

Why every business should offer floating holidays

Many businesses offer floating holidays now. But, not all businesses have been quick to jump on board. However, businesses that do not may miss out on the many benefits floating holiday policies offer.

Companies are always looking for ways to improve their employee benefits packages to best attract top talent. Businesses are also currently taking a closer look for ways to boost diversity, equity, and inclusion within their workforce. Adding floating holidays as an extra perk in your benefits package can help you accomplish both of these goals. It also helps your employees achieve a better work-life balance.

What is a floating holiday?

A floating holiday is a paid time off (PTO) day that can be used for personal days, birthdays, or significant religious or cultural days outside of the standard federal holidays. Unfortunately, you can't give everyone every recognized holiday off. Floating holidays help employers bridge the gaps in their holiday schedule.

They work similarly to vacation days, but they do have different purposes and distribution methods. Floating holidays differ from other forms of PTO in that they generally aren't accrued over time like vacation or sick time. Instead, they reset at the beginning of each year. They're also meant to be used like a normal company holiday. That means they can typically only be taken as full days off rather than broken down into hours or partial days off.

What are the benefits of a floating holiday policy

Floating holidays are a win-win for employees and employers. Let's explore some of their key benefits.

Creating a more inclusive holiday schedule

Let's face it, no matter how generous your paid holiday schedule is, you'll never be able to cover all of the holidays celebrated by every culture or religion. If you have a diverse workforce, then you will have employees who need time off for holidays outside of the standard federally recognized holidays.

Take the winter holiday season as an example. Employees likely have the day off on Christmas Day and New Year's Day, as those are federally recognized public holidays. However, those are most likely not the only winter holidays celebrated by your staff. There can even be variations in holiday observances within each religion. For example, some cultures and families place a greater emphasis on Christmas Eve celebrations than Christmas Day. Hanukkah is a largely celebrated winter holiday, but it is rarely taken into account when scheduling school or office closures. Having floating holidays can help ensure that everyone gets to celebrate the dates that are important to them.

Meeting business demands around the holidays

Do you work in an industry that doesn't stop for the holidays? Does someone need to be on-call at all times?

Offering more flexibility around holidays can help you meet business demands while maintaining employee satisfaction.

Floating holidays allow employees to take the holidays that they want off, while working others. This means you may not have to close the office on holidays that may not hold as much significance to certain members of your staff. You can spread out the absences and give your employees more control over their time off.

You'll likely still want to provide a paid holiday schedule with the major days off and give employees working on company holidays proper holiday pay. However, you can cut the list down. Replace some less celebrated holidays with floating holidays rather than full office closures.

Holiday swapping is also an option — though its practicality will depend on your industry. Holiday swapping is the practice of allowing employees to work on a company holiday. They then choose another day off to take in its place (like a floating holiday). If you have a business that needs to stay open on major holidays like a grocery store, plumbing service, or hotel, this practice can work out great for you. If you have a B2B focused business where most of your staff is performing sales calls and customer support to business clients, you may find that there isn't a ton of work that can be done on a major holiday.

Attracting talent

Recruiting is competitive right now as employees find themselves in stronger positions. If you are looking for ways to attract potential employees, it's always a good idea to look for opportunities to make your benefits package more generous. Floating holidays are a great add-on to your time off package. They also signify to potential hires that your company is flexible and inclusive. Those are two traits that are highly important to today's job seekers.

Promoting work-life balance, family, and cultural diversity



Floating holidays encourage employees to take time off for the events that are most important to them as individuals. Some companies try to make employees use floating holidays on their birthday or select from a list of recognized holidays. However, it's best to leave it up to the employee to choose days that hold special meanings to each of them individually.

There are a number of Jewish, Islamic, Pagan, and Christian holidays that are not federally recognized holidays. Floating holidays are a great way to support people of all faiths.

Some employees may not need floating holidays for the observance of religious holidays. However, that doesn't mean that they won't benefit from a floating holiday. Approach floating holidays as permission to take a day off for dates or occasions that are meaningful to each employee. Everyone's values and backgrounds may vary. Many will use the date for religious holidays and culturally significant dates. Others may use them for occasions that hold special meaning to their family.

Allowing working parents to take a floating holiday to celebrate a child's birthday or chaperone a field trip. This allows employees to maintain a better work-life balance and be there for special moments with their families. Employee morale diminishes and burnout is amplified if employees feel that they are missing out on significant family memories or cultural activities. Floating holidays are a great way to address your employees' individual needs. Additionally, they show that you respect and support their cultural expression, family obligations, and passions.

How to administer a floating holiday policy

Review your holiday schedule

First, you'll need to create your holiday schedule for the year. Evaluate whether you should make any changes. For example, many companies recognized Juneteenth as a holiday for the first time in 2020. On the other hand, many people do not celebrate Columbus Day, and view it with some disdain in recent years. So, employees may prefer an extra floating holiday instead. You could also update your holiday schedule to list it as Indigenous Peoples' Day.

Set a number of floating holidays

Next, decide how many floating holidays to offer. Many companies only offer one floating holiday, with the intention of it being used for a birthday or anniversary. Consider offering a few more floating holidays to allow your floating holiday policy to have a meaningful impact on diversity and inclusion.

Establish the terms

The floating holiday should be a separate PTO bank or balance from sick time and vacation time. Generally, employers give floating holidays as a set number of days off at the beginning of the year, rather than being accrued over time. You may decide if floating holidays will be given based on the calendar year or the employee's hire date.

You'll also need to decide whether employees can roll over unused floating holidays into the next year. Many employers do not allow this as they are meant to be used for significant dates throughout the year rather than be saved up year-to-year. You should double-check your state laws on unused paid time off. Some states may consider vacation days and floating holidays as part of an employee's compensation package. That means you'd have to pay out accrued time off upon termination.

Floating holidays, like vacation days, should require adequate notice from employees. These are typically used on a specific date that holds meaning. Therefore, employees can plan days off weeks in advance, unlike sick days. Human resources should properly record and track the usage of floating holidays.

Be sure to include all of this in your employee handbook along with the rest of your leave of absence and PTO policy.

Do floating holidays really make a difference?

Does providing a couple of extra days of paid time off really make a difference for employees? The answer is yes.

Employers often perceive time off as a loss of productivity. However, providing adequate time off is necessary to keep employees happy, productive, and engaged. Floating holidays promote this by letting employees save their vacation days for vacation while giving them time off to observe important religious holidays or family events.

Employees of all faiths and backgrounds deserve to observe holidays and practices that are important to them. They shouldn't have to deplete their vacation or sick leave to do it either. Both of those specific PTO types serve their own important purposes in promoting employee wellness. Establishing a separate PTO bank for employees to use for significant dates shows that your company values individual differences and cares about all staff members.

In today's market, the employers that show that they care and are willing to invest in their employee's well-being and work-life balance will be the ones that see employee retention.