

Washington state Long-Term Care Trust Act



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Washington was the first state to create a publicly funded long-term care benefit to provide basic levels of long-term care protection for residents who pay into the system.

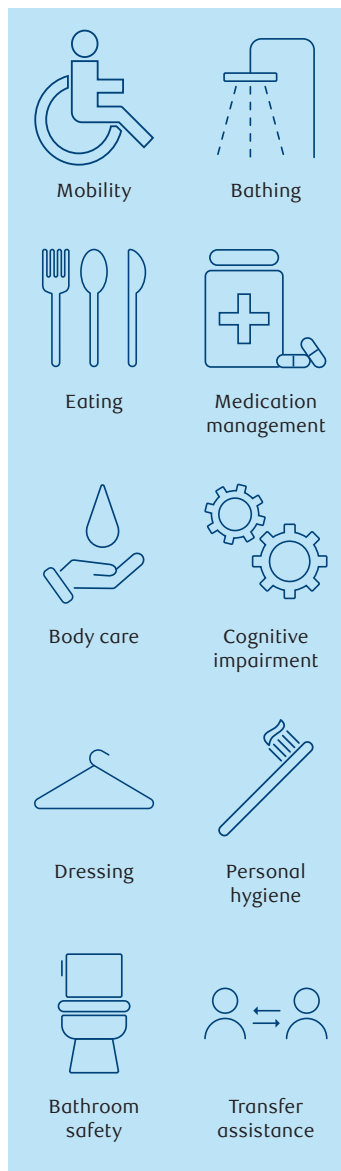
Understanding Washington state's long-term care law

Washington state signed SHB 1323, the Long-Term Care Trust Act, into law, which mandates a payroll tax for Washington-based employees to pay for long-term care benefits. The tax is scheduled to be paid by all Washington-based workers, including residents of Idaho and Oregon who work in Washington (with some exceptions), at a rate of \$0.58 per \$100 of income, where someone making \$250,000 annually would pay \$1,450 per year in taxes. The tax started in January 2022 and is paid by the employer on behalf of the employee, impacting all Washington W-2 employees. The program is optional for self-employed workers.

Employees pay a tax into a vested trust fund, which is distributed after employees are vested and qualify. The vesting period for benefits is either: Paid taxes for three of the past six years, or for 10 years without a break of five or more years.

Benefits of the coverage

To qualify, once vested, residents must require assistance with three activities of daily living (ADLs)¹, which include examples in the chart to the right.



Care providers must be listed on a Department of Social and Health Services approved list. Individuals who qualify and receive long-term care services in the state of Washington can receive up to \$100 per day, with a \$36,500 lifetime benefit, adjusted for inflation. Long-term care benefits are available to vested individuals in the state of Washington and are not transferable. Residents who move out of state for longer than five years will forfeit benefits and premiums. Benefits become available to employees and retirees starting in 2025.

With an increasing number of people needing long-term care each year, policy owners can find reassurance in the fact that they will have funds to help pay for the costs. Long-term care expenses can quickly add up, considering an average nursing home stay is 2.3 years² at an average annual cost of \$125,597 for private care and \$113,150 for semiprivate care³.

Long-term care insurance offered by Washington or through private parties provides relief for these expenses so as not to burden family members. Protecting against family dependence, long-term care insurance enables you to maintain your hard-earned assets and have the freedom to use them as you wish, not as you must.

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Is public or private long-term care insurance better?

The most important question to ask yourself when participating in the Washington State program is if you are worried about long-term care expenses and the possibility of expensive health care costs, and if you should consider purchasing addition private long-term care insurance. There are many different degrees of coverage from which to choose. You can tailor a plan that meets your needs by determining your benefit period, benefit amount, waiting period and several other options.

Bring your financial advisor into the discussion

You've spent your life building your assets. Washington is offering residents of the state an opportunity that may help you keep them. Talk with your RBC Wealth Management financial advisor about your health care anticipated needs and wants so you can develop a plan for long-term care insurance coverage that addresses them.

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1. Washingtonians for a Responsible Future, Long-Term Care Trust Act Fact Sheet, <https://responsiblefuture.org/the-ltc-trust-act/>
2. National Care Planning Council 6/28/18
3. Genworth Cost of Care, Nov 2021 / Seattle, Washington Costs