



# Life with Long-Term Care Taxes Survival Guide

*Did you know that several states are considering implementing long-term care plans funded by taxing your wages? This guide will help you understand the implications of these changes and provide strategies for navigating them effectively.*

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## What is Life with Long-Term Care Insurance?

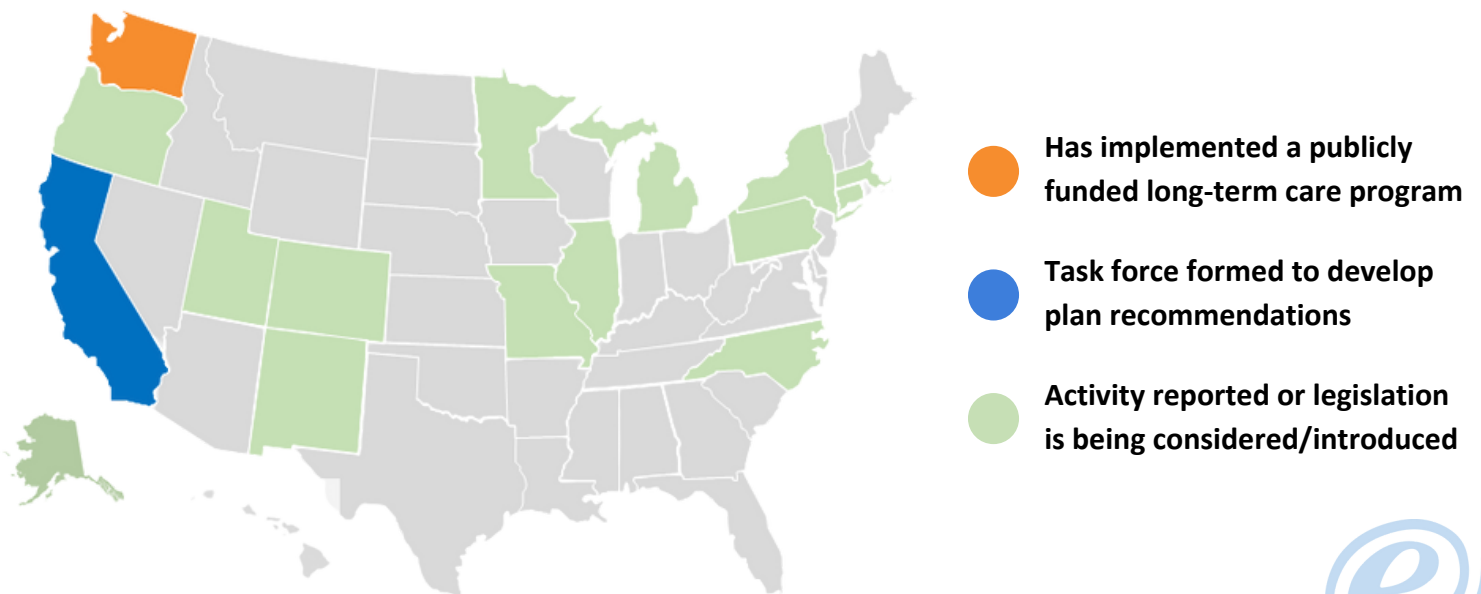
Life Insurance with Long-Term Care includes living benefits that provide financial support to cover the cost of long-term care such as nursing home care or assisted living facilities that you might need as a result of an accident, illness, or aging. Like life insurance, the program also protects your family with money that can be used any way you choose like your mortgage or rent, education for children, retirement, and final expenses.

## What did Washington State Implement?

In 2019, Washington enacted the WA Cares Act, which includes a payroll tax for residents who did not own a qualified Long-Term Care Insurance policy. Following Washington's example, many states are now looking at taxing your wages unless you have a qualified Long-Term Care Insurance policy.

Washington State surprised many residents as they were given limited time to get a qualified Long-Term Care Insurance policy. Without private long-term care insurance, residents are taxed 58 cents on every \$100 earned.

