



WA Cares Long-Term Care Program*

How the new legislation may impact your Washington state employees.

The state of Washington enacted a WA Cares Long-Term Care program. Beginning January 2022, any W-2 employee in Washington must pay a maximum 0.58% of annual wages into a state fund through payroll taxes, withheld each paycheck. **Employees can permanently opt-out of the program by purchasing qualified private Long-Term Care (LTC) coverage before November 1, 2021** and applying for an exemption beginning October 1, 2021.

What is the WA Cares Long-Term Care program?



Beginning January 2022, any employee in Washington must pay a maximum 0.58% of annual wages into a state fund through payroll taxes, withheld each paycheck.



Employees must pay into the program for three of the past six years **and** a total of 10 years (five of which must be consecutive) to qualify for the benefit. Employees continue to pay into the program for as long as they continue to work.



Employers must collect this assessment through after-tax payroll contributions and remit those premiums quarterly to the Washington Employment Security Department (ESD).



Employees are responsible for requesting and maintaining their opt-out status while employers are responsible for refunding any contributions collected after receiving an employee's exemption notice.

Who is impacted?



W-2 employees in Washington State



18+ years old may participate



Work 500+ hours per year to be eligible for benefits



No income max including variable compensation as part of total income

Exempt

- **Self-employed individuals** but may choose to opt in
- **Collectively bargained employees** until contracts are renegotiated or expire

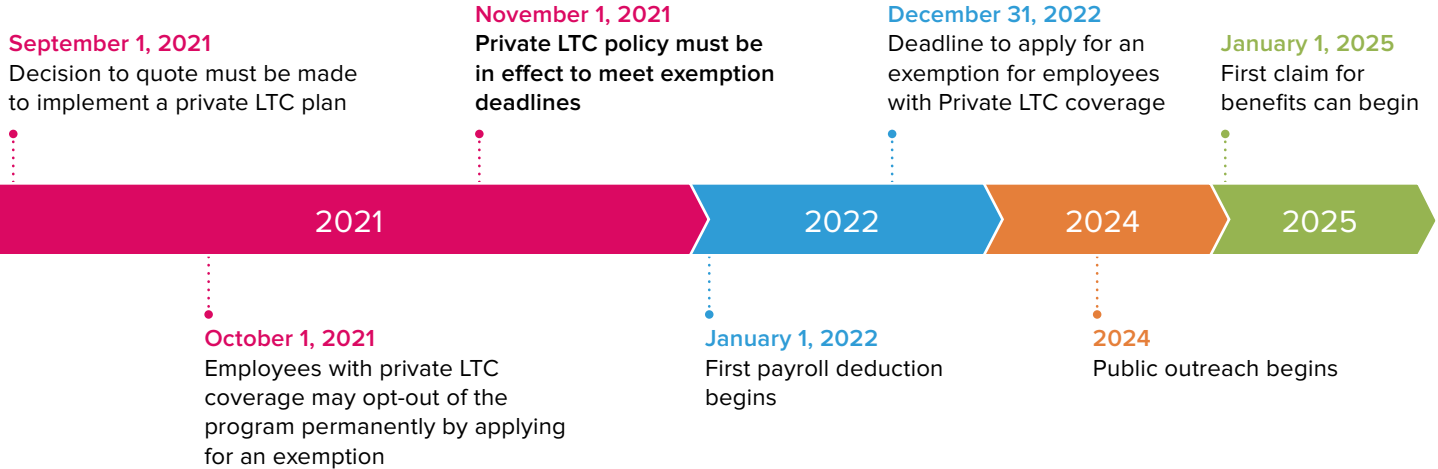
Non-eligible

- **Retirees** may not pay premiums or qualify for the benefits
- **Non-working spouses**



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Timeline



What are the benefits?

\$36,500

lifetime benefit (\$100/day)
for qualified LTC expenses

At the time of claim, employees must:

- Reside in Washington
- Receive care in Washington
- Need help with at least three activities of daily living

Benefits become available to employees and retirees starting in 2025

What are my options?

Most employees will want to avoid the tax and the best option is a Whole Life Policy with a Long-Term Care Rider. ABD can help by providing you with options based on employee size. Contact us today to find out how ABD can find the best solution for your company!

*As of today, this legislation is still a fluid situation as Washington continues to finalize details around the law. For more info go to: www.wacaresfund.wa.gov



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