

# Did You Know?



## Washington residents will begin paying a new LTC tax in 2022!



### What Is This New Payroll Tax?

As you may have heard by now, WA state has recently passed The LTC Trust Act, which will become effective January 1, 2022. The program will be funded by Washington workers who will pay premium assessments (a tax) through payroll deductions.

To fund this trust, Washington state will begin collecting a payroll tax of an initial rate of \$0.58 per \$100 of wages (\$290 per \$50,000 of income) on all salaried employees (W2) beginning January 1, 2022. **The law does not include a cap on wages subject to this premium tax**, which means that you could pay premiums in excess of the lifetime maximum benefit provided by the law. Self-employed individuals can opt-in but are not automatically included in the tax.

LTC benefits available for those considered fully vested under this program:

- Up to \$100 per day for a maximum lifetime benefit of \$36,500 for 1 year (adjusted annually).
- You must be unable to perform 3 of the 10 activities of daily living.
- This benefit is available **only** for care provided in Washington for Washington residents and are not transferrable, **which will be problematic for individuals who work in Washington, but plan to live or retire outside of WA state**. If you move out of the state for any reason, you forfeit all premiums paid and all benefits from the trust.

\* **Important Note:** The Cost of Care Survey, provided by Genworth, notes that in the Seattle area a private room in a nursing home is \$143,000 for the year. Assisted living facilities are averaging \$80,000.

[See Survey Results here.](#)

***It is very clear that the minimal benefits provided by this LTC trust will not pay for much of the ACTUAL cost of long-term care in our state.***



### Can You Opt-Out Of This Tax?

**YES! YES! YES!**

Employees who have their own private long term care insurance plan can file to be exempt from this mandatory state payroll tax. This individual private plan must be active by Nov. 1, 2021.

## ? **Want To Learn If You Will Qualify To Opt-Out?**

**Contact our office today to see if you will qualify for individual coverage to Opt-Out.**

We can help you secure Long Term care insurance that will provide you and your family the benefits that are needed to receive proper care. If you qualify, we can potentially obtain a larger benefit that is available in every state for a similar or lower premium than the WA tax will cost you.

**Call our office today to see if you will Qualify!**

### **Important Dates:**



**November 1, 2021:**

Individual LTC Coverage must be active to qualify to opt-out

**October 1 - December 31, 2022:**

Eligible individuals can file paperwork with the WA State Employment Security Department to opt-out of the LTC Payroll Tax

**January 1, 2022:**

LTC Payroll Tax takes effect for all WA W-2 employees and first payroll deductions begins.



### **Resources**

- [New York Times Article](#)
- [Forbes Article](#)
- [WA State Legislature Website: HB 1323](#)

For further information on the trust act, you can refer to the State of Washington [Second Substitute House Bill 10872](#) and [Substitute Senate Bill 62673](#).



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