

WASHINGTON STATE LONG-TERM CARE ACT UPDATE



LONG-TERM CARE COST GRID

With the new Washington state long-term care tax, evaluating whether to opt out of the tax and benefit is an important consideration. In the chart below, we have identified the relationship between age and income and its impact on the benefit vs. tax burden over time. To use this chart, find where your age and income intercept, and it will identify how much LTC tax you would pay-in assuming employment to the age of 65.

- Those in red would pay more towards the tax than they would receive in benefits.
- Those in yellow should consider their options, as things like future wage increases and investment returns could change the calculations.
- Those in green would likely receive more benefits from the state plan than they paid in taxes.

Additionally, anyone who is retiring before they vest in the benefits or plans to reside out of state in the future should consider alternatives to the state plan.

ASSUMPTIONS

1. This chart does not reflect the time cost of money, and does not include any compounding.
2. The chart does not attempt to predict future rate increases to the state plan.
3. The chart does not attempt to predict future earnings.
4. The chart is based on retiring at age 65. For those 65 or above, the calculations are based on the annual tax expense of the state plan.
5. The chart assumes a \$36,500 lifetime benefit.

INCOME

| | 20,000 | 40,000 | 60,000 | 80,000 | 100,000 | 120,000 | 140,000 | 160,000 | 180,000 | 200,000 | 220,000 | 240,000 | 260,000 | 280,000 | 300,000 | 400,000 | 500,000 |
|----|--------|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 20 | 5,220 | 10,440 | 15,660 | 20,880 | 26,100 | 31,320 | 36,540 | 41,760 | 46,980 | 52,200 | 57,420 | 62,640 | 67,860 | 73,080 | 78,300 | 104,400 | 130,500 |
| 25 | 4,640 | 9,280 | 13,920 | 18,560 | 23,200 | 27,840 | 32,480 | 37,120 | 41,760 | 46,400 | 51,040 | 55,680 | 60,320 | 64,960 | 69,600 | 92,800 | 116,000 |
| 30 | 4,060 | 8,120 | 12,180 | 16,240 | 20,300 | 24,360 | 28,420 | 32,480 | 36,540 | 40,600 | 44,660 | 48,720 | 52,780 | 56,840 | 60,900 | 81,200 | 101,500 |
| 35 | 3,480 | 6,960 | 10,440 | 13,920 | 17,400 | 20,880 | 24,360 | 27,840 | 31,320 | 34,800 | 38,280 | 41,760 | 45,240 | 48,720 | 52,200 | 69,600 | 87,000 |
| 40 | 2,900 | 5,800 | 8,700 | 11,600 | 14,500 | 17,400 | 20,300 | 23,200 | 26,100 | 29,000 | 31,900 | 34,800 | 37,700 | 40,600 | 43,500 | 58,000 | 72,500 |
| 45 | 2,320 | 4,640 | 6,960 | 9,280 | 11,600 | 13,920 | 16,240 | 18,560 | 20,880 | 23,200 | 25,520 | 27,840 | 30,160 | 32,480 | 34,800 | 46,400 | 58,000 |
| 50 | 1,740 | 3,480 | 5,220 | 6,960 | 8,700 | 10,440 | 12,180 | 13,920 | 15,660 | 17,400 | 19,140 | 20,880 | 22,620 | 24,360 | 26,100 | 34,800 | 43,500 |
| 55 | 1,160 | 2,320 | 3,480 | 4,640 | 5,800 | 6,960 | 8,120 | 9,280 | 10,440 | 11,600 | 12,760 | 13,920 | 15,080 | 16,240 | 17,400 | 23,200 | 29,000 |
| 60 | 580 | 1,160 | 1,740 | 2,320 | 2,900 | 3,480 | 4,060 | 4,640 | 5,220 | 5,800 | 6,380 | 6,960 | 7,540 | 8,120 | 8,700 | 11,600 | 14,500 |
| 65 | 116 | 232 | 348 | 464 | 580 | 696 | 812 | 928 | 1,044 | 1,160 | 1,276 | 1,392 | 1,508 | 1,624 | 1,740 | 2,320 | 2,900 |
| 70 | 116 | 232 | 348 | 464 | 580 | 696 | 812 | 928 | 1,044 | 1,160 | 1,276 | 1,392 | 1,508 | 1,624 | 1,740 | 2,320 | 2,900 |
| 75 | 116 | 232 | 348 | 464 | 580 | 696 | 812 | 928 | 1,044 | 1,160 | 1,276 | 1,392 | 1,508 | 1,624 | 1,740 | 2,320 | 2,900 |