



CITY OF GAITHERSBURG

SUMMARY OF EMPLOYEE BENEFITS

The City of Gaithersburg offers a competitive and comprehensive employee benefit package to eligible full-time employees. This summary of benefits highlights general information about the benefits available; additional information is available from the Department of Human Resources, in the City's Personnel Regulations & Administrative Policies, or online at www.gaithersburgmd.gov.

Health Benefits

General Information

Employees have up to 30 calendar days from the date of hire to enroll in medical, dental, vision, and long-term care insurance coverage; coverage is effective upon enrollment unless otherwise indicated. Premiums for the City's group medical, dental, and vision insurance plans are a shared responsibility. For medical and dental insurance, the City pays 85 percent of the lowest premium in each coverage tier offered and the employee pays the remaining 15 percent. For vision insurance, the City pays 80 percent of the lowest premium in each coverage tier offered and the employee pays the remaining 20 percent. Payments for the employee's share of insurance premiums are made through payroll deduction during each payroll period. An employee that selects coverage under a more expensive plan, if one is offered, must pay the additional premium.

Employees, their qualifying spouse, and qualifying family members are eligible for insurance coverage; documents to substantiate eligibility will be required for enrollment. The medical, dental, and vision plans allow a qualified child to remain on a parent's insurance policy until the child reaches the age of 26.

Benefit elections remain in effect for an entire fiscal year unless the employee experiences a qualifying life change event (marriage, divorce, birth/adoption of a child, etc.). In such cases, the employee must enroll in, discontinue, or make changes to insurance coverage within 30 days of the date of the qualifying event; changes must be consistent with the qualifying event. Otherwise, changes to health benefits may only be made during open enrollment periods, which are held annually prior to the beginning of each fiscal year. Reenrollment in health benefits is required each year during open enrollment whether or not changes are requested.

Medical (CIGNA HealthCare)

Medical insurance coverage is offered through the CIGNA HealthCare Open Access Plan. The Open Access Plan design is a network-based plan that encourages participants to receive covered services from preferred physicians, health care practitioners, or facilities (like an HMO) but allows participants to use non-preferred physicians, health care practitioners, or facilities with some out-of-pocket costs. No referrals are required.

Participants are required to meet an annual (fiscal year) deductible, which is the amount a participant needs to pay before the plan starts paying benefits (copays do not apply to the deductible); however, the City reimburses employees for the deductible amount applicable to services provided by in-network providers if participating employees, their spouse, and

all other dependents participating in the Plan have completed a preventative care exam during the 12-month period prior to incurring the deductible. Copays and out-of-network deductibles are not eligible for reimbursement.

Dental (Sun Life)

This indemnity plan with a dental maintenance organization (DMO) option allows employees to select a dentist of their choice or to receive increased savings for services provided if they select a participating dentist using the DMO option.

Two options are offered: the Basic Plan and the Enhanced Plan, which offers enriched benefit coverage to the Basic plan at an additional cost to the employee. The maximum allowed benefit per person is \$2,000 annually.

Vision (National Vision Administrators)

This network-based plan encourages participants to receive covered services from participating providers but allows the use of non-participating providers with some out-of-pocket costs. Participation is optional.

**HEALTH BENEFITS
FY 2026 EMPLOYEE PREMIUMS (PER PAY PERIOD)**

Tier Level	Medical	Basic Dental	Enhanced Dental	Vision
Employee	\$ 80.45	\$2.92	\$3.99	\$.30
Employee + Spouse	\$ 153.69	\$6.05	\$8.27	\$.74
Employee + Child	\$ 108.00	\$6.05	\$8.27	\$.74
Employee + Children	\$ 147.12	\$8.93	\$12.47	\$.74
Employee + Family	\$ 205.89	\$8.93	\$12.47	\$.74

Retirement Health Savings Plans

Employees who waive medical and/or dental coverage offered by the City may request that the City contribute a portion of its share of the cost of individual coverage to a non-taxable Retirement Health Savings (RHS) Plan. Employees may use monies contributed to the Plan at any time for eligible health care expenses not reimbursed through health insurance programs. The FY 2026 RHS Plan in lieu of contribution by the City per pay period is \$227.93 (Medical) and \$16.54 (Dental).

