

Dear Valued Clients:

Starting January 1, 2022, Washington employers must withhold 0.58% payroll tax deduction from all employee wages to fund Long Term Care Program. All wages such as compensation, bonuses, vacation/holiday pay, and services pay are subject to the tax. For example, an employee with wages of \$100,000 will pay \$580 towards the Program. There is no cap on the amount of wages subject to 0.58% payroll tax deduction.

Employer will remit these premiums to Washington Employment Security Department as part of their quarterly reporting. Employers are not required to contribute to the Program, just remit the employee-paid taxes.

Benefits are limited to Washington resident who have paid premiums under the Program and worked at least 500 hours for either a) total of 10 years of work without interruption of 5 or more years, or b) three years within the last six years from the date the application for benefits are made. The benefits under the Program will first become available January 1, 2025. To be eligible, an individual must require assistance with at least three of ten activities of daily living and live in Washington. Benefit is paid up to \$100 day, up to a maximum lifetime limit of \$36,500.

There are three exemptions to this payroll tax deduction for 2022:

1. Self-employed individuals such as sole proprietor or partners, independent contractor and joint-venture.
2. Employees of federal tribes, federal government or subject to a collective bargaining agreement (i.e.: union).
3. Employees who purchased private long term care insurance before November 1, 2021 and apply for an exemption certificate with WA Employment Security Department between October 1, 2021 thru December 31, 2022. Once the exemption certificate has been approved and provided to employer, the payroll tax deduction will cease in the next calendar quarter.

High income employees may consider purchasing their own long term care policy as they may pay more in premiums than receive in benefits or they may not live in Washington State when they require the LTC coverage.

Visit **WA Cares Fund** – Exemptions webpage <http://www.wacaresfund.wa.gov/private-insurance/> to find out more and [Office of the Insurance Commissioner’s website](#) for a list of approved Long-term care insurance companies approved to sell in Washington.