# Human Resources Policy [1]

[1: There are numerous instructions throughout this model policy. However, because personnel practices vary widely from bank to bank, it is very important that every item in this model, whether noted with an instruction or not, be closely scrutinized and adapted to fit the policy in effect at your bank.]

Bank Name [2]

[2: Your bank’s name should appear on every policy to indicate clearly that it is your bank’s statement of policy, not a generic policy that purports to fit every bank.]

Purpose

The Board of Directors is responsible for the overall affairs of the bank. Executive management, through the President and Chief Executive Officer **[3]**, is responsible to the Board of Directors and is charged with managing the bank’s affairs on a day-to-day basis. In managing the bank, executive management must coordinate the various areas and functions of the bank. To do this effectively, policies have been developed.

[3: Change the wording of the title or titles to reflect your bank’s policy and terminology. If you do not use “Chief Executive Officer” as part of the President’s title, delete it from this policy. If your bank operates under an executive team philosophy, add the titles of the other executive management members to the policy.]

Objectives

This policy is designed to assist bank employees in understanding what is expected of them and, in turn, what they can expect from the bank. Additionally, it provides management with guidance to ensure fair and nondiscriminatory treatment of employees in all areas of employment.

Disclaimer

This policy does not create an employment contract between the employee and the bank, and nothing in it should be interpreted as guaranteeing the employee employment for any specific term. Just as the employee is free to leave the bank at any time for any reason, the bank can terminate the employee’s employment at any time for any lawful reason. This cannot be changed except by a written agreement signed by the employee, the President, and the Board of Directors. This policy applies to all employees and positions at the bank. All policies, whether written or oral, which existed prior to the issuance of this edition of the policy are null and void. Likewise, this edition of the policy is subject to change at any time at the sole discretion of the President and/or Board of Directors.

Definitions

The following terms are used throughout this policy: **[4]**

[4: The following definitions should be modified to reflect the terminology in use in your bank.]

* “Employee” – Any individual who is on the payroll of the bank.
* “Executive management” – Refers to the President, Executive Vice President, and the Senior Vice Presidents of the bank.
* “Management” and “managers” – Refers to employees who have been given supervisory responsibilities, have identifiable subordinates, are accountable for the performance of their areas or departments, and are responsible for evaluating the performance of other employees. Management ranks include the titles of Supervisor, Assistant Cashier, Assistant Vice President, and Vice President.
* “Staff” – Refers to all non-managerial employees.

Human Resources Philosophy [5]

[5: You may or may not want to include a statement of philosophy in your personnel policy. While not essential, it provides the opportunity to recognize the role employees play in the operation of the bank. The following is an example of such a philosophy. You can modify it for your own use, or you may wish to develop your own original statement.]

Our employees are our most valuable asset. Without their hard work and dedication, the bank would not have been able to grow and prosper as it has. Nor would we have been able to provide the quality of service to our customers that has differentiated us from our competitors and secured the bank’s position as a strong and vital financial institution. Therefore, the management and directors of the bank will take all steps necessary and reasonable to ensure that:

* All employees are given fair and equal treatment in all aspects of their employment.
* All employees are recognized and rewarded for their accomplishments and positive contributions to the bank and to the community.
* The professional development of all employees is actively encouraged and supported.
* All employees are treated with courtesy and dignity and their individual rights are respected.
* All employees have the right to discuss freely with their supervisor or any member of management any matter concerning either their own or the bank’s welfare.
* Our organization is a safe, orderly, and attractive place to work.
* The importance of cooperation and teamwork is ingrained at all levels.
* The experiences all individuals have as employees of the bank contribute to their personal and professional satisfaction and quality of life both during and after their employment at the bank.

Equal Employment Opportunity

As an equal opportunity employer, the bank firmly adheres to a policy of recruiting, hiring, training, assigning, and promoting employees without regard to race, gender, religion, age, disability, veteran’s status, or any other legally protected category. All employment-related policies, practices, and procedures will be administered in a non-discriminatory manner. Discriminatory comments of any nature are not tolerated. Every employee of the bank shares in the responsibility of ensuring that this policy is followed.

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **[6]** has been designated as the director of the bank’s equal opportunity program. He/she is responsible for implementing, administering, and monitoring the bank’s human resources policies/programs and is responsible for keeping the bank’s executive management and Board of Directors informed of their progress.

[6: Insert the title of the individual responsible for overseeing the equal opportunity program. In many banks, this will be the person who administers the overall personnel function.]

Sexual Harassment

Unwelcome advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature that affects employment decisions, interferes with work performance, or creates an intimidating or offensive work environment is not permitted. If any employee of the bank observes sexually harassing behavior or believes he/she has encountered this type of behavior, it is his/her responsibility to report the situation immediately to his/her management. If he/she is uncomfortable reporting the situation to his/her management, he/she may report the matter to the bank’s President or Human Resources Specialist. Allegations of sexual harassment are to be investigated promptly and thoroughly. Where improper activity is found, appropriate disciplinary action, up to and including discharge, will occur.

Code of Conduct and Conflict of Interest Policy [7]

[7: All banks should have a code of conduct that includes conflict of interest guidelines. You may want to keep the code of conduct as a separate policy, or you may want to integrate it within the human resources policy. Here, it is treated as a separate policy.]

All employees are subject to the bank’s Code of Conduct and Conflict of Interest Policy.

Employment Status

“Full-time” means being regularly scheduled to work forty (40) or more hours per week. “Part-time” means being regularly scheduled to work less than forty (40) hours per week. “Intermittent” or “casual” means working an irregular schedule determined by the fluctuating demands of the work. “Exempt” means a position that would be exempted from being eligible for overtime pursuant to the federal Fair Labor Standards Act. “Non-exempt” means a position that would be subject to the overtime requirements of the federal Fair Labor Standards Act.

Wages [8]

[8: Individual wages are subject to the applicable state and/or federal wage laws, with final approval granted by the Board of Directors.]

Employee total compensation is made up of a combination of pay and benefits, with base pay accounting for a major portion of total compensation. In establishing salaries that are equitable, management should consider prior work experience, educational background, prior and current work performance levels, and the level of job duties and responsibilities within the structure of the bank.

Individuals will be recommended by the bank President for pay increases, based upon their individual performance and documented contributions to the bank. Special bonuses may be granted at any time for exemplary performance.

Salary and wage information is considered to be confidential between the employee and appropriate management and is not to be the subject of general discussion among employees at work.

Hours [9]

[9: Adjust these hours according to your bank’s practices. The following are examples for lunch and other breaks. You should modify this material to be consistent with the practices in your bank and in compliance with state laws.]

The bank maintains “normal” business hours of Monday through Friday, 9:00 AM to 4:00 PM, Saturday, 9:00 AM to 12:00 PM. Drive-through hours are Monday through Friday, 8:30 AM to 4:30 PM, and Saturday, 8:30 AM to 12:00 PM. Employees’ individual work schedules may vary based upon their employment status (part-time vs. full-time), position in the bank, and department.

Departments may adopt and from time to time alter work schedules to meet departmental needs. When a change in schedule is contemplated in other than emergency situations, management will make reasonable efforts to provide affected employees with reasonable advance notice. Employees are expected to work all assigned hours.

