



## **New Washington State Payroll Tax** as part of the **Washington Long-Term Care Trust Act**

*"This benefit will be available for those who need it when the time comes to face the fact that daily living presents some challenges...This is going to make sure that help is there without bankrupting your family." – Gov. Jay Inslee<sup>2</sup>*

### **What is the Washington Long-Term Care Trust Act?**

- On May 13, 2019 Washington Governor Inslee signed into law the nation's first public, state-operated long-term care (LTC) insurance program for WA state residents.<sup>1</sup>
- Starting in 2025, the program authorizes payment for qualified expenses such as assisted living or in-home care, with daily benefit up to \$100 up to a lifetime maximum of \$36,500
- A Washington state payroll tax will fund this public program

### **Who is eligible to receive benefits?**

- Employees who have paid the tax while working at least 500 hours per year for 10 years, with at least five consecutive years paid without interruption
- An individual unable to perform at least three "activities of daily living"<sup>3</sup> (bathing, eating, dressing, etc.)
- Must be a Washington state resident at the time services are needed

### **When are some important dates?**

- January 1, 2022 a payroll tax of 0.58% (\$0.58 per every \$100) will be deducted from all W-2 wages paid to employees
- November 1, 2021 employees must have their own qualified LTC policy in place in order to opt-out of the payroll tax
- October 1, 2021 to December 31, 2022 is the time period to submit documentation to opt-out of the payroll tax
- January 1, 2025 benefits become available for eligible individuals who participate in the state's LTC insurance program

### **How do I pay the tax or can I opt-out?**

- Your employer is required to deduct this tax from your payroll similar to Medicare or Social Security
- You can opt-out by meeting certain criteria, and once opted-out you cannot reapply to participate
- In order to opt-out you must have a private LTC policy issued by November 1, 2021

**For information on how to opt-out and private long term care insurance see our additional flyer called "Opting Out of WA State Payroll Tax"**

**For more information speak to your HR Representative, or contact  
Berg Benefits directly at [service@bergbenefits.com](mailto:service@bergbenefits.com)**

<sup>1</sup>Washington State. "Washington State Legislature." *Bill Summary RSS*, [app.leg.wa.gov/bills/summary?BillNumber=1087&Year=2019#documentSection](http://app.leg.wa.gov/bills/summary?BillNumber=1087&Year=2019#documentSection).

<sup>2</sup>Corte, Rachel La. "Washington Now 1st State with Long-Term Care Program." *AP NEWS*, Associated Press, 13 May 2019, [apnews.com/article/078d3abf13f142788f017f081771c900](http://apnews.com/article/078d3abf13f142788f017f081771c900).

<sup>3</sup>Washington State. *RCW 48.83.020: Definitions.*, Washington State, 1 Jan. 2009, [app.leg.wa.gov/RCW/default.aspx?cite=48.83.020](http://app.leg.wa.gov/RCW/default.aspx?cite=48.83.020)