LTSS Trust Commission

November 12, 2025

Investment Strategy
Subcommittee Meeting

DSHS
WASHINGTON STATE
Department of Social and Health Services

Meeting Guidelines

Commission Members

- Please turn on your 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 Finance Update
- Receive Investment Performance Update
- Receive Update on SJR 8201 Potential Implementation Process
- Elect a new Chair for 2026

Approve Consent Agenda

- 06/25/2025 Investment Strategy Subcommittee Meeting Minutes
- 2026 Investment Strategy Subcommittee Meeting Schedule
  - June 10, 2026 from 1:00 pm – 2:30 pm
  - November 18, 2026 from 1:00 pm – 2:30 pm

WA Cares Fund Program Refresh

Andrea Meewes Sanchez, DSHS

Program timeline

2014
Research on policy options for long-term care

2019
LTSS Trust Act passed and signed into law

2022
Transition pathway to pro-rated benefits if born before 1968 created

2023
July 1 – Workers began contributing

2024
Out-of-state coverage opt-in created

2025
Supplemental insurance market created

2026
July 1 – Benefits become available

WA Cares Fund Program Refresh

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

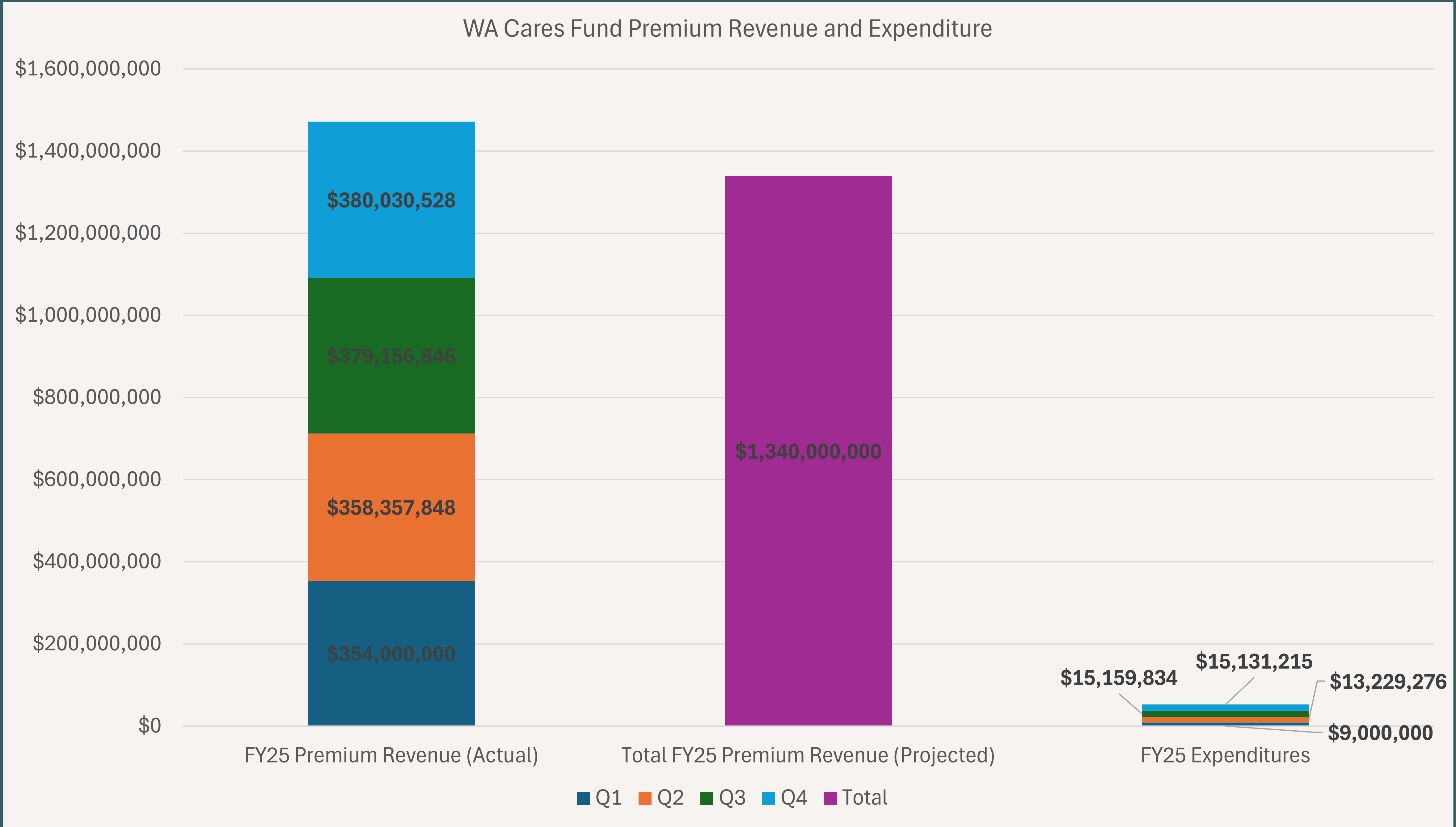
- **Premium rate** - $0.58 cents for every $100 earned
- **Lifetime benefit maximum** –$36,500, adjusted annually up to inflation, paid directly to providers
- **Three pathways to qualified individual status**
  - Contribute 10 years
  - Contribute 3 of the last 6 years from the date of application for 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, eating, ambulation, medication management, toilet use, transfer, etc.), and their need for assistance is expected to last for at least 90 days
  - You can take your benefit with you if you leave the state