Employees are permitted a lunch period scheduled consistent with departmental needs and the advance approval of management. Break periods may be scheduled at management discretion but shall not exceed [insert break allotment consistent with bank policies and applicable state and federal laws].

Payroll [10]

[10: Modify the following according to the practice in your bank.]

The pay period is the same for both exempt and non-exempt employees and consists of two consecutive workweeks beginning Sunday and ending Saturday two weeks later. There are normally 26 pay periods per calendar year. Paychecks are processed with an effective date of the 15th and the last day of each month for the pay period ending two weeks before. Each employee’s paycheck will be directly deposited into his/her account at the bank.

Paychecks are subject to legally required deductions, including but not necessarily limited to federal, state, and local income tax withholding, Medicare contributions, and court-ordered child support and wage garnishments. Additional deductions may be permitted with the signed authorization of the employee and the approval of management.

Overtime

Non-exempt employees will be paid one-and-one-half times their regular hourly rate for all time worked in excess of forty (40) hours per workweek. All overtime must be authorized by the appropriate department supervisor/manager.

Payroll Deductions

The bank is required by law to make certain deductions from employee earnings during each pay period. In addition, employees may authorize other deductions for contributions to the retirement plan, deposits to savings accounts, etc. Such additional deductions are made only with written authorization from the employee.

The following are required deductions from employees’ regular and vacation pay:

* Federal income tax withheld – Federal income tax laws require the withholding of taxes from each employee’s earnings. The amount withheld is turned over to the U.S. government as a credit to the employee’s liability for federal income tax. This amount depends upon the employee’s gross earnings, filing status (single, married, or married but withholding at the higher single rate), and number of dependents claimed. Employees will be furnished with a statement (IRS form W-2) at the end of each year showing gross income and the amount withheld for federal taxes.
* Social Security (FICA) and Medicare – The bank must withhold the employee’s share of the Social Security and Medicare tax from the employee’s pay. Also, the bank must pay the employer’s share.
* State income tax – The State of \_\_\_\_\_\_\_\_\_\_ **[11]** requires that taxes be withheld, based on the employee’s gross earnings and number of exemptions, and remitted to the state. A statement showing gross income and state tax withheld will be furnished to each employee at the end of each year.

[11: If you are in a state that has an income tax, insert your state’s name. If your state has no state income tax, delete this section.]

* Other taxes – Where applicable, the bank will also withhold city or other taxes as required by law.

Garnishment of Wages

Creditors to whom an employee is delinquent in payment may obtain an order in a court of law which requires the bank to withhold money for payment from the employee’s pay. If a garnishment order is received, the bank will comply fully with its terms.

New-Hire Orientation [12]

[12: Regulatory requirements in different states vary on which forms are required upon hire. All banks should check state and federal requirements on required forms for each employee’s personnel file.]

New employees should participate in an orientation program conducted by the individual at the bank who is responsible for overseeing the bank’s human resources function. The following items for discussion may be included in a new-hire orientation program and conducted by the bank person indicated:

 Orientation – Human Resources Specialist

* Tour of bank and introduction to all employees
* History and culture of the bank
* Completion of new-hire paperwork
* W-4 (Federal Withholding)
* I-9 (Immigration and Naturalization Form – 1986)
* Copy of Employee Handbook
* Health and Life Insurance Enrollment Forms
* Pay procedures
* Work hours, breaks, mealtimes, and other rules
* Time sheet/time card (if applicable)
* General equipment (copier, fax machine)
* Parking
* Salary increase/performance review process

Orientation - Supervisor/Manager

* Introduction to department/purpose
* Workspace
* Duties/responsibilities
* Work hours, breaks, lunches (specific)
* Job description
* Handling confidential information
* Performance expectation/goals
* Travel procedures (if applicable)
* Reimbursement expenses (if applicable)
* Training
* Job-specific
* Department procedures
* Telephone system
* Voice mail
* Computer system

Education and Training

The bank is committed to helping each employee reach his/her full potential as a professional banker. A major part of this commitment is ensuring that all employees are adequately trained to do their jobs and that every effort is made to facilitate their professional development. The education and training program at the bank comprises three areas: on-the-job training, internal classroom sessions, and external education. Each contributes significantly to the development of the employee.

Educational Assistance [13]

[13: Delete this section if your bank has no tuition reimbursement program.]

The bank encourages employees to pursue continuing professional education on their own time through college courses, banking courses, etc. Therefore, after an employee has successfully completed such a course, the bank will reimburse him/her for the course tuition and any books or other materials required, according to the following guidelines.

To be eligible, the employee must (1) have completed twelve (12) months of continuous full-time or part-time employment, (2) the course must be related to the duties and responsibilities of the employee’s position, (3) the course(s) should enable the employee to contribute new skills or knowledge to the bank. Determination of whether a course or program qualifies for reimbursement will be made by the employee’s supervisor/manager. Tuition reimbursement will occur only after successful completion of the course.

The bank’s policy is to base reimbursement on the level of performance for each course completed. For graded courses, the bank will reimburse the employee 100 percent of the tuition when the employee receives a grade of A or B, and 50 percent for a grade of C. The bank will not reimburse any costs for grades lower than C, or for an incomplete.

To be reimbursed, the employee must provide to his/her supervisor/manager the original receipts for the course tuition, books, and related materials, along with evidence of successful completion (a copy of the diploma, certificate of completion, grade card, etc.).

Lectures, Meetings, and Training Seminars

To promote continuing education, the bank may authorize employees to attend meetings or seminars related to their work. All such meetings must be approved by the President before the employee can attend.

Employees who attend an approved meeting, seminar, or lecture during normal business hours will be paid for the time they would have ordinarily been at the bank (up to eight (8) hours per day). In addition, other expenses including seminar fees, lodging, and meals will be paid by the bank. Non-exempt employees who are attending a lecture, meeting, or seminar are to be paid for travel time if the meeting is away from the worksite. The bank may not be required to pay for the non-exempt employee’s time if:

* The employee attends the event outside of his/her regular working hours,
* Attendance is voluntary,
* The instruction session isn’t directly related to the employee’s job, and
* The employee doesn’t perform any productive work during the instruction.

In a case such as one of the above, the employee should discuss with the supervisor/manager the likelihood of reimbursement before the lecture to make sure there is no misunderstanding later.

Hiring, Transfer, and Promotion

It is the responsibility of the management of the bank to determine when a vacancy exists and when/whether it will be filled. It is the intention of the bank to fill jobs from within whenever possible. However, at times, when the skills, abilities, and experience of interested employees do not match the position requirements, the bank will seek outside candidates to fill the vacancies.

If it is in the best interest of the bank to hire a temporary employee or a contract employee, the same screening procedures outlined as follows will be used.

Pre-Employment Background Screening

A pre-employment background screening process is an essential risk management function and may reduce turnover by verifying that a potential employee has the requisite skills, certification, license or degree for the position; deter theft and embezzlement; and prevent litigation over hiring practices. In order to control the costs of such a program, management will establish predetermined levels of screening for different positions or levels of position within the bank.