Employees hired on or after July 1, 2018, receive an employer contribution of \$76.93 per pay period to a non-taxable Retirement Health Savings (RHS) Plan; monies contributed to this Plan are accessible to the employee only after they meet the Internal Revenue Service definition of “retired” under the plan and are intended to assist individuals with health insurance costs upon retirement (see *Retirement Benefits* section of this Summary for information regarding health insurance coverage after retirement from the City). An employee is fully vested in this Plan after completing three years of City service; fully vested employees maintain ownership of the Plan upon separation from City employment for any reason.

Flexible Spending Accounts

Flexible Spending Accounts allow employees to pay for certain medical, dental, dependent care, and transportation expenses with pre-taxed dollars, which means that taxable earnings are reduced so the employee pays less taxes on earnings thereby increasing take home pay. The maximum amount that can be set aside for health care expenses per the 2025 calendar year is \$3,300; the maximum that can be set aside per calendar year for dependent care is \$5,000; and the maximum amount that can be set aside for transportation expenses is \$325/month.

Employees are eligible to participate upon hire and may enroll/reenroll each year. Total Administrative Services Corporation (TASC) administers the program; the City pays all administrative costs.

Retirement Benefits

Retirement Savings Plans

Employees are eligible to enroll in all City of Gaithersburg retirement plans immediately upon hire. Employee contributions toward retirement savings are made through payroll deduction. MissionSquare Retirement administers the retirement savings plans for the City. MissionSquare provides plan administration, education, and communication services, and sponsors investment options for deferred compensation and qualified retirement plans maintained by state and local governments for their employees. Retirement plans offered are:

401A Money Purchase Plan

The City contributes the equivalent of 8 percent of the employee's annual base salary to this plan at no cost to the employee. The plan has a gradual vesting schedule; and an employee is fully vested after five years of service.

401A Money Purchase Supplemental Retirement Plan

This supplemental retirement plan is available to eligible employees in the Public Works and Police Departments who have physically demanding jobs on a consistent basis. The City contributes 2 percent of the employee's annual base salary to this plan if the employee is contributing at least 5 percent of their annual base salary in the 401K Profit Sharing Retirement Plan, and it contributes an additional 3 percent (for a maximum of 5 percent) of the employee's annual base salary to this plan if the employee is contributing at least 5 percent of their annual base salary in the 457 Deferred Compensation Retirement Plan. The plan has a gradual vesting schedule; an employee is fully vested after 10 years of service.

401K Profit Sharing Retirement Plan

The City matches 3 percent of the first 5 percent of the employee's annual base salary contributed by the employee to this Plan. The plan has a gradual vesting schedule; and an employee is fully vested after five years of service. Employee contributions to this plan are pre-taxed and tax deferred.

457 Deferred Compensation Plan

This supplemental retirement plan is funded through employee contributions only; no vesting period is required. Participants in this plan can take distributions from the plan upon separation from City service without an IRS penalty regardless of the employee's age. Employee contributions to this plan are pre-taxed and tax deferred.

Roth IRA

This supplemental retirement plan is funded through employee contributions only; no vesting period is required. Employee contributions are not pre-taxed or tax deferred; but the earnings on Roth IRA accounts are distributed tax-free, provided they are not withdrawn in the first five years.

*Qualified public safety employees may withdraw from eligible plans without the additional 10% early distribution income tax penalty if they are at least 50 years old in the year that they separate from City service.

Retirement Eligibility

To retire from the City of Gaithersburg and qualify for health care and other benefits offered to official City retirees, an employee must meet certain eligibility requirements. To retire from the City under the General Retirement Plan, an employee must be at least 50 years of age, have at least 15 years of service, and years of service plus age must equal 75. To retire from the City under the Early Retirement Plan, an employee must be at least 46 years of age and have a minimum of 20 years of service.

Retiree Benefits

Individuals who meet the City's eligibility requirements may elect to participate in a variety of benefit programs upon retirement. Except where indicated below, all benefits afforded to a retiree at the time of retirement remain the same whether an employee retires under the General Retirement Plan or the Early Retirement Plan. Benefits added after an employee's retirement date are not provided to the retiree. A retiree and/or their covered dependent(s) who are under age 65 are covered under the same health insurance plans as an active employee; however, medical plan changes may occur when the retiree and/or covered dependent(s) reach age 65 (see details below).

