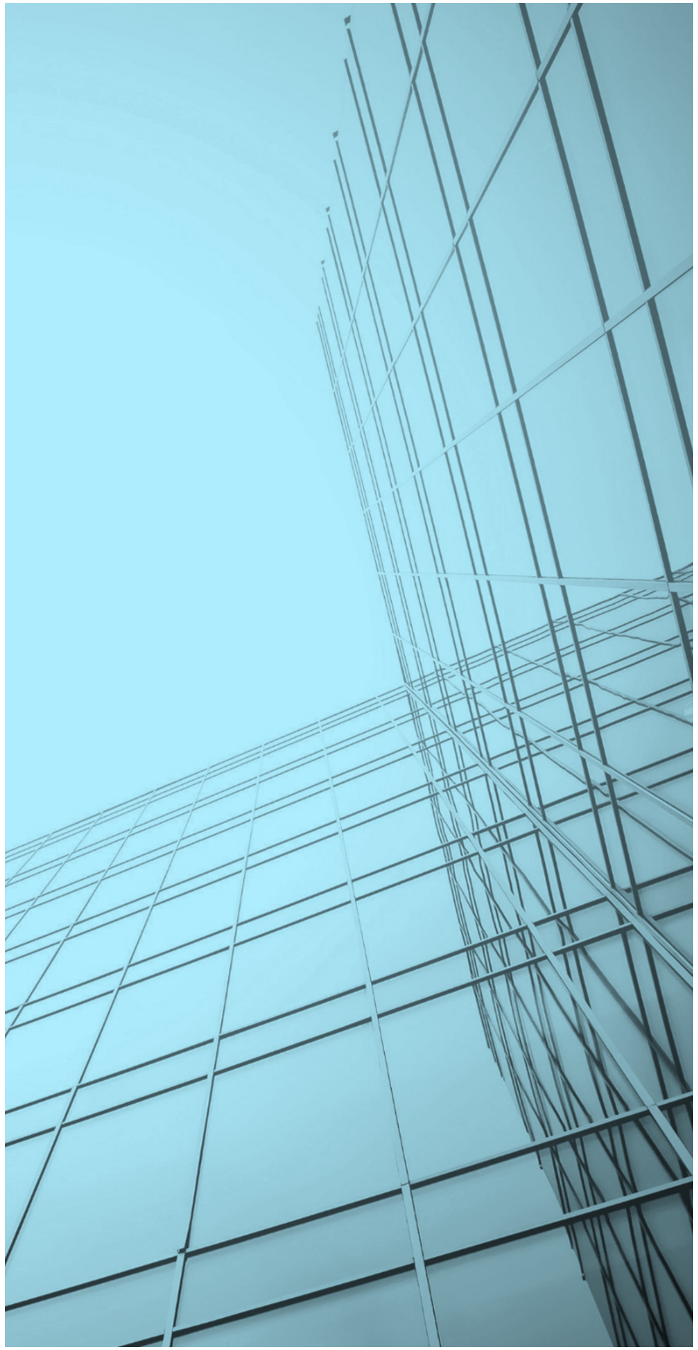

Getting Ready for Maryland FAMLI

A Strategic Roadmap for Implementation Planning

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From Refresher to Roadmap

Program Refresher

What FAMLI is, who's eligible, how it's funded and paid

2026: Lay the Foundation

Decisions and groundwork before contributions begin

2027: Build & Implement

Contributions, reporting, and system readiness

2028: Launch — Coordination & Experience

Benefits go live — coordinating with existing plans

Key Takeaways & Q&A

Action checklist and open discussion

Maryland FAMLI & Paid Leave in the DMV

Maryland: Implementation stage, 1/1/28 effective

Core benefits:

- **90%** replacement for earnings up to **65%** of the MD SAWW + **50%** replacement for earnings above
- **$1,000** max
- Up to **12 weeks***
- Qualifying events: employee medical, family care, bonding, military exigency & caregiver

