



## LTC Planning

### The Long-Term Care Trust Act

Washington state enacts first public long-term care insurance program.

**The Long-Term Care Trust Act creates a publicly funded long-term care benefit for Washingtonians that provides a basic level of long-term care protection for working residents.**

#### What we know

- The program is funded through a payroll tax.
- Based on current expectations, employees are required to contribute 58 cents per every \$100 of income through a payroll deduction.
- Once vested, total lifetime benefits are \$36,500/person that is adjusted for inflation.
- LTC benefits are only available to employees in the state of Washington and are not transferable.
- Individuals that own a private long-term care insurance policy are able to opt out of the program by applying for an exemption with their employer. At this current time the rules and requirements for exemption are being determined.

#### When it's effective

- The tax will be collected beginning January 1, 2022, unless the employee has opted out.
- Benefits become available to employees and retirees starting in 2025.

#### Who it impacts

- All Washington W-2 workers\*
- Optional for self-employed workers

- Note that employers are not required to make contributions.
- Residents that move out of state for longer than five years will forfeit benefits and premiums.

## How it works

- Employees pay a tax that a trust fund invests and distributes after employees are vested and qualified.
- Vesting period for benefits is who paid the tax for either:
  - » Three of the past six years or
  - » Ten years without a break of five or more years
- Care providers must be listed on a Department of Social and Health Services approved list.
- To qualify, once vested, residents must require assistance with three Activities of Daily Living (ADLs),\* which include:



\*Washingtonians for a Responsible Future, Long-Term Care Trust Act Fact Sheet, <https://responsiblefuture.org/the-ltc-trust-act/#:~:text=The%20Long-Term%20Care%20Trust%20Act%20would%20set%20up,care%20needs%20over%20months%2C%20years%20or%20even%20decades.>

Long-term care insurance coverage contains benefits, exclusions, limitations, eligibility requirements and specific terms and conditions under which the insurance coverage may be continued in force or discontinued. Not all insurance policies and types of coverage may be available in your state.