



## 5 Takeaways as Washington Legislature Instructs Employers Not to Deduct WA CARES Act Premiums

Insights

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Answering the question Fisher Phillips recently posed to Washington employers – to deduct or not to deduct – Governor Inslee signed into law on January 26 the bills swiftly pushed through the legislature that delay collection of employee premiums under the WA CARES Act until **July 1, 2023**. What are the five biggest key next steps and additional provisions from this new slate of laws that Washington employers need to know about?

1. **Stop Withholdings.** Employers should immediately stop any WA CARES payroll deduction and postpone for 18 months. Beginning in July 2023, employees will pay \$0.58 per \$100 of earnings into the WA CARES fund through the mandatory payroll deduction.
2. **Refund Premiums.** Employers that collected any premium from employees with the first paychecks of 2022 under the then-existing version of the Act have 120 days to refund those premiums to employees in full.
3. **Maintain Exemption Approvals.** Employers should maintain copies of all exemption approval letters for those employees who purchased their own insurance and obtained approved exemptions from the Employment Security Department (ESD), the agency charged with administration of the program. The bills were silent on whether ESD will reopen the period in which employees may obtain private insurance and apply for this exemption.
4. **Prepare for Partial Benefits for Near-Retirees.** Because of the gap between the first required premium collections and the first date of available benefits, the prior version of the law was criticized because it required employees near retirement age to pay into the fund without being able to qualify for benefits. Now, employees born before 1968 who pay into the fund are eligible for 10% of the maximum benefit for each full year that they pay premiums.
5. **Be Aware of New Exemptions.** The governor signed a second law that creates new voluntary exemptions from the premium collection for some populations unlikely to benefit from the Act. These include certain veterans receiving VA benefits, military spouses, non-Washington residents working in state, and employees working under non-immigrant, temporary worker visas. Employees who believe they qualify for these exemptions will need to apply for approval from ESD.

**Stay Tuned**

There may be other amendments to the law in the coming months, and the court case filed last fall challenging the law remains active. Some legislators still favor a complete repeal of the Act, and not all criticisms were addressed by these amendments.

We will continue to monitor and provide updates. Make sure you are subscribed to [Fisher Phillips' Insight System](#) to get the most up-to-date information directly to your inbox. For further information, contact your Fisher Phillips attorney, the authors of this Insight, or any attorney in [our Seattle office](#).

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