

LISKOW & LEWIS

A PROFESSIONAL LAW CORPORATION

EMPLOYMENT LAW UPDATE

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Louisiana Supreme Court Validates “Use It or Lose It” Vacation Policies

The Louisiana Supreme Court has just issued an important ruling that “use it or lose it” vacation policies do not violate Louisiana’s wage payment statutes. If your company has permitted unlimited accrual of unused vacation time or has not expressly stated that unused vacation days are “lost,” you may be carrying a significant liability for unpaid wages. *Implementing a carefully drafted “use it or lose it” policy will reduce your exposure under Louisiana’s wage payment statutes.*

The new Supreme Court ruling holds that: “La. R.S. 23:631 and La. R.S. 23:634 do not prevent an employer from restricting an employee’s right to accrue annual leave or vacation pay.” Thus, employers:

- May require their employees to use accrued vacation days by a specified date or lose the right to take those days off or receive pay for those days at termination.
- Cannot cause employees to “lose” vacation days by preventing them from taking time off prior to the specified deadline for use.
- Must pay terminated or resigning employees for all accrued vacation days which have not been “lost” or face liability for penalties of up to 90 days wages and the employees’ attorney fees.

Understanding your rights and liabilities under these statutes is critical to avoiding liability and creating a policy that is fair to both the employer and employee.

Tommy McGoey and Elise Bouchner practice employment law with Liskow & Lewis. They are experienced in drafting vacation, anti-discrimination, anti-harassment and other employment policies, providing employment-related advice, training managers and supervisors, investigating harassment complaints and defending employment law claims. *If your company needs assistance with any of these matters, please contact Tommy, Elise or the Liskow & Lewis attorney with whom you regularly work, and we can provide assistance.*

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