Responsibility [14]

[14: Change this section to fit your bank’s management structure.]

The screening process will be conducted by the bank’s Human Resources Department under the supervision of the Senior Vice President of Operations.

Service Providers [15]

[15: Amend this section to reflect your bank’s policy in this regard. If you do choose to use, or have the option of using, a third-party provider, it is important that the provider be properly selected and overseen.]

Bank management has the option of using a third-party provider for conducting parts or all of the pre-employment screening. Due diligence in selecting such a provider shall include, at a minimum:

* A review of the provider’s audited financial statement to determine the provider’s viability, internal control environment, and reputation.
* Bank legal counsel will review the contract prior to consummation and determine whether the contract contains proper language protecting the confidentiality of information obtained from applicants.
* Bank management will ensure that any information obtained in the screening process will not be provided to any other entity or person or sold for profit by the service provider.
* Bank management will inquire about the safeguards that the service provider has in place to prevent identity theft.
* Discussions with the provider regarding the bank’s hiring and employment process.

The bank board of directors, or an appropriate committee thereof, must formally approve the service provider prior to finalizing the contract.

Minimum Screening Requirements [16]

[16: All of these minimum procedures are recommended. Section 19 of the Federal Deposit Insurance Act requires the knowledge referred to in the second bullet point.]

All applicants for employment by our bank, regardless of the position or capacity, will be subject to the following minimum procedures:

* Written or electronic applications are required of all applicants. A resume may be submitted but is not required. **[17]** Applications should state that untruthfulness or material omissions are grounds for termination and that by signing the form, the applicant attest to the accuracy of the information provided. This is especially relevant for those candidates who fail to disclose criminal convictions. While a conviction is not necessarily a valid reason for automatically rejecting a candidate, the omission or lying about a conviction may become the basis for disqualification.

[17: This point may be amended to fit your bank’s policies and practices. For example, you may require a written application in all instances but only request a resume for positions of a certain level or higher.]

* A check of public criminal records to determine if the applicant has ever been convicted of any criminal offense involving dishonesty, a breach of trust, or money laundering or has agreed to enter a pretrial diversion or similar program in connection with a prosecution. Employment of an individual with any such record must have the prior written consent of the FDIC.
* A check with the federal banking agencies to determine if the individual has ever been assessed a civil monetary penalty (CMP), has been permanently removed and/or prohibited from banking, or has performed duties in any institution subject to a Cease and Desist Order. (A link to such information is available via <http://www.ffiec.gov/enforcement.htm>.) **[18]** Such an individual is not precluded from bank employment but the individual’s role in any possible misconduct should be determined and proper oversight provided.

[18: The explanatory information in the final sentence need not be included in your policy statement, but can be retained for reference.]

* Previous employment – Any previous employment by a financial institution or other significant employment experience listed by an applicant will be verified and the employer(s) contacted.

Additional Screening Procedures [19]

[19: The following are examples of how various levels of screening can be used for differing bank positions. Change this section to fit your bank’s circumstances.]

The following guidelines are to be used for additional pre-employment screening for various positions within the bank. In specific instances and for specific reasons, the Senior Vice President of Operations can authorize departures from these guidelines.

* College degrees – Any college degree listed by an applicant for a position where an undergraduate or higher degree is required or would be beneficial to the applicant’s consideration is to be verified with the school(s) involved and a transcript of courses taken is to be requested.
* Credit reports – A credit report from an independent reporting agency will be requested for all applicants. The bank will disclose in a separate document that the consumer report is being obtained for employment purposes, along with the applicant’s written consent.
* Additional screening – Additional screening procedures may be used as deemed necessary and appropriate by the Director of Human Resources or the Senior Vice President of Operations.
* Applicants may be fingerprinted with fingerprint cards submitted to the FBI Fingerprint service for comparison against a criminal database. (A service of the American Bankers Association is available for this purpose. Refer to <http://www.aba.com/Products/ps_finger_page1.htm> for further information including a sample announcement that can be used to inform employees of the fingerprinting program. **[20]**

[20: The explanatory information in the final sentence need not be included in your policy statement, but can be retained for reference.]

Hiring

Management seeks to hire the best qualified person from the pool of available applicants, giving consideration to the applicant’s job-related qualifications, experience, training and education, work record, disciplinary record, and previous job performance.

Applicants shall be required to provide any information and undergo any testing necessary to demonstrate qualification for the position sought, insofar as such information and examination are job-related.

Individuals conducting interviews should have prior training in interviewing and/or obtain from the personnel specialist a list of questions that are prohibited by law.

It is the discretion of the bank as to how many qualified candidates will be interviewed for each open position. Although this will vary from position to position, on average, four (4) to five (5) qualified candidates should be a sufficient size pool of candidates from which to fill the position.

Job offers should be communicated verbally and in writing, and they should include job title, effective date, and a listing of benefits offered, along with eligibility requirements.

Job Posting System [21]

[21: Modify this section according to your bank’s practices.]

It is the policy of the bank to post all job opportunities internally, prior to looking outside of the bank. A job posting system will enhance communications by providing an open system that makes it convenient for all eligible employees to access complete information about and apply for available jobs at the bank. In addition, this system will ensure that all employees receive fair and equitable treatment in regard to furthering their careers.

All regular-status employees who meet the minimum qualifications for the job opportunity and have completed a minimum of six (6) months with the bank are eligible to apply for an open position.

All postings should include a copy of the most recent job description for that position or, if that is not available, at a minimum, the job title, duties and responsibilities, and qualifications for the position. Jobs should be posted for seven (7) calendar days (to accommodate for persons traveling, on vacation, etc.), and interested employees should respond in writing to the personnel specialist prior to the closing date of the posting. An employee’s response to the posting should include his/her reason for interest in the opportunity, along with specific skills, abilities, and work experience required for the position.

Promotion and Transfer

Employees will be given consideration for promotional opportunities based upon their job-related qualifications, experience, training and education, and current work performance. Transfers may be temporary or indefinite (meaning presumptively permanent) and are made at the discretion of the bank. Employees may request transfer to a more favorable position, location, shift, etc., by making a written request through their immediate supervisor.

If the bank initiates a transfer, the transferred employee should maintain his/her current salary level and maintain the same date of hire for seniority purposes. However, an employee who requests a transfer to another department based on a position posting must be willing to accept pay changes to a level consistent with the duties/responsibilities of the new position.

Employment of Relatives [22]

[22: This is an example of a nepotism policy that permits approved hiring of related individuals, yet prohibits it in a direct superior/subordinate relationship. Customize this to your bank’s practices.]

The hiring of a member of the immediate family of a current employee is discouraged and is permitted only with the specific advance approval of the Board of Directors. “Immediate family” means an employee’s spouse, parent, child, sibling, grandchild, or grandparent (including biological, step, and adoptive relationships); the sibling or parent of the employee’s spouse; the spouse of the employee’s child; any relationship where the person acts/acted in the place of a parent; and aunts, uncles, nieces, nephews, and first cousins of the employee. If two employees marry, they may not work in a supervisor/subordinate relationship with their spouse and/or any other immediate family members resulting from the marriage as set forth above. If any necessary change in work assignment cannot reasonably be made, one must separate from employment. If the parties fail to decide within a reasonable time who shall separate from employment, the person with lesser overall bank service will be separated from his/her employment.