50/50 employer/employee funded

Private plans available

** Plus an additional 12 weeks in certain circumstances*

DC: Active stage, 7/1/20

Core benefits:

- **90%** replacement for earnings up to **150%** of **40x** DC minimum wage + **50%** replacement for earnings above
- **$1,190** max
- Up to **12 weeks** + **2 prenatal**
- Qualifying events: employee medical, family care, bonding

100% employer funded (**0.75%** of wages)

Public plan only

Virginia: Legislation passed, 12/1/28 effective

Core benefits:

- **80%** replacement
- Capped at VA AWW (**$1,507.01** in 2026)
- Up to **12 weeks**
- Qualifying events: employee medical, family care, bonding, military exigency & caregiver, safe leave

50/50 employer/employee funded (rate TBD)

Private plans available

Coverage & Eligibility

Coverage is based on the employee's work state

Localization Rules	Examples
Residence vs. Work State	Employee works full-time in Maryland but lives in Virginia → Covered Employee works full-time in D.C but lives in Maryland → Not covered
Remote Workers	Employer is based in Maryland, and employee works full-time remotely from Florida → Not covered Employer is based in D.C., and employee works full-time remotely from Maryland → Covered
Hybrid Workers	Employee is hybrid and works in both D.C. and Maryland → Depends! May depend on which work is incidental or the base of operations
No Base of Operations	Employee works across multiple states (ex. truck drivers) → May default to where the employee lives if no clear base of operations

Covered Employer: any private or governmental entity that employs at least 1 person in Maryland

Covered Employee: must have worked 680 hours in Maryland over the 4 most recently completed calendar quarters

But what does this mean for employers?

- Compliance
- Cost & payroll deductions
- Workforce planning
- Integration and updating other disability/leave programs
- Coverage decisions

Funding & Benefit Payments

0.9%

Total contribution rate

Reviewed annually each November (1.2% cap)

0.45%

Employer/Employee share

Employers with fewer than 15 employees are exempt from the employer share, but still must withhold and remit employee portion

$184,500 (2026)

Contributions are capped at the Social Security Wage Base

Applies to both employee and employer shares

Weekly Benefit Amount

Up to $1,000

Benefit percentage is tiered by employee's wages —

At or below 65% of the SAWW:	90% of average weekly wage
Above 65% of SAWW:	90% up to that amount, plus an additional 50%

Calculation Factors

State Average Weekly Wage

$1,537 (2026)

65% tier used for 90% tier

$999.05

Employees making $999.05 or less will receive a full 90% replacement

Employee Example

Employee Profile: Emma is an Operations Manager earning $96,000/year ($1,846.15 average weekly wage). She works for a large company with over 1,000 employees and is taking 8 weeks of continuous FAMLI leave for her own serious health condition.

Emma's FAMLI Contributions

$96,000 /year

Emma's annual cost (0.45%)	**$432.00**
Employer's annual cost (0.45%)	**$432.00**
Total FAMLI Funding	**$864.00**

Emma's FAMLI Benefits

$1,000 /week

*Based on Emma's weekly wage on **$1,846.15***

State average weekly wage (SAWW)	**$1,537**
65% of state average weekly wage	**$999.05**
Tier 1: 90% of that threshold	**$899.15**
Emma's additional wages ($1,846.15 - $999.05)	**$847.10**
Tier 2: 50% of amount above threshold	**$423.55**
Calculated benefit (tier 1 + tier 2)	**$1,322.70**
Emma's actual benefit (capped at max)	**$1,000.00**

Common New State PFML Misconceptions

If I ignore it, it will go away

Non-compliance with Maryland FAMLI obligations may result in penalties and interest for failure to remit contributions. Separate risk exists for retaliating or interfering with an employee's rights during leave.

2027 Births don't qualify for FAMLI in 2028

Bonding time under FAMLI can be used up until the child's first birthday, or one year from placement. Even if an employee took FMLA time for bonding in 2027, they could still be eligible for FAMLI benefits in 2028.

