

# Overtime Banking Agreement Policy



## 1. WHEREAS:

- Under the Ontario Employment Standards Act and its regulations (the “ESA”), employees are entitled to overtime pay at the rate of time and a half for each hour they work beyond 44 hours per week;
- The ESA (Section 22(7)) allows for “time-off in lieu” agreements in which employees trade their right to overtime pay for additional time off at regular pay (agreement will refer to such arrangement as “overtime banking”);
- ABC Company and [*employee name*] (“Employee”) want to enter into an overtime banking agreement;

## 2. PURPOSE

The purpose of this Overtime Banking Agreement (Agreement) is to establish an overtime arrangement that is both fair and beneficial to Employee and compliant with the terms of Section 22(7) and other applicable provisions of the ESA.

## 3. EMPLOYEE AGREEMENT TO ACCEPT PAID TIME OFF IN LIEU OF OVERTIME

By signing this Agreement, Employee agrees to receive compensation for overtime as extra paid time off in accordance with the terms set forth below.

## 4. HOW THE AGREEMENT WILL WORK

Employee will receive 1.5 hours of paid time off for every hour of overtime worked. Employee understands that compensation for this time will be at her regular rate of pay rather than time and a half. The following example illustrate how this agreement will work:

### **Example:**

An employee makes \$20 per hour

In Week 1: She works 11 hours per day for 5 days

In Week 2: She works 8 hours per day for 5 days

- **Overtime Pay Without Banking**

If an overtime banking agreement is not in effect, the employee's overtime would be calculated as follows:

- Total hours worked: 55
- Hours of regular pay: \$880 (44 x \$20 per hour)
- Hours of overtime: 11 (55 – 44)
- Hours of additional time-off accrued: 0
- Overtime pay: \$330 (11 x \$30 per hour)
- Total pay: \$1,210
- **Overtime Pay Banking**

If an overtime banking agreement is in effect, the employee's overtime would be calculated as follows:

- Total hours worked: 55
- Regular pay for hours worked: \$1,100 (55 x \$20 per hour)
- Hours paid at overtime rate: 0
- Hours of additional time-off accrued: 16.5
- Overtime pay: \$0
- Total pay: \$1,110
- **Net Difference**

The overtime banking agreement will result in the employee's receiving \$100 less in pay than she would have gotten had the agreement not been in effect. However, instead of overtime pay, the employee will have accrued 16.5 hours of additional paid time-off at her regular wage rate.

## 5. USE OF BANKED OVERTIME

Employee must take the additional paid time-off accrued under this Agreement within three (3) months of the work week in which the overtime is earned. **[OPTIONAL]** Employee may, at any time, give written notice of at least one pay period of her intention to obtain payment for all or part of the hours in her time bank. Upon receiving such notice, ABC Company will pay Employee wages for the banked overtime hours no later than the end of the pay period following the pay period in which written notice was provided.

## 6. PAYMENT UPON TERMINATION

If Employee's employment ends before her banked time is used, ABC Company will pay Employee overtime pay for the unused hours within seven (7) days after date employment ends or on what would have been Employee's next pay day.

## 7. SIGNATURES

I hereby indicate that I have read and understood and that I accept all the terms of this Agreement:

Employee signature: \_\_\_\_\_ Date: \_\_\_\_\_

ABC Company manager signature: \_\_\_\_\_ Date: \_\_\_\_\_