



LTSS Trust Commission Investment Strategy Subcommittee Meeting



Meeting Guidelines

Commission Members

- Please turn on video
- Stay muted unless talking
- Encourage active participation
- Raise hand to speak if necessary

Audience Members

- Opportunity to provide public comment later in the meeting

**WELCOME &
CALL TO ORDER**

Meeting Goals

- Approve Consent Agenda
- Receive update on Premium Launch
- Receive update on WA Cares Fund Investment Plan Status Report
- Elect a new ISS Chair for 2024

Approve Consent Agenda

- 11/4/2022 Investment Strategy Subcommittee meeting minutes
- 6/2/2023 Investment Strategy Subcommittee meeting minutes
- 2024 Investment Strategy Subcommittee Meeting Schedule
 - July 31, 2024 from 1:00 pm – 2:30 pm
 - November 13, 2024 from 1:00 pm – 2:30 pm

WA Cares Fund Program Refresh

Program timeline

2014

Research on policy options for long-term care

2019

Legislature passes LTSS Trust Act & governor signs into law

2021

Legislature improves coverage for adults with disabilities that onset prior to age 18

2022

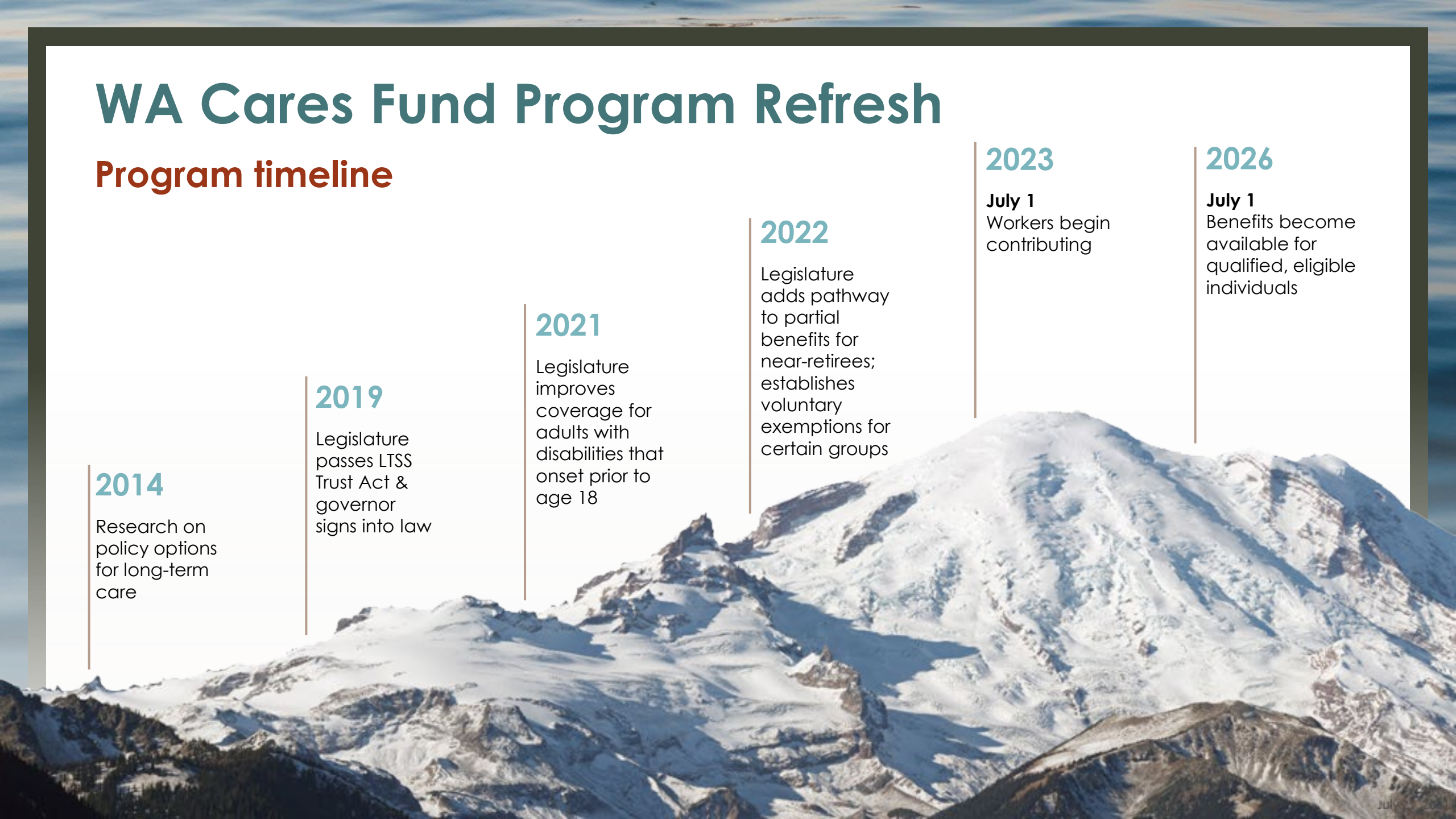
Legislature adds pathway to partial benefits for near-retirees; establishes voluntary exemptions for certain groups