Finance Update

Rebecca Doane, DSHS

Matt Smith, OSA


WA Cares Fund Premium Revenue and Expenditure
$1,600,000,000
$1,400,000,000
$1,200,000,000
$1,000,000,000
$800,000,000
$600,000,000
$400,000,000
$200,000,000
$0
$380,030,528
$379,156,846
$358,357,848
$354,000,000
$1,340,000,000
$15,159,834
$15,131,215
$13,229,276
$9,000,000
FY25 Premium Revenue (Actual)
Total FY25 Premium Revenue (Projected)
FY25 Expenditures
Q1
Q2
Q3
Q4
Total

Finance Update: Monitoring Early Experience

Presentation to
Investment Strategy Subcommittee

Matthew M. Smith, State Actuary

November 12, 2025

Finance Update: Monitoring Early Experience

- As part of the Risk Management Framework (RMF), Phase 1 is largely focused on data collection, monitoring, and updating actuarial projections
  - The "learning phase" will improve actuarial modeling and assumption setting
  - This phase is intended to last until benefits have been paid for several years
- Phases 2 and 3 focus on setting and attaining an appropriate margin
  - This could include targeting a specific actuarial balance
  - Milliman's 6/30/2024 valuation report estimated a 3.5% actuarial balance under the base scenario
    - Under this scenario, the program is projected to have sufficient assets to pay all benefits and expenses, plus an additional 3.5% of projected benefits for potential future adverse experience
- Future valuations will reflect updated experience, law changes, and assumption changes

Thank You

For questions, please contact
[The Office of the State Actuary]
360-786-6140
State.actuary@leg.wa.gov

Matt Smith

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Investment Performance Update