Employee Files [23]

[23: Check with your local, state, and federal employment offices to determine what documents are required by law.]

The bank will maintain an up-to-date personnel file of employment-related information on each bank employee. Included in this file are the employee’s original job application, resume, offer letter, performance evaluations, sign-up forms for benefits, employee awards or citations for excellent performance, warnings, disciplinary actions, W-4, INS Form I-9, and supporting documents. Employee files are to be regarded as highly confidential, and consequently will be kept in a locked file. Medical information must remain separate from non-medical records and secured in a separate locked cabinet.

Access to Files

Many states have laws giving employees and former employees access to their own personnel files. How much access is allowed varies from state to state. If your state allows employees to see their files, the file review should be in the presence of the Human Resources Specialist and/or President. Some state laws allow employees to obtain copies of items in their files, but not necessarily all items. If an employee is entitled to a copy of an item in the file, the bank representative should make the copy. Generally, employees should not be permitted to see sensitive items such as reference letters, police and criminal reports, and information that might violate the privacy of other people.

Although (in some states) employees or former employees have a legal right to see their files, requests from outside sources to view a personnel file will be permitted only with a subpoena.

Changes in Name, Address, or Marital/Dependent Status

It is the responsibility of each employee to properly notify management of any change in personnel status including but not limited to changes in address, telephone number, marital status, name, dependent’s status, and other relevant information. Such changes should be indicated in writing.

Employment Posters

Employment-related posters must be posted and maintained in accordance with all federal and state employment laws. To obtain federal employment posters, you should contact the Department of Labor. To obtain current state posters you should contact your state office and ask for the division that handles employment-related posters Many of these posters are also available for download on the websites of the respective agencies.

Appearance/Ethical Conduct [24]

[24: The treatment of these subjects will vary based upon local custom of the banks and should be adjusted accordingly.]

Appearance

Employees of the bank are expected to dress appropriately and to maintain a clean and neat appearance at all times. If an employee reports for work or is found at work inappropriately attired, he/she may be sent home with instructions to report for work properly attired with all time away from work unpaid. Individual departments may, with the advance approval of the President and/or Board of Directors, from time to time adopt, modify, suspend, and/or rescind reasonable dress codes.

Ethical Conduct

Employees of the bank are expected to maintain the highest standards of honesty, ethics, and professionalism and always act within the laws, rules, and regulations of the state, as amended. It is important to remember that each employee’s personal conduct and appearance is a direct reflection of the bank and therefore should be positive at all times.

Employees are prohibited from engaging in any enterprise and/or activity that may create an apparent or real conflict with the bank or that may in any way undermine the integrity of the bank. Both full- and part-time employees are prohibited from engaging in other employment, whether full-time, part-time, or otherwise, which presents a potential or real conflict with their duties and/or responsibilities as employees of the bank within the hiring authority of the President and/or Board of Directors.

Attendance

For all employees, being on time and having a good attendance record are important factors that can influence their employment, wages, and advancement opportunities. Although the bank realizes that there will be circumstances beyond the employees’ control that will make them late or absent from work, excessive absenteeism (including whole and/or partial absences) and/or tardiness may be the cause for disciplinary action, up to and including termination of employment.

Three consecutive regularly scheduled workdays absent without reporting off constitutes a resignation from employment. If an employee is absent from work for more than three consecutive days due to illness, he/she may be asked to provide his/her manager with a medical statement from his/her doctor.

Use of Bank Equipment and Computer Systems

The bank provides supplies, equipment, and materials for its employees to perform their jobs. These items are to be used solely for the bank’s purposes. Employees are expected to exercise care in the use of bank equipment and property and use such property only for authorized purposes. Loss, damage, or theft of bank property should be reported at once. Negligence in the care and use of bank property may be considered grounds for discipline, up to and including termination.

The bank’s equipment, such as telephone, postage, facsimile, and copier machine, is intended to be used for business purposes. An employee may use this equipment for non-business purposes only in an emergency and only with the permission of his or her supervisor. Upon separation of employment, the employee must return all bank property, equipment, work, product, and documents in his or her possession or control.

Use of the Bank Computer System [25]

[25: There are two basic approaches to this subject: (1) total prohibition or (2) permitting such use within defined limitations. Total prohibition is the easiest understood (but perhaps not fully accepted) by employees and provides the simplest basis for management enforcement. This model policy is written for approved use with management approval. Adjust your policy accordingly.]

The use of computers and software is limited solely to appropriate bank use. On occasion, with the approval of an employee’s supervisor, an employee may use the computer for personal reasons. If granted approval, the use of the system must occur on the employee’s own time, not during work time, and any files created are to be deleted at the end of the project. Moreover, the bank may purge files on its computers at any time, without notice. Additional information is contained in the bank’s technology policy.

Telephones

The bank has a limited number of outgoing and incoming “trunk” lines, which must be kept open for essential bank business. Therefore, it is imperative that employees make and/or receive personal calls only in an emergency situation. If such is the case, the call duration should be kept to a minimum.

Employees should be courteous, alert, helpful, and considerate in all telephone conversations. The telephone should always be answered promptly, with the employee identifying himself/herself and providing accurate and timely information.

Benefits

Holidays

The bank observes the following holidays:

* New Year’s Day
* Martin Luther King Day
* Presidents’ Day
* Memorial Day
* Independence Day
* Labor Day
* Columbus Day
* Veterans’ Day
* Thanksgiving
* Christmas Day **[26]**

[26: Add or delete holidays from this list to reflect your practice.]

All full-time and part-time employees are eligible upon hire for holiday pay. Paid holidays are paid at straight time. Part-time employees are entitled to holiday pay only if the holiday is observed on a day on which they would normally be scheduled to work. In this case, employees would receive holiday pay equal to the time they would normally have worked, not to exceed eight (8) hours. **[27]**

[27: Modify this according to whether or not your bank offers part-timers benefits.]

Religious Holidays

The bank understands that employees may wish to follow certain religious observances, practices, or beliefs and therefore will attempt to reasonably accommodate those needs when it does not result in an undue hardship on their department or interfere with the smooth operation of the bank.

Vacations [28]

[28: The following example bases earned vacation upon each employee’s anniversary date (date of hire). Many other approaches are also possible. Therefore, this section must be modified to correspond to your bank’s vacation policy and part-timer eligibility for benefits.]

Full-time and part-time employees earn paid vacation based upon their anniversary date (date of hire). New-hire employees are eligible for paid vacation after six (6) months of consecutive employment.