Employees Hired Prior to July 1, 2018:

Employees hired prior to July 1, 2018, retiring under the General Retirement Plan pay the same percentage of health insurance premiums (medical, dental, vision) upon retirement as an active employee. Employees hired prior to July 1, 2018, retiring under the Early Retirement Plan pay 5 percent more for health insurance premiums (medical, dental, vision) upon retirement than paid by an active employee.

When a City retiree who was hired prior to July 1, 2018, and who is the subscriber of the City's medical insurance coverage reaches age 65, Medicare becomes the individual's primary medical plan and the City's medical insurance plan for individuals age 65 and over (which includes prescription drug coverage) becomes the secondary medical coverage. If a City retiree's eligible dependent(s) reach age 65 before the retiree, the dependent's primary medical plan becomes Medicare and the City's medical insurance plan for individuals age 65 and over (which includes prescription drug coverage) becomes the secondary medical coverage. To avoid a gap in medical coverage, the individual must enroll in Medicare Part A (Hospital) and Part B (Medical) during their initial Medicare enrollment period (which begins 3 months before their 65th birthday). The individual's previous medical plan may not cover medical costs incurred during any period in which a retiree was eligible for the Medicare plan but failed to enroll.

Employees Hired On or After July 1, 2018:

Employees hired on or after July 1, 2018, retiring under the General Retirement Plan will pay 10 percent more for health insurance premiums (medical, dental, vision) upon retirement than the percentage paid by active employees. Employees hired on or after July 1, 2018, retiring under the Early Retirement Plan will pay 15 percent more for health insurance premiums (medical, dental, vision) upon retirement than the percentage paid by active employees.

When a City retiree who was hired on or after July 1, 2018, and who is the subscriber of the City's medical insurance coverage reaches age 65, Medicare becomes the individual's primary medical plan; no secondary medical insurance coverage is available to the individual through the City. If a City retiree's eligible dependent(s) reach age 65 before the retiree, the dependent's primary medical plan becomes Medicare and the City retiree under 65 will remain on the City's medical insurance until the retiree reaches the age of 65. To avoid a gap in medical coverage, the individual must enroll in Medicare Part A (Hospital), Part B (Medical), and Part D or equivalent (Medicare prescription drug coverage) during their initial Medicare enrollment period (which begins 3 months before their 65th birthday). The individual's previous medical plan may not cover medical costs incurred during any period in which a retiree was eligible for the Medicare plan but failed to enroll.

Income Protection

Long-Term Disability Insurance

Long-term disability insurance is provided as a source of income protection if an employee is injured on or off the job. This coverage provides the employee with up to 60 percent of their salary, up to a maximum of \$6,500 per month, beginning 90 days after the onset of disability. Coverage begins the first day of the month following the employee's hire date.

The amount of the long-term disability insurance premium is based on the employee's salary and is deducted through payroll deduction; however, the same amount is added into the employee's income to offset the amount of the premium.

(reflected as a “taxable fringe benefit” on the pay statement). As a result, the only cost to the employee is the tax on the additional income. Since employees pay long-term disability premiums after taxes, any income they receive from long-term disability benefits are tax free.

Workers' Compensation Insurance

All employees are covered by Workers' Compensation insurance in the event they sustain a work-related injury, illness, or death that arises in the course of their employment with the City. Under the City's Workers' Compensation policy, an employee will be provided with full pay, up to the first 90 days after an accident, if the employee is unable to return to work. After 90 days, Workers' Compensation will pay 66 2/3 percent of the employee's gross average weekly wage at the time of the accident up to a statutorily established cap. Workers' Compensation insurance will pay for all reasonable medical expenses related to the accident, disability, or death. Any work-related injuries/illnesses should be immediately reported by the employee to their supervisor. Any income received from Workers' Compensation is not taxed.

Survivor Benefits

Life Insurance (Lincoln Financial)

Basic Life

In the event of the employee's death due to natural causes or accident, the employee's beneficiary will receive three times the employee's annual salary up to a maximum of \$350,000. Basic life insurance benefits are provided at no cost to the employee.

Life Insurance (Lincoln Financial)

Accidental Death and Dismemberment

Employees are also covered by this supplemental life insurance policy if their death or severe bodily injury is due to an accident. In that event, the employee's beneficiary will receive a payment in the amount of seven times the employee's annual salary up to a maximum of \$600,000 (in addition to the Basic Life payment). Accidental death and dismemberment life insurance benefits are provided at no cost to the employee.