David Schumacher, SIB

LONG-TERM SERVICES AND SUPPORTS TRUST ACCOUNT (LTSS) PERFORMANCE REVIEW – 3Q 2025

NOVEMBER 12, 2025

David Schumacher
Government and Public Affairs Director

LTSS INVESTMENT POLICY AND 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

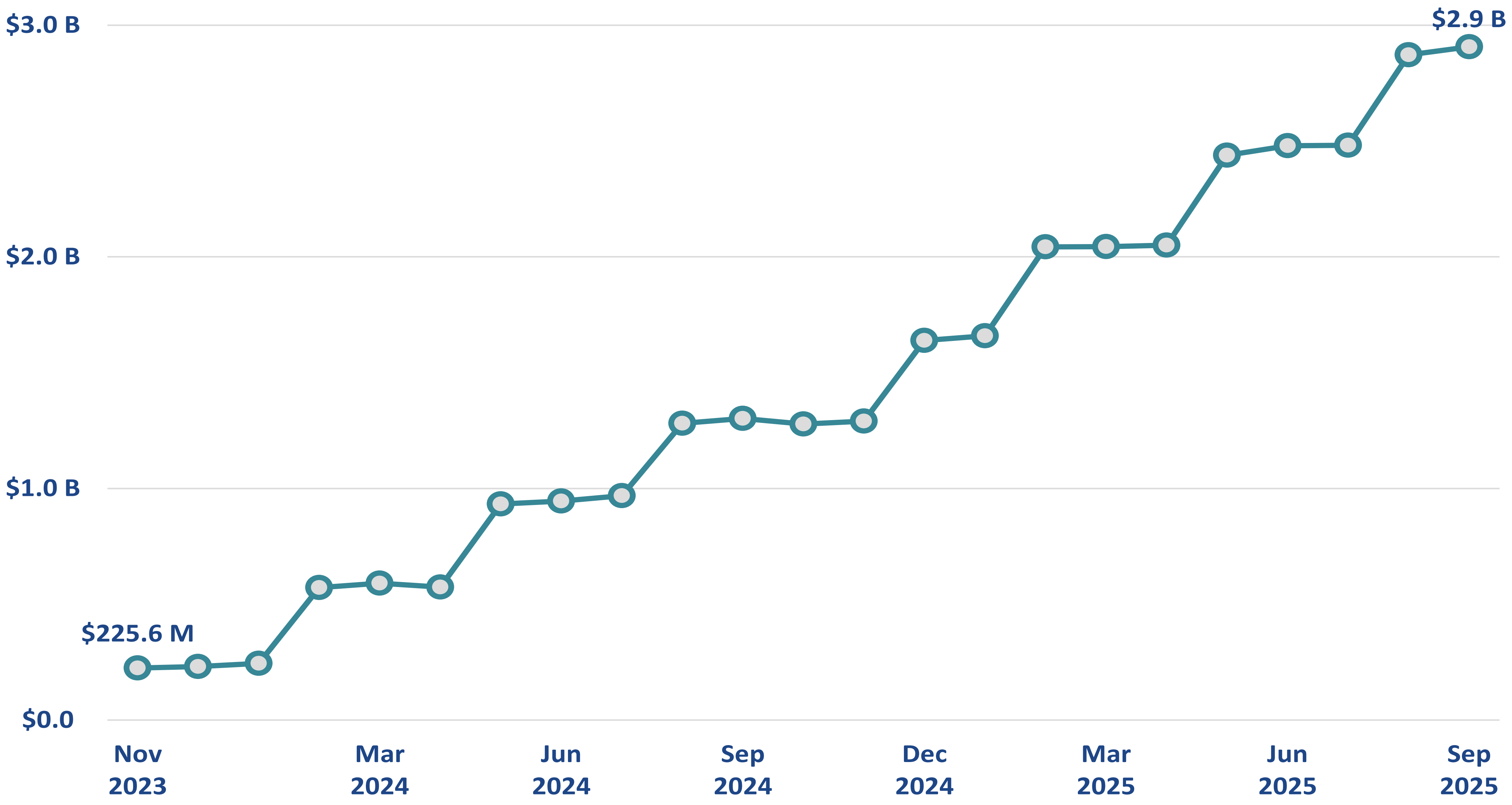
The investment program is be actively managed by the WSIB with the following characteristics