Vacation allowances are determined as follows:

**Anniversary Date in Calendar Year Earned Vacation**

6 months – 1 year 1 weeks

1 – 7 years 2 weeks

8 – 14 years 3 weeks

15 – 20 years 4 weeks

21 + years 5 weeks

Vacation Guidelines

The following guidelines apply to vacation time:

* All vacation days are subject to manager/supervisor approval and should be scheduled as far in advance as possible. Normally, two weeks’ advance notice of vacation is expected to ensure coverage of work.
* Department managers will distribute sign-up forms to employees after January 1 of each year and will approve vacations taking into consideration seniority and/or timing of the request.
* Department managers have the authority to approve/deny vacation requests based upon work-flow and departmental needs.
* Vacation time may not be taken in increments of less than one-half (1/2) day.
* If one of the paid holidays listed in the previous section occurs during an employee’s vacation, that employee will be given an additional vacation day.
* Earned vacation not taken during the current calendar year is forfeited.
* Part-time employees are eligible for the same number of weeks’ paid vacation as a full-time employee. For pay purposes, the actual number of hours they for which they are eligible will be based on the actual number of hours worked in the previous year.
* Employees must be in active pay status to be eligible to take paid vacation.
* Individuals hired into managerial positions or above will receive a minimum of three weeks’ paid vacation upon hire.

Short-Term Disability [29]

[29: The following is an example of a short-term disability program that provides partial income protection for bank employees. If your bank does not have a disability program, delete and/or modify this section.]

The bank’s short-term disability plan is a benefit that provides partial pay (one-half of weekly wages up to a maximum benefit as determined by state law) for employees who are unable to work due to non-work related illness, injury, or disability after an absence of more than seven (7) consecutive calendar days. Benefits begin on the 8th day of disability and continue for related absences up to a maximum of 26 weeks. If the employee returns to work and the disability recurs within 90 days, the employee does not have to wait the 7 (seven) days; disability benefits will begin immediately.

A short-term disability leave must be certified by a physician’s or licensed health care professional’s statement identifying the nature of the disability and stating or estimating the date when the employee will be able to return to work. If the employee cannot return on that date, another statement from a physician or licensed health care professional, with a new return date, will be required.

The bank reserves the right to confirm the necessity for disability leave by requiring the employee to receive a second or third opinion by a doctor of the bank’s choice. The bank will assume any costs for additional examinations that are not paid by the insurance carrier.

When an employee returns from a short-term disability leave, the bank will attempt to return the employee to the same or similar job, at the same salary that the employee held prior to the leave. Under some circumstances, however, permanent replacement during a leave may be required or, in some instances, staffing requirements may change.

General FAMILY/Medical Leave (FMLA) Policy INCLUDING NATIONAL DEFENSE AUTHORIZATION ACT for FY 2008 [30]

[30: The Family Medical Leave Act and National Defense Authorization Act of 2008 requires all employers with 50 or more employees to offer non-paid leave for certain family situations. If your bank has 50 or more employees in 20 or more workweeks in the current or preceding calendar year and you are engaged in commerce or in any industry affecting commerce, you are required by law to comply with this legislation. If your bank has fewer than 50 employees and you offer a medical disability/sick pay program, adjust this section accordingly. For additional information on this legislation you may contact the US Department of Labor’s Employment Standards Administration, Wage and Hour Division who administers the FMLA. The following information is intended to give you an overview of the act.]

The most current FMLA poster can be found at this link:

<https://www.dol.gov/agencies/whd/posters/fmla>

Employee Eligibility

Employees are eligible for leave if they:

* Have been with the bank for a total of at least 12 months;
* Have worked at least 1250 hours over the previous 12-month period prior to the date the leave is to commence; and

Work at a bank where at least 50 employees are employed by the bank within 75 miles. The 12 months of employment do not have to be consecutive. All periods of absence from work due to or necessitated by service in the uniformed services are counted as hours worked in determining eligibility.

Type of Leave Covered

A covered bank must grant an eligible employee up to a total of 12 workweeks of unpaid leave during any 12-month period for one or more of the following reasons:

* For the birth of a child and in order to care for that child,
* The placement of a child for adoption or foster care and to care for the newly placed child,
* To care for an immediate family member (spouse, child or parent) with a serious health condition, (“Immediate family member” is defined as follows: Child – biological, adopted, foster, legal ward, stepchild, child of person in place of parent; Spouse **[30-A]** – legally recognized husband or wife; Parent – biological, person in place of parent, not in-laws)

[30-A: Spouse, as defined in the statues, means a husband or wife. For purposes of this definition, husband or wife refers to the other person with whom an individual entered into marriage as defined or recognized under state law for purposes of marriage in the State in which the marriage was entered into or, in the case of a marriage entered into outside of any State, if the marriage is valid in the place where entered into and could have been entered into in at least one State. This definition includes an individual in a same-sex or common law marriage that either: (1) Was entered into in a State that recognizes such marriages; or (2) If entered into outside of any State, is valid in the place where entered into and could have been entered into in at least one State.]

* To take medical leave when the employee is unable to work because of a serious health condition. (A serious health condition is defined as a condition that requires inpatient care at a hospital, hospice or residential medical care facility, including any period of incapacity or any subsequent treatment in connection with such inpatient care of a condition that requires continuing care by a licensed health care provider.)
* This policy covers illnesses of a serious and long-term nature, resulting in recurring or lengthy absences. Generally, a chronic or long-term health condition, which, if left untreated, would result in a period of incapacity of more than three days, would be considered a serious health condition.
* Employees with questions about what illnesses are covered under this FMLA policy or under the company’s sick leave policy are encouraged to consult with their HR department.
* The bank may require an employee to provide a doctor’s certification of the serious health condition. The certification process is outlined in a later section of this policy.
* If an employee takes paid sick leave for a condition that progresses into a serious health condition and the employee requests unpaid leave as provided under this policy, the company may designate all or some portion of related leave taken as leave under this policy, to the extent that the earlier leave meets the necessary qualifications.
* A covered family member’s active duty or call to active duty in the Armed Forces.
* An employee whose spouse, son, daughter or parent either has been notified or an impending call or order to active military duty or who is already on active duty may take up to 12 weeks of leave for reasons related to or affected by the family member’s call –up or service. Reasons related to the call-up or service including helping the family member prepare for the departure or caring for children of the service member. The leave may commence as soon as the individual receives the call-up notice. (Son or daughter for this type of FMLA leave is defined the same as for child for other types of FMLA leave, except that the person does not have to be a minor.) This type of leave would be counted toward the employee’s 12 week maximum of FMLA leave in a 12-month period.
* Employees requesting this type of FMLA must provide proof of the qualifying family member’s call-up or active military service before leave is granted.
* To care for an injured or ill servicemember.
* This leave may extend to up to 26 weeks in a 12-month period for an employee whose spouse, son, daughter, parent or next-of-kin is injured or recovering from an injury suffered while on active military duty and who is unable to perform the duties of the servicemember’s office, grade, rank or rating. Next-of-kin is defined as the closest blood relative of the injured or recovering servicemember. An employee is also eligible for this type of leave when the family servicemember is receiving medical treatment, recuperation or therapy, even if the servicemember is on temporary disability retired list.
* Employees requesting this type of FMLA leave must provide certification of the family member or next-of-kin’s injury, recovery or need for care. This certification is not tied to a serious health condition as for other types of FMLA leave. This is the only type of FMLA leave that may extend an employee’s leave entitlement beyond 12 weeks to 26 weeks. Other types of FMLA leave are included with this type of leave totaling the 26 weeks.
* An eligible employee can take up to 12 weeks (or up to 26 weeks of leave to care for an injured or ill service member) under this policy during any 12-month period. The company will measure the 12-month period as a rolling 12-month period measured backward from the date an employee uses any leave under this policy. Each time an employee takes leave, the company will compute the amount of leave the employee has taken under this policy in the last 12 months and subtract it from the 12 weeks (or 26 weeks for the care of an injured or ill servicemember) of available leave, with the balance remaining being the amount the employee is entitled to take at that time.
* Spouses employed by the same bank are jointly entitled to a combined total of 12 workweeks of family leave for the birth of a child, adoption or placement of a child in foster care, or to care for a parent (but not a parent-in-law) who has a serious health condition. In addition, if spouses both work for the same bank and each wishes to take leave to care for a covered injured or ill servicemember, the spouses may only take a combined total of 26 weeks of leave.