2023

July 1
Workers begin contributing

2026

July 1
Benefits become available for qualified, eligible individuals



WA Cares Fund Program Refresh

Key program details per current statute (RCW 50B.04):

- **Premium rate** - \$0.58 cents for every \$100 earned
 - **Lifetime benefit maximum** –\$36,500, adjusted annually up to inflation, paid directly to providers
 - **Three pathways to qualified individual status**
 - Contribute 10 years without interruption of five or more consecutive years
 - Contribute 3 of the last 6 years from the date of application for benefits
 - For near-retirees (born before 1968): contribute at least one year, earning one-tenth of the lifetime benefit amount for each year contributed
- A person must work 500 hours during a year to receive credit for a qualifying year
- **Eligible beneficiary**
 - A qualified individual who requires assistance with at least 3 activities of daily living (i.e., bathing, dressing, eating, ambulation, medication management, toilet use, transfer, etc.)

MEETING PRESENTATION

Update on Premium Launch



Quarterly Reporting and Employer Support

Nicole Ross, Leave and Care Compliance Manger
Steve Zawoysky, Leave and Care Treasury Manager
Rebecca Grady, Leave and Care Research Manager



Employer Journey: Premiums & Reporting

- Before they come in
- One-time processes
- Recurring processes



Employer reporting and compliance continuous improvement

WA Cares is built on the same reporting system as WA Paid Family and Medical Leave (Paid Leave)

- ESD has been receiving Paid Leave quarterly reports since May 2019
- A total of about 3 million employer quarterly reports received to date

Employers submit one report for WA Cares and Paid Leave

- Legislature aligned key aspects of these programs, such as definition of wages

Continue to build on solid foundation, iterating on improvements to employer education and compliance activities

- Ensure alignment and distinction where needed between programs to facilitate employer customer success

Reporting and premiums process

- Employer agents / third party administrators may submit on employer's behalf
- ESD customer support is available via phone and email/secure message
- General customer support may escalate to specialized Employer Reporting team as needed

Employers submit quarterly report of hours and wages

System calculates and invoices

- Quarterly report includes employer and employee identifiers, wages paid and the associated hours worked, flag for exemption
- System uses employer wage report data to calculate premiums due for each program
- Generates invoices for premiums to be remitted

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Reporting and premiums process

*Continued
from last
slide*

- Remittance may be via check, credit card, IAP, or ACH electronic transfer
- Employer agents / third party administrators may submit on employer's behalf

**Employers remit
premiums**

**ESD finance team
processes**

- From invoice generation to payment receipt and accounting
- Receipt of payment posted to customer account
- Workflows to issue refunds, assess NSF fees, and process other payment returns
- Inter-fund payment transfer between programs
- Account research as needed
- Fund balance and financial reporting
- Transition funds to SIB in accordance with cross-agency account workgroup planning