- 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

HISTORICAL MARKET VALUE GROWTH OF LTSS

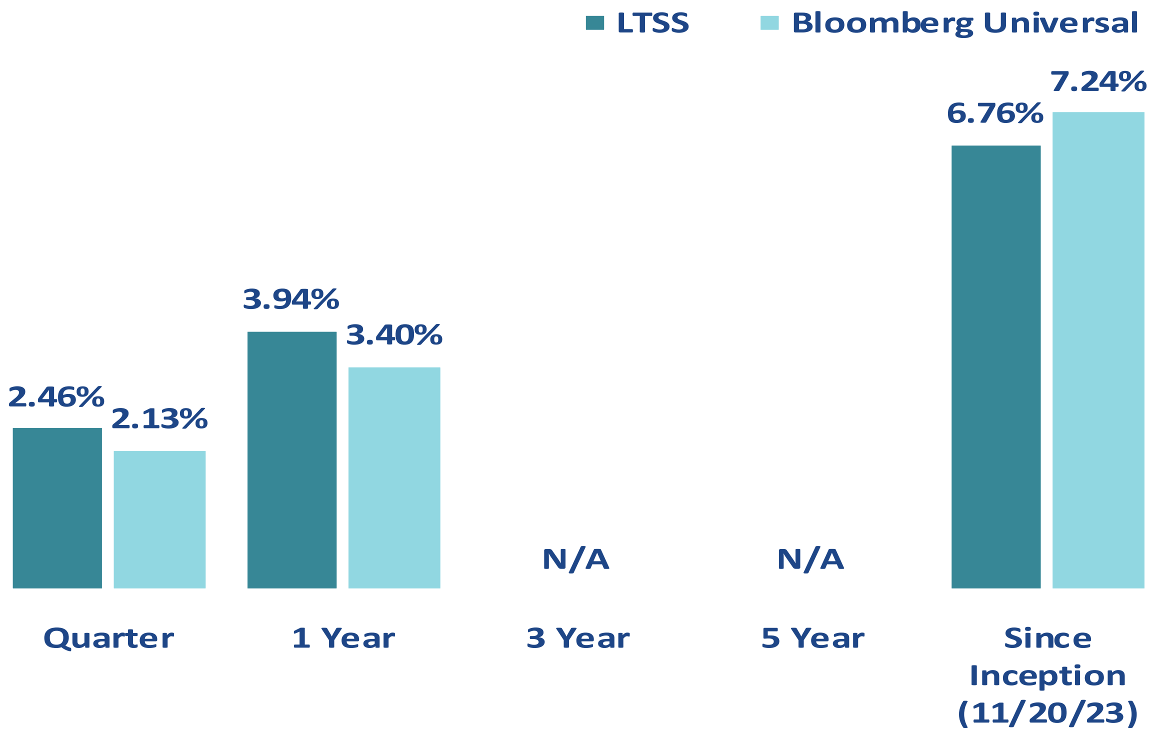
AS OF SEPTEMBER 30, 2025



Market Value

Total	$2,906,823,748
Fixed Income	$2,906,823,748

Performance



The first assets arrived in November 2023, and with subsequent contributions fund assets have grown to over $2.0 billion

To date, new contributions have been large relative to existing fund balances

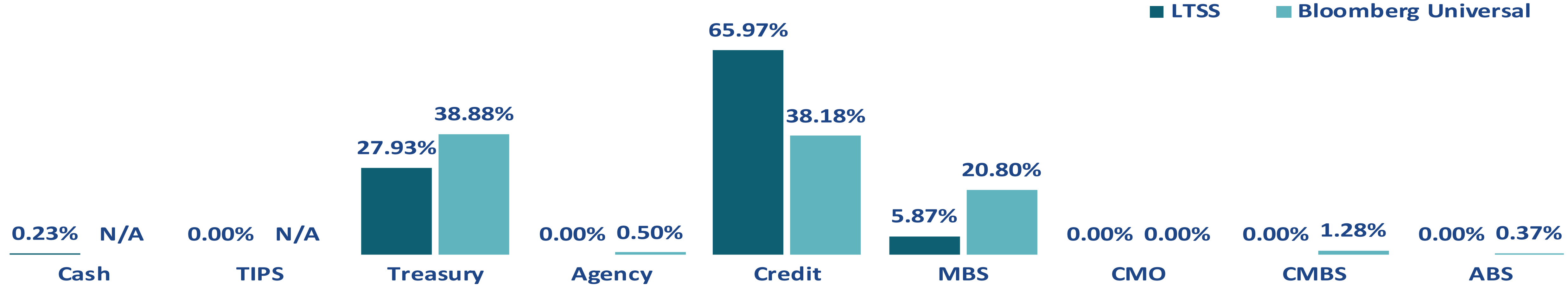
- Due to the pacing of these large new investments, early fund performance can differ from the benchmark