Maintenance of Health Benefits

The bank is required to maintain group health insurance for the employee on FMLA leave whenever such insurance was provided before the leave was taken and on the same terms as if the employee had continued to work. If applicable, arrangements will need to be made for employees to pay their share of health insurance premiums while on leave.

In some instances, the bank may recover premiums it paid to maintain health coverage for an employee who fails to return to work from FMLA leave.

Return to Work

* An employee wishing to return before the scheduled end of a leave must give at least two (2) working days advance notice to his/her manager
* If the employee is on a medical leave due to a serious health condition, the employee will be required to provide a fitness-for-duty-certification before the employee is permitted to return to work
* Upon return from family/medical leave, an employee will be restored to the position held when the leave commenced, or to a position with equivalent benefits, pay, and other terms and conditions of employment. **[32]**
* All benefits accrued prior to the leave will remain intact; however, the employee will not accrue benefits, other than vacation accrual, during any unpaid portion of the leave.

[32: Under specified and limited circumstances where a restoration to employment will cause substantial and grievous economic injury to its operations, a bank may refuse to reinstate a certain highly paid “key” employee provided the employee is given notice and an opportunity to return to work immediately. “Key” is defined as an employee who is among the highest paid ten percent (10%) of employees within 75 miles of the worksite. To obtain further clarification and if your bank needs to invoke this provision, you are encouraged to contact the US Department of Labor.]

Use of Paid and Unpaid Leave

It is at the discretion of the bank as to whether the employee is permitted/required to use paid leave (such as paid vacation, personal or sick leave) to cover some or all of the FMLA. A bank sick leave may be run concurrently with FMLA if the reason for the FMLA leave is covered by the established sick leave policy.

Intermittent Leave or a Reduced Work Schedule

The employee may take FMLA leave in 12 consecutive weeks, may use the leave intermittently (take a day periodically when needed over the year), or under certain circumstances, may use the leave to reduce the work week or work day, resulting in a reduced hour schedule. In all cases, the leave may not exceed a total of 12 work weeks (or 26 work weeks to care for an injured or ill service member over a 12-month period.)

The bank may temporarily transfer an employee to an available alternative position with equivalent pay and benefits if the alternative position would better accommodate the intermittent or reduced schedule, in instances of when leave for the employee or employee’s family member is foreseeable and for planned medical treatment, including recovery from a serious health condition or to care for a child after birth, or placement for adoption or foster care.

For the birth, adoption or foster care of a child, the bank and the employee must mutually agree to the schedule before the employee may take the leave intermittently or work a reduced hour schedule. Leave for birth, adoption or foster care of a child must be taken within one year of the birth or placement of the child.

If the employee is taking leave for a serious health condition or because of the serious health condition of a family member, the employee should try to reach agreement with the bank before taking intermittent leave or working a reduced hour schedule. If this is not possible, then the employee must prove that the use of the leave is medically necessary. The company may require certification of the medical necessity.

Certification of the Serious Health Condition of the Employee or the Spouse, Child or Parent of the Employee

When an employee requests a medical leave, the employee must furnish a written statement from his/her health care provider certifying that he/she is unable to work and the expected date of return to work.

When an employee requests leave to care for a family member, the employee must furnish a statement from the family member’s health care provider certifying the condition, the necessity for the employee’s care of the family member, and the expected duration of required care.

If the employee plans to take intermittent leave or work a reduced schedule, the certification must also include dates and the duration of treatment as well as a statement of medical necessity for taking intermittent leave or working a reduced schedule.

If the bank doubts the validity of the certification provided, the bank may require, at its own expense, that the employee obtain the opinion of a second health care provider designated or approved by the bank. If the second opinion differs from the original certification the bank may request, at its own expense, the opinion of a third health care provider jointly approved by the bank and the employee. The opinion of the third provider will be considered final and binding on both parties.

Documentation of the Covered Family Member’s Active Duty or Call to Active Duty in the Armed Forces

Employees requesting this type of servicemember FMLA leave must provide proof of the qualifying family member’s call-up or active military service. This documentation may be a copy of the military orders or other official Armed Forces communication.

Documentation of the Need for Servicemember FMLA Leave to Care for an Injured or Ill Servicemember

Employees requesting this type of servicemember FMLA leave must provide documentation of the family member’s or next-of-kin’s injury, recover or need for care. This documentation may be a copy of the military medical information, orders for treatment, or other official Armed Forces communication pertaining to the service member’s injury or illness incurred on active military duty that renders the member medically unfit to perform his or her military duties.

Procedure for Requesting Leave for 1) the birth of a child or in order to care for that child; 2) the placement of a child for adoption or foster care and to care for the newly placed child; 3) to care for a spouse, child or parent with a serious health condition; or 4) the serious health condition of the employee

All employees requesting this type of FMLA leave must provide verbal notice with an explanation of the reason(s) for the needed leave to their immediate supervisor, who will advise the HR department. If the leave is foreseeable, the immediate supervisor may require the employee to provide a written request for leave and reason(s) with a copy to the HR department. Failure of the employee to provide a written request for leave cannot be grounds to deny or delay the taking of FMLA leave.

The bank will provide individual notice of rights and obligations to each employee requesting leave within a reasonable time frame. For employees on intermittent or recurring leave for the same incident, this notice will be provided every 6 months.

When an employee plans to take leave under this policy, the employee must give the bank 30 days’ notice. If it is not possible to give 30 days’ notice, the employee must give as much notice as is practicable. An employee who is to undergo planned medical treatment is required to make a reasonable effort to schedule the treatment in order to minimize disruptions to the bank’s operations.

If an employee fails to provide 30 days’ notice for foreseeable leave with no reasonable excuse for the delay, the leave request may be denied until at least 30 days from the date the employer receives notice. While on leave, employees are requested to report periodically to the company regarding the status of the medical condition and their intent to return to work.

Procedure for Requesting Leave for 1) a covered family member’s active duty or call to active duty in the Armed Forces or 2) to care for an injured or ill servicemember

All employees requesting this type of FMLA leave must provide verbal notice with an explanation of the reason(s) for the needed leave to their immediate supervisor, who will advise the HR department. Leave may commence as soon as the individual receives the call-up notice. If the leave is foreseeable, the immediate supervisor may require the employee to provide a written request for leave and reason(s) with a copy to the HR department.

The bank will provide individual notice of rights and obligations to each employee requesting leave within two business days or as soon as practicable.