Pay Dates & Direct Deposit

Employees are paid biweekly. The standard pay period begins at 12 a.m. on a Sunday and ends 14 calendar days later at 11:59 p.m. on Saturday. Pay dates are on Friday of the week following the pay period. As a condition of employment, all employees of the City of Gaithersburg will have their salaries directly electronically transferred to an account or accounts selected by the employee. Direct deposit is fast and reliable, offering employees faster access to their pay and the additional security, convenience, and flexibility of electronic banking.

Paid Time Off

Annual Leave

Employees begin accruing annual leave immediately upon hire. Annual leave hours are earned each payroll period at a rate that corresponds to the employee's length of service:

<i>Year of Service</i>	<i>Hours Accrued Per Pay Period</i>	<i>Year of Service</i>	<i>Hours Accrued Per Pay Period</i>
0 – 3	3.70	10 – 12	6.47
4 – 6	4.62	After 12 years	7.38
7 – 9	5.55		

Annual leave may be used as it is accrued, with prior supervisor approval. Annual leave is accrued on a fiscal year basis. No more than 240 hours of annual leave may be carried forward from one fiscal year to the subsequent fiscal year; any excess at the end of the fiscal year is credited to the employee's accumulated sick leave.

Employees may request and receive payment for a maximum of 80 hours of unused annual leave in a fiscal year, provided that employees exercising this option have taken a cumulative 40 hours of leave prior to the request and that the employee maintains a minimum balance of 40 hours after the leave is sold. Employees who resign or retire from service will be paid for unused annual leave up to a maximum of 240 hours.

Sick Leave

Employees begin accruing 4 hours of sick leave each pay period immediately upon hire. Sick leave may be used as it is accrued and may be accrued with no maximum balance, providing excellent protection against an unexpected or prolonged illness. Accrued sick leave may be applied day-for-day in order to assist an employee in meeting the years of service retirement requirement.

An employee who separates from City employment under any circumstances other than retirement does not receive payment for unused sick leave. Upon retirement from City service under the City's General Retirement Plan or Early Retirement Plan, a full-time employee hired prior to July 1, 2018, is paid for 25 percent of the sick leave they have accumulated to their credit as of the date of retirement; and an employee hired on or after July 1, 2018, is paid for 35 percent of the sick leave they have accumulated to their credit as of the date of retirement.

The retiree receives payment for accumulated sick leave in the form of an employer contribution to their 401A Money Purchase Retirement Plan rather than a cash payout. 401A contributions are not subject to income tax withholding or FICA taxes, so the sick leave payout contribution is not taxed when it is contributed to the retiree's 401A Plan. The contribution is made at the retiree's base pay rate in effect on their retirement date. Although the payout must be made via the 401A contribution, the retiree can withdraw funds from their 401A retirement plan at any time – even the next day – without penalty (provided they are at least age 59½). Any funds withdrawn are taxable at the individual's ordinary income tax rates at the time of withdrawal. *(See page 4 regarding exemption from the 10% penalty tax on early distributions from eligible plans for qualified public safety employees who have reached age 50.)*

The IRS limits annual contributions made by an employer and an employee to a 401A Retirement Plan to \$61,000. If the amount of the retiree's sick leave payout contribution plus any previous employer contributions to the retiree's 401A retirement plan(s) in the calendar year exceeds that amount, the retiree will receive any remaining portion of their sick leave payout in cash, with appropriate taxes deducted.

Personal Leave

Employees are granted a maximum of 28 hours of personal leave each fiscal year for use in attending to personal obligations; personal leave is granted to employees hired after July 1 of each fiscal year on a pro-rated basis. Personal leave may be used any time after hire, with prior supervisor approval. Personal leave may not be accrued or carried forward to the following year. Accrued personal leave balance can be viewed in the timekeeping system (Kronos).

Family Care Leave

Full-time employees who are eligible for family and medical leave under the Family & Medical Leave Act (FMLA) may receive up to 8 weeks (320 hours) of paid Family Care Leave per rolling 12-month period to care for and bond with a newborn or newly adopted or newly placed child, or to care for a family member with a serious health condition. Family Care Leave runs concurrently with FMLA. Eligible part-time employees may receive a pro-rated amount of paid Family Care Leave.