Employee will be automatically approved for benefits

Every claim goes through eligibility review and specific documentation is required. Benefits may be delayed or denied if proper supporting evidence is not provided.

My existing disability policy covers me for FAMLI

A standard short-term disability policy or internal leave program does not typically match the state PFML benefits. Unless the policy has been submitted and approved by the state as an Equivalent Private Plan, it doesn't satisfy the FAMLI mandate.

The state administers the program, so employers don't have to do anything

Employers still need to register, remit contributions, file quarterly wage reports, and comply with internal notice requirements. The state may manage claims, but there is still internal coordination needed.

Maryland, D.C., and Virginia will all work the same

Every state is unique and while some takeaways from D.C. can be applied to Maryland, there are meaningful differences in the benefits and program administration. Virginia will also add a new layer of complexity as implementation begins.

Strategic Planning

A Three-Year Roadmap

2026: Before Contributions Begin

01 Business Impact

- Assess employee headcount and work locations
- Model FAMLI contribution costs & budget needs
- Review entire workforce footprint for multi-state complexity

02 Actions Needed

- Complete employer registration with FAMLI
- Decide between the state and private plan (Declaration of Intent window: Sept. 1st – Nov. 15th)
- Provide contribution notices to employees one pay period prior to deductions

03 Internal Reviews

- Determine payroll and HRIS system readiness
- Audit PTO, short-term disability, internal paid leave or salary continuation policies for overlap and gaps
- Communicate to employees and begin framing the FAMLI program impacts

2027: Before Benefits Begin

01 Awareness

- Monitor regulatory guidance and state milestones
- Track state average weekly wage, and Social Security wage cap updates
- Watch for educational opportunities and best practices

02 Compliance

- Withhold and remit required quarterly contributions
- Finalize private plan application (if utilizing)
- File quarterly wage reports
- Provide all required employee notices starting July 2027

03 Readiness

- Train HR staff and front-line managers on FAMLI benefits and responsibilities
- Build the internal administration workflow for tracking and coordinating benefits
- Update all handbooks and policies accordingly

2028: Shared Responsibility for Success

The Employer Role

- Keep coordination-of-benefits logic accurate across FAMLI, STD, FMLA, and PTO so combined pay and duration is right every time
- Respond promptly to state requests when an employee files a claim, and maintain timely remittance of contributions and wage reports to avoid penalties and interest
- Remain an active participant, whether with the state or a private plan, and monitor claims trends and employee feedback to refine processes year over year