Employer support and compliance

Ongoing proactive activities and resources – outreach, education, communication



Employer-focused webinars on quarterly reporting and premiums



Regularly updated employer self-service toolkit



Annual communications to employers regarding key program and reporting updates



Monthly employer email newsletter



Employer agent / third party administrator outreach

Employer support and compliance



Specialized employer reporting team researches and resolves account issues related to:

Unfiled reports
Report corrections needed
Unpaid or underpaid premiums
Overpaid premiums and refund validation



Email communications to employers on a quarterly basis who have:

A missing report for most recent quarter
Possible balance due
Possible credit balance



Letters sent related to:

Past missing reports
Credit balances



Compliance Division Audit Team and Fraud Division

Audit team conducts regular audits of employers, which includes hours/wages reporting
Fraud division investigates any suspected fraud

First quarterly reporting experience

WA Cares reporting launch went well

- Over 10K employer quarterly reports processed in first week of October
- Most quarterly reports come in at end of reporting months

Premium totals for each quarter typically available at end of month following each reporting period

- Allows time for data to reach preliminary maturity
- Quarterly reporting at Commission meeting beginning in December

Sharing data with OSA for actuarial valuation and program solvency reports

- Projections vs actuals to be assessed in line with the Commission's Risk Management Framework

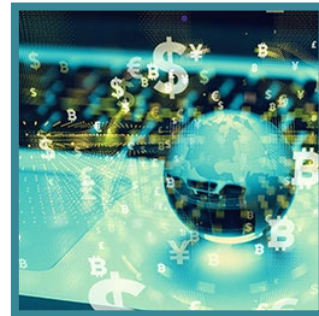
MEETING PRESENTATION

WA Cares Fund Investment Plan Status Report

WA CARES – INVESTMENT PLAN UPDATE

OCTOBER 25, 2023

Christopher Hanak
Chief Investment Officer



AGENDA

- **Timeline**
- **Investment Policy and Strategy**
- **WSIB Fixed Income Historical Performance**
- **Current Status**
- **Contact Information**



TIMELINE

November 2020	WSIB briefs Trust Commission Investment Strategy Subcommittee (ISS) on WSIB's approach to asset management
June 2021	WSIB updates Trust Commission ISS on revised investment plan
September 2021	WSIB provides Trust Commission ISS with an investment plan update
November 2021	WSIB asks Trust Commission ISS to consider risk tolerance
November 2021	WSIB updates Trust Commission
December 2021	WA Cares education session provided to WSIB Board
April 2022	WSIB updates Trust Commission ISS on investment plan and receives feedback on investment recommendation and policy
June 2022	WSIB Board approved WA Cares investment recommendation and policy
July 2022	WSIB updates Trust Commission on investment plan
November 2022	WSIB updates Trust Commission ISS on investment plan
June 2023	WSIB updates Trust Commission ISS on investment plan
November 2023	WSIB receives assets for investment and implements investment strategy

The WSIB approved the Long-Term Services & Supports Trust Account investment policy at its June 16, 2022, meeting

The customized fixed income investment program is designed to maximize return at a prudent level of risk while abiding by the constitutional limitations

The investment program will be actively managed by the WSIB with the following characteristics

- Invested in interest-producing debt securities with varying maturity, structure, and credit ratings
- Expected to meet or exceed the return of the Bloomberg U.S. Universal Index
- Managed to maintain a portfolio duration within plus or minus 25 percent of the index