A copy of employee rights and responsibilities under the Family and Medical Leave Act is attached to the end of this policy.

Incidental Daily Absence [33]

[33: Modify this section to accommodate your bank’s needs. In some banks this has historically been labeled “personal days” or “sick days.” This broad title can be used to cover a variety of circumstances.]

Incidental days are for occasional missed work due to illness or other personal reasons. All part-time and full-time employees are eligible for five (5) incidental daily absences per calendar year. Incidental daily absences are considered excused absences and are separate from the bank’s short-term disability program. Incidental daily absences which extend beyond five (5) in any given calendar year, subject to management review, should be evaluated for potential counseling and/or disciplinary action. Incidental absences may not be carried over from year to year.

Personal Leave of Absence [34]

[34: Delete this section if your bank does not provide for personal leaves of absence.]

Unusual or unavoidable personal circumstances other than illness may require an employee to be absent from work for an extended period of time. A leave of absence without pay may be requested for up to thirty (30) days. To be eligible for personal leave, an employee must have at least twelve (12) months of continuous full-time or part-time employment. A request for a leave of absence must be submitted in writing and will be given consideration based on (1) the reason for the leave, (2) the ability to cover work while the employee is off, (3) the length of the requested leave, (4) the length of bank service, and (5) the frequency and length of any previous absences. A leave of absence must be approved by the employee’s manager and the bank President prior to the start of the leave.

While on leave, the employee is expected to maintain frequent contact with his/her manager and provide his/her manager advance notification of his/her intent to return. Upon returning from a leave of absence, every reasonable effort will be made to place the employee in the same position held when the leave began, or in a similar one, but circumstances may not always allow this to be done.

During the leave, the employee may continue his/her health insurance and any voluntary life insurance coverage; however, the employee will be required to pay the entire cost of all premiums. Insurance coverage an employee has at the start of the leave will be continued until the end of the month in which the leave begins. Failure to make timely payment of the premiums will cause termination of the coverage.

Other Leaves

Court Leave

All full-time and part-time employees required to perform (1) jury duty or (2) court witness service under summons or subpoena will receive full pay (minus the fees paid by the court) for time away from their regularly scheduled work. Appropriate documentation from the court must be supplied to the employee’s supervisor/manager for the employee to receive his/her pay. Employees dismissed from jury duty or witness service before the end of a regularly scheduled workday are expected to report for the balance of their workday. It is the employee’s responsibility to keep his/her manager periodically informed regarding the amount of time required for jury duty or court witness appearances.

Funeral Leave [35]

[35: The following example allows up to three days’ paid leave for the death of a member of the immediate family. This section must be changed to fit your bank’s practice.]

Full-time and part-time employees may take up to three (3) consecutive regularly scheduled workdays off with pay due to the death of a member of the employee’s immediate family. For this purpose, “immediate family” means only an employee’s spouse, parent, child, sibling, grandchild, or grandparent (including biological, step, and adoptive relationships); the sibling or parent of the employee’s spouse; the spouse of the employee’s child, and any relationship where the person acts/acted in the place of a parent. One (1) day off with pay, under the same conditions as above, will be provided in the event of the death of a brother-in-law or sister-in-law.

Military Leave [36]

[36: This is an example of a military policy. You should adjust it according to your bank’s practice and applicable state laws.]

All full-time and part-time employees with more than ninety (90) days of service who enlist or are drafted into the military will be granted a leave of absence without pay and are entitled upon discharge from the military to be reinstated to the bank to their former position without loss of status or reduction in pay.

An employee who completes his/her active duty obligation (without voluntarily re-enlisting or extending that obligation) is entitled to be reinstated to his/her previous position upon his/her written request, provided such request is submitted within 90 days of discharge or release from active duty. If the employee’s position no longer exists, he/she shall be reinstated to a substantially equivalent position.

Health Insurance [37]

[37: The following sections should be modified to describe the types of insurance coverage in effect at your bank and the employees eligible for those benefits.]

The bank has a package of insurance benefits available for full-time and part-time employees and their families. This coverage consists of health, life, and long-term disability benefits.

Group Health Insurance

The bank and its employees participate in a group health program. Employees may be required to share a portion of the cost of this program.

Continuation of Coverage (Consolidated Omnibus Budget Reconciliation Act or COBRA) [38]

[38: At this writing, this federal COBRA requirement applies to group health plans with 20 or more employees. Also, the requirements may vary by state; check your state’s revised code.]

If this federal law applies to your business, you are required to offer employees and former employees the option of continuing their health care coverage if their coverage is lost or reduced because:

* Their employment has been terminated for any reason (voluntarily or involuntarily unless due to gross misconduct,
* Their hours have been reduced and they lose coverage, or
* They’ve become eligible for Medicare.

Members of the employee’s family must also be given the opportunity to continue their coverage under certain qualifying events. COBRA gives rights to different people, depending on the qualifying event. Qualifying events may be related to the death of an employee, an employee who divorces or becomes legally separated, or if a dependent of an employee loses coverage due to marriage or age.

The amount of time the benefits must be continued is determined by the qualifying event and whether the employee is disabled. Currently, the time ranges from eighteen (18) to thirty-six (36) months. **[39]** If the employee elects continuing coverage under COBRA he/she must pay for both the employee’s and the employer’s share.

[39: Contact the plan administrator for your group health care plan if you have questions regarding how long the benefits must be continued.]

When a qualifying event occurs that gives an employee or family member the right to continue coverage, the bank must notify the plan administrator within 30 days. The plan administrator then has 14 days to notify the beneficiaries of their rights under COBRA. Persons eligible for such continuation of coverage have 60 days following the notice to elect such coverage.

Term Life Insurance

The bank currently makes term life insurance available to employees. The coverage, which is voluntary, provides a face value of insurance benefits equal to twice the employee’s annual earnings in the event of his/her death.

Long-Term Disability Insurance

The bank provides employees with the option to purchase long-term disability insurance through the bank’s group-sponsored plan.

401(k) Retirement Plan [40]

[40: Describe your bank’s retirement plan. If you do not offer a retirement program (pension, 401(k), profit-sharing, etc.), then delete this section.]

The bank has designed a retirement plan to assist employees in providing for a more secure financial future. Through a payroll deduction, employees may contribute a portion of their pay, not to exceed the maximum amount determined by the IRS. In addition, the bank may make contributions to the plan as authorized from time to time by the Board of Directors.

Worker’s Compensation

The bank pays for worker’s compensation coverage as required by state law.

Retirement

Employees eligible for retirement benefits under the bank’s retirement plan shall give no less than a two-month notice to their supervisor of their intention to retire.

Disciplinary Procedures

Discipline – Other Than Immediate Termination

All employees are expected to meet the bank’s standards of work performance. Work performance encompasses many factors, including attendance, punctuality, personal conduct, job proficiency, and general compliance with the bank’s policies and procedures.

If an employee does not meet these standards, the bank may, under appropriate circumstances, take corrective action other than immediate dismissal.