The Employee Role

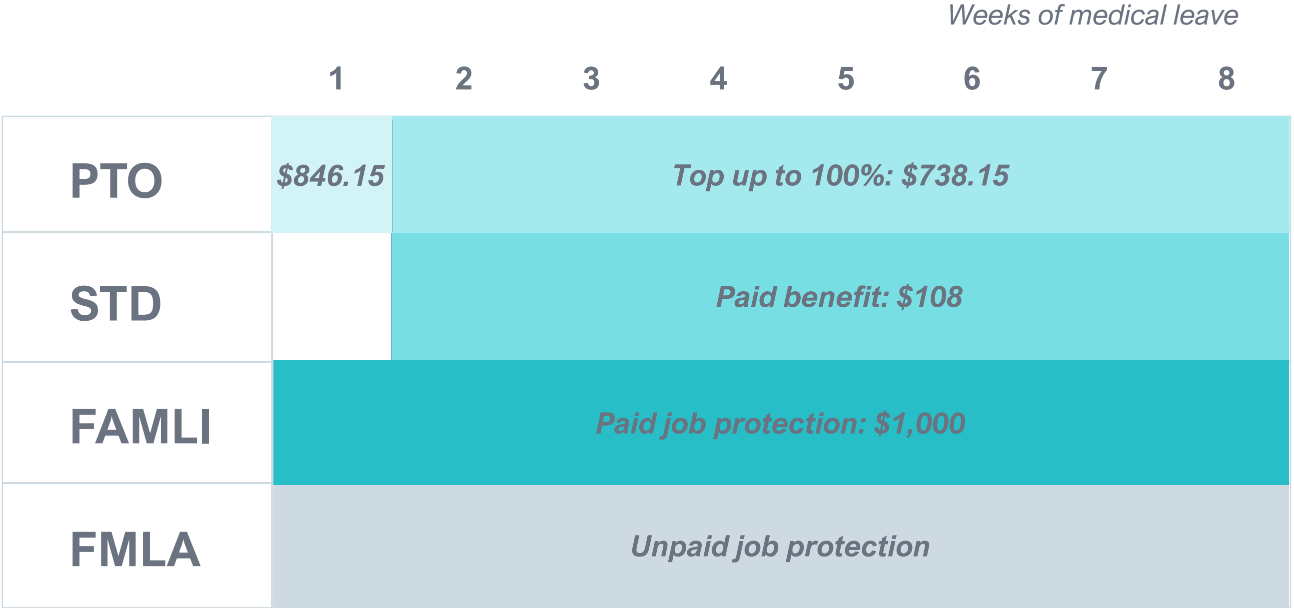
- Give as much advance notice as possible for foreseeable leave, like bonding or planned surgeries
- Submit certifications or requested updates promptly to ensure benefits are processed accurately and payments are not delayed
- Understand the FAMLI program rights, employee responsibilities, payroll deductions, and whether the employer uses the State Plan or a private plan — so there are no surprises

The Employee Leave Experience

Remember Emma?

The scenario: Emma is taking 8 weeks of leave for her own medical condition. Her employer also provides a short-term disability policy that provides 60% wage replacement up to a maximum of $2,500. The policy lasts up to 26 weeks with a 7-day elimination period.

Weekly 60% STD Benefit	**$1,108**
Weekly Maximum MD FAMLI Benefit	**$1,000**
STD benefits – MD FAMLI offset	**$108**
7 Weeks of STD payments	**$756**
8 weeks of MD FAMLI payments	**$8,000**
Emma's total benefits received	**$8,756.00**



Note: employers cannot require PTO usage prior to receiving FAMLI benefits. Topping off with accrued PTO is voluntary.

The Employee Leave Experience: Part 2

What if Emma needs another leave?

The scenario: Six months following her first leave of absence, Emma has another medical issue that causes her to need 12 weeks of leave.

Weeks of medical leave

	1	2	3	4	5	6	7	8	9	10	11	12
PTO	*$846.15*	*Top up to 100%: $738.15*										
STD		*Paid benefit: $108*		*Paid benefit: $1,108*								
FAMLI	*Paid job protection: $1,000*											
FMLA	*Unpaid job protection*											

Considerations for Keeping STD in Place

- FAMLI caps on benefit amount and duration
- Coverage gaps for eligibility
- Competitiveness for benefit package
- Potential cost savings
- Administrative simplification
- Overlaps and duplication

Maximizing Coverage & Coordination

- Outline clear offset structure & combined caps
- Set plan provisions so STD supplements state benefits (maximums, durations)
- Streamline paperwork process (STD, FMLA, FAMLI)
- Consider single carrier administration & consolidated internal tracking methods
- Align notice requirements, calculation method, intermittent usage when possible

Key Takeaways

A Roadmap for Success

Benefit Ceilings and Plan Designs
Capped, tiered benefits create income gaps and inconsistencies for workers across the DMV

2026 Decision Time
Private plan election window opens soon, and preparation for payroll deductions must occur prior to January 2027

Compliance Check-in
Now is the time to ensure all business impacts are identified: covered workforce, budget modeling, notice requirements

Embrace, Not Ignore
Register for state newsletters, review the FAQs, and stay engaged to avoid misconceptions

Coordination is Key
Integrate the MD FAMLI benefits into your overall leave strategy so that the program is a core component rather than an add-on

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Q&A

THANK YOU FOR YOUR TIME