

Coming Soon to a State Near You

BY ALECIA BARNETTE

If you haven't heard already, the state of Washington implemented the Washington Long-Term Care Trust Act. The passage of this legislation is effective on January 1, 2022, and is the first of its kind.

What's so unique about this act is it's the first publicly funded insurance program that'll provide working residents of Washington state an opportunity to get basic LTC benefits, so long as the employee pays a premium (a tax) through payroll deductions. The premium rate will be .58% of the individual's wages, or \$.58 for each \$100 earned. There are also specific stipulations to allow utilization of the benefit, and the maximum lifetime benefit is \$36,500 per person (adjusted annually) for vested individuals. Participants also must be 18 years or older, and benefits will be available starting in 2025.

How Does it Work?

To qualify, one must hit three of ten activities of daily living specific to Washington. If someone is permanently retired and not vested, they don't qualify for benefits. This plan isn't portable, so participants must reside in Washington to qualify for benefits. Employees have the opportunity to "opt-out" if they purchased a long-term care plan (7702B) before November 2, 2021, and will be exempt from the premium tax. Here's the problem: This is a short window, and many carriers have put a "pause" on taking business in the state of Washington. You can [click here](#) to read more about this legislation.

What Does This Mean for LTC?

First, I believe this is a start but falls short of what I'd call a decent LTC benefit. Is \$100 per day for one year of care going to be enough? Even with inflation, it's not written in stone as to the amount it'll go up each year. The plan could theoretically change at any given time. While the legislation has many flaws, it's given financial professionals a reason to have the LTC conversation. This plan is making waves around the country. Why? Many states, including Hawaii, Maine, Michigan, Missouri, Colorado, Illinois, Mississippi, Montana, New York, and California, have already considered something similar.

My suggestion? Don't wait until more laws pass and the window gets smaller to have the care planning conversation with your clients. Start educating them now, before you're in crisis mode and before there are carrier limitations. Address the need, help your clients keep their savings, and most importantly, minimize their family's burden to give them peace of mind.

If you wait, it may be too late to opt-out of the state plan. Lean on Team Barnette and the Care Planning Division to educate your clients about the need for LTC. Put plans in place that'll outperform any proposed state plan. Then, help your clients opt out of the state plan and avoid the tax burden. And lastly, know your options.

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