A number of states are actively introducing bills and conducting feasibility studies. The expectation is that many other states will follow Washington's lead in the near future.



# Understanding State Long-Term Care Taxes

States like Washington are introducing Long-Term Care programs funded through payroll taxes. These programs offer financial assistance for long-term care needs. To prepare for potential changes in your state, it's important to:

- **Stay Informed:** Keep up-to-date with your state's legislative activities related to long-term care taxes. Awareness is key to making informed decisions. For your convenience we have created a dedicated long-term care website with information: <https://bit.ly/Futureoflong-term care>
- **Assess Implications:** Understand the potential impact these programs will have on your wages, benefits, and financial futures.
- **Long-Term Care Employee Survey:** To gauge your readiness and understanding of long-term care we recommend taking our long-term care survey provided at the end of this guide.
- **Proof of Coverage:** If you have the option to opt out of the state tax, ensure you have creditable long-term care coverage. This may exempt you from the tax.



## Why is Life with Long-Term Care Coverage Important?

Long-term care coverage provides peace of mind knowing you won't become a burden to loved ones if you become ill. While it's true that Medicare may cover some long-term care costs, Medicare's coverage can be very limited. Long-term care coverage is the best way to protect yourself, your family, and your financial assets.



## Assessing Your Situation

### For those with an long-term care policy:

1. Review Your Policy: Examine your existing long-term care policy to understand its coverage and benefits.
2. Creditable Coverage: Check if your policy offers creditable coverage that allows you to opt out of the state tax.
3. Sufficient Coverage: Assess whether your policy provides adequate coverage for potential long-term care needs.



### For those **without** an long-term care policy:

1. Explore Your Options: Before your state implements the tax, research and consider your long-term care coverage options.
2. Standalone Long-Term Care Coverage: Explore plans that exclusively cover long-term care needs. Understand the benefits and potential risks.
3. Hybrid Policies: Consider hybrid policies that combine life insurance with long-term care coverage. Evaluate their affordability and benefits.
4. Employer Benefit Packages: Check with your employer if they offer long-term care coverage as part of their benefit package.





As states move towards implementing long-term care taxes, it's crucial to stay informed, assess your coverage options, and be proactive in understanding the potential impact. Whether you already have an long-term care policy or need to explore new options, being prepared ensures you can make the best decisions for your future.

This comprehensive guide has been created by EOI Service Company, LLC. EOI pioneered the integration of permanent life insurance with long-term care riders in 1989 and has maintained its position as an industry leader ever since. Our team of dedicated counselors boasts more than three decades of certification and expertise in long-term care products. When it comes to matters related to this subject, rest assured that EOI's counselors are unparalleled authorities in the field.

*We are not licensed tax consultants or CPAs. This guide is for informational purposes only.*



# Life with Long-Term Care Survey

On a scale of 1 to 5, how familiar are you with Life with Long-Term Care Insurance?

(1 = Not familiar, 5 = Very familiar)

1  2  3  4  5

Are you aware of your state's intention to implement an long-term care income tax by a specific year?

yes  no

On a scale of 1 to 5, how confident do you feel in your understanding of your state's potential long-term care tax mandate?

(1 = Not very confident, 5 = Very confident)

1  2  3  4  5

Were you informed about the potential option to purchase private long-term care coverage as an alternative to paying the state long-term care tax?

yes  no

On a scale of 1 to 5, how prepared do you believe you are to make informed decisions regarding the long-term care mandate and potential payroll tax?

(1 = Not prepared at all, 5 = Very well prepared)

1  2  3  4  5

Would you appreciate your employer offering additional training or information sessions about the long-term care income tax mandate?

yes  no

Do you think speaking to an long-term care subject matter expert would enhance your confidence in making decisions related to the long-term care mandate and payroll tax?

yes  no

Would you like your employer to provide a link via text for scheduling appointments related to benefits and long-term care tax information?

yes  no