The intent of corrective action is to formally document problems while providing the employee with a reasonable time within which to improve performance. The process is designed to encourage development by providing employees with guidance in areas that need improvement such as poor work performance, attendance problems, personal conduct, general compliance with the bank’s policies and procedures, and/or other disciplinary problems. **[41]**

[41: Specific disciplinary courses of action will vary based upon the individual circumstance and the severity of the occurrence. However, in general, the improper behavior should be clearly identified followed by a regimen of progressive discipline. This is a common format for disciplinary procedures and should be modified to fit your situation. It is advisable to have your bank’s legal counsel review all disciplinary actions to ensure legal compliance.]

Such corrective action may include:

* Verbal counseling (no documentation in employee’s file)
* Verbal counseling (documented in employee’s file)
* Written warning (This should clearly identify the problem and outline a course of corrective action within a specific time frame. The employee should clearly understand both the corrective action and the consequence (i.e., termination) if the problem is not corrected or recurs. The employee should acknowledge receipt of the warning and include any additional comments of his/her own before signing it. A record of the discussion and the employee’s comments should be placed in the employee’s personnel file. Employees who have had formal written warnings should not be eligible for salary increases, bonus awards, promotions, or transfers during the warning period.)

Dismissals

Every bank employee has the status of “employment-at-will,” meaning that no one has a contractual right, express or implied, to remain in the bank’s employ. The bank may terminate an employee’s employment at any time, for any just reason, or an employee may terminate his or her employment, without cause, and with or without notice, at any time for any reason. No supervisor or other representative of the bank (except the President) has the authority to enter into any agreement for employment for any specified period of time or to make any agreement contrary to the above.

Immediate Dismissal [42]

[42: The following list is to be representative of the types of activities that may result in immediate dismissal of an employee. It is not exhaustive, is not intended to be comprehensive, and does not change the employment-at-will relationship between the employee and the bank. If your bank chooses to adopt this list, it is recommended that it is stated in a way that does not imply that these are the only ways to end the relationship.]

Any employee whose conduct, actions, or performance violates or conflicts with the bank’s policies may be terminated immediately and without warning.

Following are some examples or grounds for immediate dismissal of an employee:

* Theft of company (bank) property
* Excessive tardiness or absenteeism
* Violating company (bank) rules and regulations
* Arguing or fighting with customers or co-workers
* Using or possessing alcohol or illegal drugs at work
* Coming to work under the influence of alcohol or illegal drugs
* Failing to carry out reasonable job assignments
* Making false statements in a job application
* Unlawful discrimination or harassment

Resignations

Employees voluntarily resigning from employment are expected to provide management in writing with at least two (2) weeks’ notice in advance of the effective date of resignation. This affords management the opportunity to process the resignation and begin the process of finding a suitable replacement. Notice of less than two (2) weeks may be acceptable with management approval. The notice should also specify the employee’s last day worked. Failure to provide at least two (2) weeks’ notice and/or misuse/abuse of paid/unpaid time off during the notice period may be cause to disqualify a person from future rehire or reinstatement. Persons who provide proper notice may be rehired or reinstated into any position for which they are otherwise qualified. Accrued, unused vacation will be paid upon separation.

Should an employee resign to join a competitor, if there is any other conflict of interest, or if for any reason the bank is not comfortable with the terms of the separation, the manager may require the employee to leave the bank without affording him/her the opportunity to work out his/her notice. If such is the case, the employee will receive up to two (2) weeks of pay in lieu of the notice provided.

Exit Interview

Persons voluntarily separating from employment with the bank may be asked to complete an exit questionnaire and participate in an exit interview. Completion of the questionnaire and participation in the exit interview will take place during regular working hours without loss of pay to the employee. The purpose of the exit interview is to provide a forum for comments and constructive criticism from the employee regarding how he/she was managed during his/her employment tenure and to elicit suggestions and recommendations on how the bank management might improve itself. In addition, as part of the interview, the departing employee should return all bank property such as office keys, manuals, etc.

Employment Verification [43]

[43: The following is an example policy statement regarding providing prior employment information for reference purposes. This can be adjusted to your bank policy; however, implementing a policy similar to this may potentially reduce the bank’s legal risk and liability.]

It is the policy of the bank to provide dates of employment and position(s) held in the case of an inquiry on a current or prior employee. Personal information such as salary, telephone number, addresses, etc. may be provided with the current/former employee’s written authorization.

Rehire Eligibility

Any employee who voluntarily resigns from the bank and provides the required notice may be considered for re-employment in the future. Employees discharged from employment as a result of disciplinary action are not eligible for rehire.

Whistleblower Protection [44]

[44: Be sure to have bank counsel review this section and modify it accordingly.]

Our bank’s strength is dependent upon its employees, and they are encouraged and expected to bring to the attention of management issues that are or may be detrimental to the best interests of the bank and its customers. Avoiding illegal business conduct is a priority of the Bank. Employees are encouraged to report their concerns about possible violations through internal reporting mechanisms, as identified in the following section. They do not apply to other circumstances such as personality conflicts or routine performance assessments, for which there are other established appeal procedures.

Matters Covered

The following process and procedures apply to such matters, including without limitation, the following:

* Fraud or error in the preparation, evaluation, review or audit of any financial statement of the Bank;
* Fraud or error in the recordkeeping and maintaining of financial records of the Bank;
* Deficiencies in or noncompliance with the Bank’s internal accounting controls;
* Misrepresentation of false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports, or audit reports of the Bank; or
* Any deviation from full and fair reporting of the Bank’s financial condition and/or results of operations.

Procedures

The Audit Committee has adopted the following procedures:

* The Bank will promptly forward to the audit committee any complaints that it has received regarding financial statement disclosures, accounting, internal accounting controls or auditing matters.
* Any employee of the Bank may submit, on a confidential and anonymous basis if the employee so desires, any concerns regarding financial statement disclosures, accounting, internal accounting controls, auditing matters or violations of the Bank’s Code of Ethics. All such concerns will be set forth in writing and forwarded in a sealed envelope to the Chairman of the Audit Committee. The contact information for the Chairman of the Audit Committee will be posted in the employee lounge.
* Following the receipt of any complaints submitted hereunder, the Audit Committee will investigate each matter so reported and take corrective and disciplinary action, if appropriate, which may include, alone or in combination: a warning or letter of reprimand; demotion, loss of a merit increase, bonus or stock options; suspension without pay; or termination of employment.
* Initial contact from the Chairman of the Audit Committee will be within 24 hours of receiving the written notice, unless he/she is out of town. Any complaint must have a written response from Management to the Audit Committee Chair within 30 days from the date the complaint was received.
* The Audit Committee may enlist employees of the Bank and/or outside legal, accounting or other advisors, as appropriate, to conduct any investigation of complaints regarding financial statement disclosures, accounting, internal accounting controls, auditing matters or violations of the Code of Ethics. In conducting any investigation, the Audit Committee shall use reasonable efforts to protect the confidentiality and anonymity of the complainant.
* The Bank does not permit retaliation of any kind against employees for complaints submitted hereunder that are made in good faith.
* The Audit Committee will retain as a part of its records any such complaints or concerns for a period of at least seven years.

Review of Policy

The Board of Directors shall review this policy at least annually, making such revisions and amendments as it deems appropriate.