The Board-adopted policy can be found at

https://www.sib.wa.gov/docs/policies/2_35_600.pdf



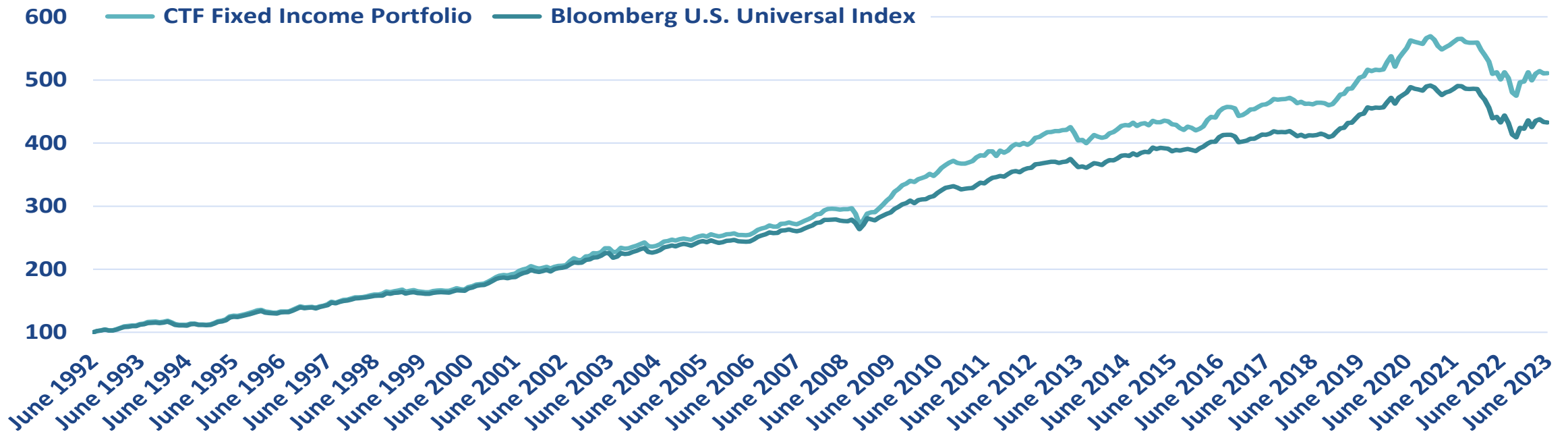
WSIB FIXED INCOME HISTORICAL PERFORMANCE

The WA Cares fund will be invested in a similar manner to the fixed income component of the Retirement Funds' Commingled Trust Fund (CTF)

The WSIB has an experienced and stable fixed income team with a long history of generating strong risk-adjusted performance

- The co-portfolio managers have over 50 years of combined experience managing the WSIB fixed income portfolios

Growth of \$100 Since Inception



CURRENT STATUS

WSIB is ready to invest once assets received

- **Accounts established at WSIB's custodian bank**
- **Investment policy adopted by the WSIB in June 2022**
- **Payroll deductions began in July 2023**
- **Initial transfer of assets to WSIB for investing expected in mid-November 2023**

Quarterly performance measurement will be presented to the Trust Commission Investment Strategy Subcommittee following the first full quarter of investing after the Fund reaches \$250 million, which is expected to occur during the first quarter of 2024

CONTACT INFORMATION

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Delivering Investment Results for Retirement Plans & Public Trusts

INVESTMENT BELIEFS WSIB STORY

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ELECT A NEW ISS CHAIR FOR 2024



**WA
CARES
FUND**

BREAK



PUBLIC COMMENT

Submit written comments or questions to:
wacaresfund@dshs.wa.gov.

For more information about the program, visit
wacaresfund.wa.gov.

Sign up for Public Comment



Attendees: click on the Raise Hand icon to sign up for public comment



Phone callers: press *9 to raise your electronic hand.

Then, when recognized, press *6 to unmute yourself

Review Agenda for November 7 Meeting

- Approve 10/25/2023 Investment Strategy Subcommittee meeting minutes
- Receive Finance Update
- Receive update on WA Cares Fund Investment Status Report
- Receive update from Cross-Agency Accounting Workgroup

Wrap Up

- Action items review
- Adjourn

THANK YOU



WA
CARES
FUND