Over time, performance is expected to track the index more closely

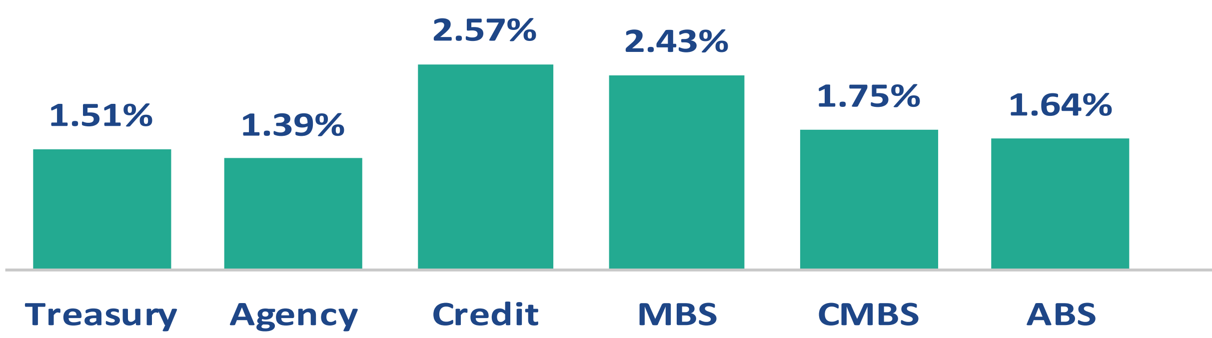
SECTOR WEIGHTS AND RETURNS

AS OF SEPTEMBER 30, 2025

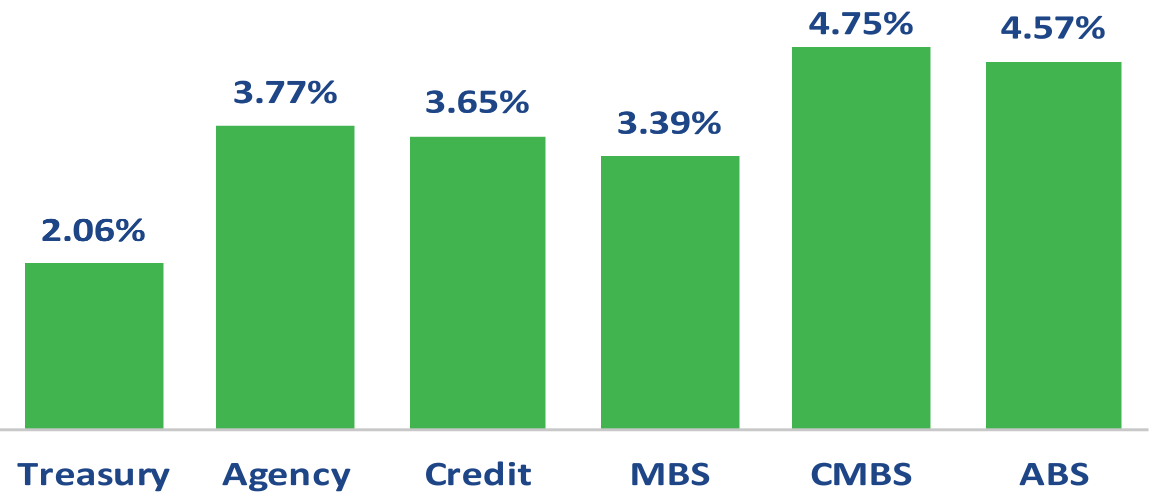
Sector Weighting



Bloomberg Universal Quarter Sector Returns

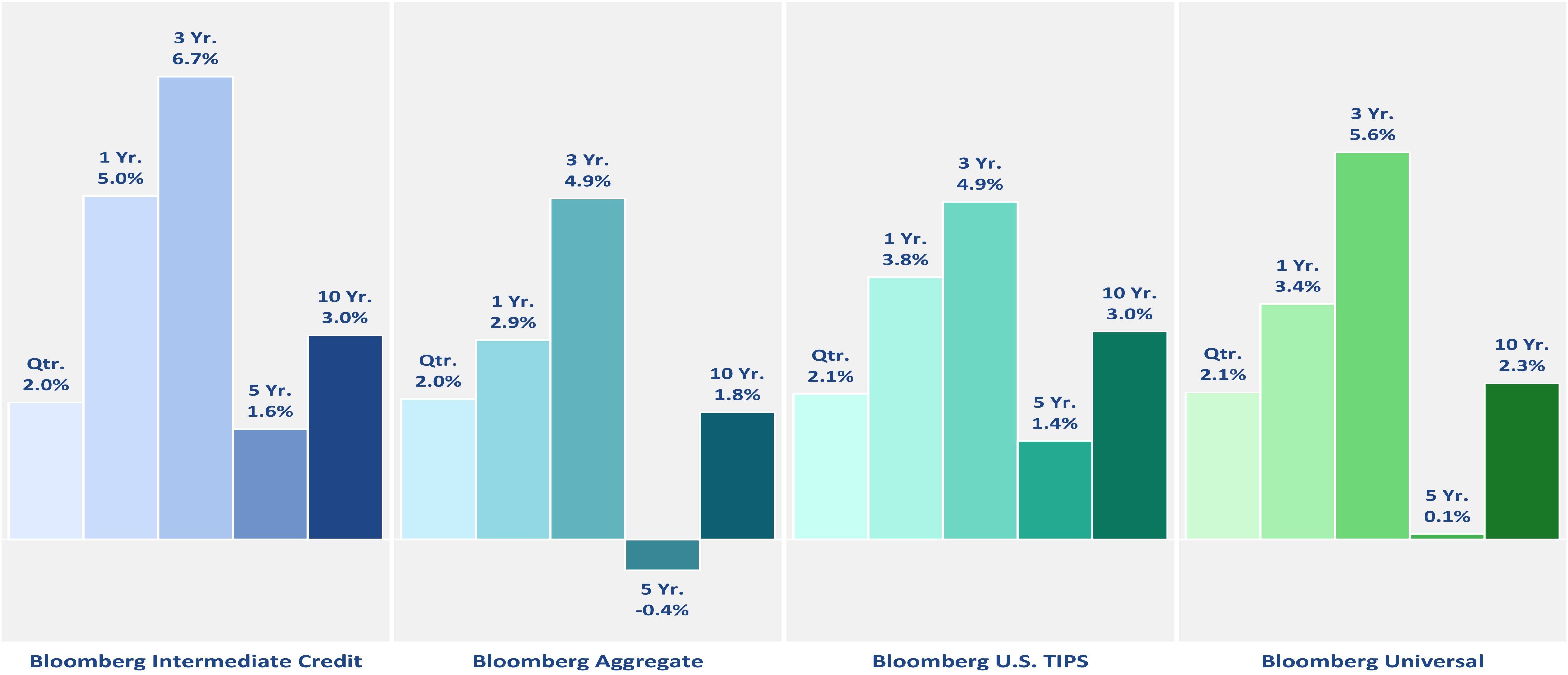


Bloomberg Universal 1-Year Sector Returns



CAPITAL MARKETS SUMMARY
SEPTEMBER 30, 2025

- Returns across the fixed income universe were positive for the quarter
  - The Bloomberg Treasury index was up 1.5%, which brought the 1-year return to 2.1%
  - The Bloomberg High Yield index, returned 2.5% for the quarter, while the broader Bloomberg U.S. Universal index returned 2.1%
- U.S. labor market continued to show some weakness with unemployment increasing to 4.3% in August
- U.S. headline inflation (Consumer Price Index) rose 3.0% year-over-year for September
- The Fed held two meetings during the quarter
  - After holding rates steady in July, the rate was lowered by 0.25% at the September meeting
- U.S. Treasury yields went lower during the quarter with the 10-year U.S. Treasury rate down 0.1% to end the quarter at 4.2%.
- The U.S. dollar returned 0.9% for the quarter against a basket of developed world currencies
  - The U.S. dollar is now down 3.0% over the last year



