



california court of appeal says unlimited vacation policies fly

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Over the last several years, some employers have chosen to adopt unlimited vacation time policies for their employees. Unlike more traditional vacation policies, under unlimited vacation policies, vacation time does not vest. Rather, employees can take as much vacation time as they'd like (generally within reason and subject to business needs). One of the benefits of these policies for employers is that, while vested vacation time is considered wages and must be paid out upon termination of employment, because unlimited vacation time does not vest, there is nothing to pay out when employment ends.

Recently, in *McPherson v. EF Intercultural Foundation, Inc.*, the California Court of Appeal ruled that, while under the facts of the particular case, the employer's "unlimited" vacation time policy was not valid (and so the actual vacation days taken by plaintiffs should be accrued and paid out upon termination), employers may have "truly unlimited time off policies" if they are provided to employees in writing and meet certain criteria set forth below.

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