sexy as a **recruiting tool**," says Rick Grimaldi, an employment attorney with Fisher & Phillips LLP. "It certainly signals a commitment to **work-life balance** for folks looking for a flexible work environment."

But in practice, experts say, they're not always as beneficial to employees as they appear. The actual amount of vacation time that employees take is roughly the same regardless of their company policy. A study last year found that employees with unlimited PTO took an average 12.09 days off, compared to 11.36 days taken by those with limited plans.

"Some employees feel duped," says career coach Kyle Elliott. "There's the unlimited vacation time, but they can't take it."

Here's what to know if you're thinking about **moving to a new organization** to that offers unlimited PTO, or if your current company is making the shift.

Pros of unlimited PTO for employees

When it works well, there are some important benefits to unlimited PTO policies.

More flexibility and a better work-life balance

When employees can take as much time off as they need, they may find it easier to coordinate their personal schedules and work schedules. They can take extra time, for example, for big life events like weddings, or **stress less** if they need to spend time at home caring for a sick loved one.

No pressure to work while sick

When employees have unlimited PTO, they may be more likely to stay home and take the time that they need to recuperate when they're **ill**. That's not only good for those workers, but also means that their coworkers won't be exposed to their germs.

Cons of unlimited PTO for employees

There are also some important disadvantages for employees with unlimited PTO.

Pressure for underuse

At companies where culture does not align with the idea of unlimited PTO or managers haven't fully embraced it, there's a risk that employees will end up taking less vacation or time off. They may feel disinclined to enjoy the perk out of fear of others will consider them slackers for not pulling their weight.

"There's nothing that prevents a company from leaning on employees not to take it," says Peter Cappelli, a professor of management at the Wharton School at the University of Pennsylvania.

Potential for abuse

At the other end of the spectrum, the ambiguity of unlimited PTO does open it up to potential worker abuse. That could mean that those employees who do come to work may need to take on extra labor to cover for colleagues taking advantage of the policy.

Loss of payment for unused days

Under traditional, accrued benefit PTO policies, workers who have not used all of their paid time off throughout the year often can either roll over those days or get a payout for unused time at the end of the year. With unlimited PTO, days do not accrue, so there is no monetary benefit to not using all such days.

Tips for making the most of your unlimited PTO policy

If you're considering a job with PTO (or working at an employer that offers it), the following tips can help you make sure you're optimizing the benefits.

Take a cue from company leadership

At companies where unlimited PTO works well, there's a culture that embraces flexibility and the recognizes the benefits of employees taking time off. **When interviewing** for a position with unlimited PTO, ask the managers about the last time they took a vacation. If they can't remember, that might be a red flag. One sign of a good policy: it includes a minimum required amount of vacation that workers must take.

Communicate clearly and as early as possible about upcoming vacation plans

One of the challenges of unlimited vacation time is that managers can face challenges meeting company goals when they don't know when or if they'll have a full staff. By letting them know your plans as early as possible, they'll be better able to plan around them.

Truly unplug

Whether you have unlimited vacation time or not, it's important to truly disconnect from work when you're on vacation. Make an effort to **set boundaries** about communication while you're on vacation and set up your backup plans, so that managers are less likely to call you when you're out.

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