Qtr.
2.0%
1 Yr.
5.0%
3 Yr.
6.7%
5 Yr.
1.6%
10 Yr.
3.0%
Bloomberg Intermediate Credit
Qtr.
2.0%
1 Yr.
2.9%
3 Yr.
4.9%
5 Yr.
-0.4%
10 Yr.
1.8%
Bloomberg Aggregate
Qtr.
2.1%
1 Yr.
3.8%
3 Yr.
4.9%
5 Yr.
1.4%
10 Yr.
3.0%
Bloomberg U.S. TIPS
Qtr.
2.1%
1 Yr.
3.4%
3 Yr.
5.6%
5 Yr.
0.1%
10 Yr.
2.3%
Bloomberg Universal

CONTACT INFORMATION

Website: http://www.sib.wa.gov

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Olympia, WA 98504-0916

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SJR 8201 Potential Implementation Process

Kristi Bromley, SIB

Elect New 2026 Investment Strategy Subcommittee Chair

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

- Submit written comments or questions to: wacaresfund@dshs.wa.gov
- For more information about the program, visit wacaresfund.wa.gov

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

***9**

Phone callers: Press *9 to raise your electronic hand

Then, when recognized, press *6 to unmute yourself

Review Agenda for 2026 Meeting

- Approve 11/12/2025 LTSS Trust Commission meeting minutes
- Receive Update from Cross-Agency Accounting Workgroup
- Receive Proposed Strategic Asset Allocation Recommendation (dependent on outcome of SJR 8201)

Wrap Up

- Action items review
- Adjourn

Thank you!