Holiday Leave

Employees receive paid holiday leave for 11 holidays observed by the City each year. City offices are closed on New Year's Day, Martin Luther King, Jr., Day, Presidents Day, Memorial Day, Juneteenth, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, Thanksgiving Friday, and Christmas Day.

Volunteer Service Leave

The City of Gaithersburg encourages employees to become involved in the community, lending their voluntary support to programs that positively impact the quality of life for the Gaithersburg community. Employees are granted 12 hours of volunteer service leave each July 1; volunteer service leave is granted to employees hired after July 1 of each fiscal year on a pro-rated basis. Volunteer service leave may not be accrued or carried forward to the following year.

Miscellaneous

Paid time off is granted for jury duty, bereavement leave, and military leave.

Special Benefits & Programs

Employees are eligible to participate in these benefits or programs immediately upon hire, except where indicated.

Tuition Assistance Program

The City will pay a maximum of \$5,250 per eligible employee per fiscal year to encourage and support efforts to obtain skills, knowledge, and abilities that increase the employee's effectiveness and work performance in their present position and improve their career opportunities with the City of Gaithersburg. Employees who have successfully completed their 12-month probationary period with the City are eligible to participate in the program.

Employee Assistance Program (EAP)

The Employee Assistance Program provides short-term, confidential counseling for employees and their family members at no out-of-pocket expense to the employee. The employee and each of their eligible dependents may receive up to six free counseling sessions.

GFit Wellness Program

The GFit Wellness Program is a healthy lifestyle incentive program to help employees take an active role in preserving their good health and improving their overall quality of life. The program offers quarterly reimbursement for eligible expenses (maximum of \$45 per month/\$135 per quarter).

Multilingual Skills Stipend Program

Certified employees who use multilingual skills to assist the general public on a daily basis in the course of their employment are eligible to receive a stipend for providing these services (\$80 per pay period compensated through the payroll process).

Language Learning Program

The language learning program is offered to full-time employees through Babbel, a virtual program that provides an accessible, engaging way to become conversational in a new language. Participation fee is \$40 for a user license to be granted.

Housing Stipend Program

Employees who reside within the corporate limits of Gaithersburg and meet other eligibility requirements and income limits may receive a housing stipend to assist in the costs of rent or mortgage payments (\$300 or \$200 per month, depending on total household income).

First-Time Homebuyer Assistance

Employees who are first-time homebuyers could be eligible to apply for a loan from their 401K retirement plan to assist with purchasing a home.

Student Loan Assistance Benefit

Employees in the Highway Benefits program who pay on their student loans will receive up to a 5% employer match to their City 401(k) retirement plan. Employees who enroll in the Highway Benefits program will have access to a program that allows them to model customized payoff plans based on their actual loans.

Personal Cell Phone Program

Employees receive discounted equipment and service plan rates for personal cell phones through this AT&T program. Cost of the equipment and monthly service plan fees are paid by the employee directly to the service provider.

Uniforms/Clothing Allowance

Uniforms and safety footwear are provided at no cost to all City of Gaithersburg employees who are required to wear uniforms or protective footwear as part of their normal job duties. A clothing allowance to provide for the purchase of required clothing and equipment may be authorized by the City Manager based upon an employee's job requirements.

Credit Union

Employees have the option of participating in the SkyPoint Federal Credit Union, a member-owned, not-for-profit financial institution dedicated to serving government employees, local employee groups, and their families in the Washington Metropolitan area.

Microsoft® Workplace Discount Program

This program enables eligible employees to buy an annual subscription of Microsoft® 365 Family or Microsoft® 365 Personal at a 30% discount for use on personal devices. More information may be accessed here:

<https://www.microsoft.com/en-us/workplace-discount-program>

Recreation & Leisure Opportunities

Employees receive a complimentary membership to all City recreational facilities and are eligible to participate in City recreation and leisure activities (classes, trips, etc.) at a reduced rate.

This Benefit Summary highlights the main features of the benefit plans offered by the City to eligible full-time employees; it does not include all plan details or rules, including limitations and exclusions. The terms of the benefit plans are governed by legal plan documents which are the final authority. The City reviews its policies, procedures, and benefits periodically and reserves the right to alter, modify, reduce, or eliminate any policy or benefit at any time with or without advance notice.

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