**FAQ for Washington State LTC Program**

**Important Notice about the Washington Long Term Care Trust Act**

As you may be aware, Washington State has created a Long-Term Care Trust Fund. This new law mandates long-term care benefits for Washington residents, paid for by a new payroll tax on employees’ wages. Employers are required to collect this premium assessment via after-tax payroll contributions and will remit those premiums to the Washington State Employment Security Dept (ESD) as part of the quarterly reporting.

**Q: What is the new LTC payroll tax?**

**A: The new payroll tax will take effect on January 1, 2022** and will apply to employees in Washington. This tax is .58 cents on each $100.00 of wages**. For example, an employee with annual wages of $60,000 will pay $348.00 toward the Program each year. An employee with wages of $100,000 will pay $580.00 in additional tax per year (or $48.33 a month).** The tax will apply to all wages and remunerations, and there is no cap on wages.

**Q: Who eligible for the benefits?**

A: Benefits under this Program are limited to Washington residents who have paid premiums under the Program for either (1) a total of 10 years without interruption of five or more consecutive years; or (2) three years within the last six years from the date the application for benefits is made. In addition, to qualify, an employee must have worked at least 500 hours during each of the 10 years or each of three years, as applicable. Therefore, employees who plan to retire in the next 10 years will be required to pay the new payroll tax, but may never qualify for the benefits. Also, retirees who move out of state will not qualify for the benefits.

**Q: When do benefits become eligible?**

A: Benefits under the Program will first become available January 1, 2025. You must have been working in the state of Washington for at least 3 out of the past six years with at least 500 hours during each year.

**Q: What are the benefits under the Long Term Care Trust program?**

A: If eligible, and if the Department of Social and Health Services determines that an individual requires assistance with at least three activities of daily living, **the Program provides benefits of up to $100 per day, up to a maximum lifetime benefit of $36,500.**

**Q: Do employees who work in Washington but live in another state have to pay the tax?**

A: Yes, all W-2 employees need to pay the payroll tax, but only residents who live in Washington will be eligible for benefits

**Q: Can Employees Opt-Out of this Program?**

A: Yes, an employee may opt out of the Program and all associated taxes and benefits if (1) the employee is 18 years old or older on the date he or she applies for the exemption, and (2) the employee attests that he or she has other long-term care insurance. **Employees must purchase long term care insurance before November 1, 2021 to be eligible to opt out of the Program.**

To be eligible to opt out the employee must (1) the employee is 18 years old or older on the date he or she applies for the exemption, and (2) the employee attests that he or she has other long-term care insurance as defined in [RCW 48.83.020](https://app.leg.wa.gov/RCW/default.aspx?cite=48.83.020).

**Q: What is the process for opting out?**

A: To opt out, an employee must apply for the exemption with ESD between October 1, 2021, and December 31, 2022. If approved, the employee will receive an approval letter from ESD. The employee must provide this approval letter to their employer. The employee’s exemption will be effective for the quarter immediately following approval. Once an employee opts out, the employee cannot opt back into the Program, the opt-out is permanent.

**Q: What happens if an employee moves out of state?**

A: Because benefits are limited to Washington residents, employees who move out of state will not be eligible to receive benefits under the Program. Employees who maintain a second home may, therefore, wish to consider which location will be their permanent residence.

**Q: How to Purchase a private long- term care insurance policy?**

A: Employees who wish to opt out of the Program, but don’t currently have a private LTCi policy, will need to purchase this coverage by **November 1, 2021.** To assist you with this process, representatives from American Fidelity will be available to help you select a LTCi plan and apply for coverage. The meetings with American Fidelity representatives will be virtual. More details will be announced soon.