

Howard Gleckman The Urban Institute

Long-Term Care Discussion Group

January 30, 2023

SECURE 2.0

- **TWO KEY PROVISIONS TO KNOW :**
 - **Using Retirement Savings to purchase LTCI**
 - Early withdrawal penalties waived
 - Withdrawals still subject to ordinary income tax
 - **QLACs (qualifying longevity annuity contracts)**
 - Deferred fixed annuities
 - Buy at age 72 or later
 - Delay annuity payment until age 80-85
 - SECURE 2.0 raised investment limit to \$200,000
 - Tax deferral on Required Minimum Distributions (RMD)
 - Potential alternative to long-term care insurance
 - Pros and cons

STATE LONG-TERM CARE FINANCING INITIATIVES

- **Washington State**

- Front-end benefit funded with payroll tax
- Fixing initial design problems
- Tax/premiums starting July 1, 2023
- Benefit payments starting 2026

- **California**

- Task force made initial report in December, including five front-end options
- Actuarial and economic analyses ongoing, recommendations planned by year-end

- **Minnesota**

- LifeStage approved, awaiting carrier proposals
- More comprehensive study beginning. Report may be complete this year.
- Options: public catastrophic, middle-income HCBS, Medicare enhancement, LTCi

Thank You

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