

## **Pre-Tax Health Insurance Premiums For Retired Public Safety Officers**

### **Additional Eligibility Information**

In order to take advantage of the \$3,000 income exclusion for health insurance premiums, retired public safety officers must meet the following eligibility requirements:

1. **Who is an Eligible Public Safety Officer:** the term “public safety officer” means an individual serving a public agency in an official capacity, with or without compensation, as a law enforcement officer, a firefighter, a chaplain, or as a member of a rescue squad or ambulance crew as defined under Section 1204(9)(A) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796b(9)(A)).

To be eligible for the exclusion, the Public Safety Officer must have separated from service either by reason of disability or after attainment of normal retirement age.

2. **Who is an Eligible Law Enforcement Officer:** under the Act indicated in #1 above, the law enforcement officer is an individual “. . . involved in crime and juvenile delinquency control or reduction, or enforcement of the criminal laws (including juvenile delinquency), only if he is an officer of a public agency and, in that capacity, has legal authority and responsibility to arrest, apprehend, prosecute, adjudicate, correct or detain (in prison or other detention or confinement facility), or supervise (as a parole or probation officer), persons who are alleged or found to have violated the criminal laws.”
3. **Who is an Eligible Firefighter:** under the Act indicated in #1 above, a firefighter means “an individual who (1) is trained in – (i) Suppression of fire; or (ii) Hazardous materials emergency response; and (2) Has the legal authority and responsibility to engage in the suppression of fire, as – (i) An employee of the public agency, which legally recognizes him to have such; or (ii) An individual otherwise included within the definition of the Act (42 U.S.C. 3796(b)(4)).”
4. **What is an Eligible Plan:** in the instructions on page 22 of the Form 1040 instruction booklet, the IRS identifies the retirement plans that are eligible for the premium exemption as follows:

“An eligible retirement plan is a governmental plan that is:

- a qualified trust,
- a section 403(a) plan,
- a section 403(b) annuity, or
- a section 457(b) plan.”

The District of Columbia Police Officers’ and Firefighters’ Retirement Plan is eligible as a “qualified trust.”

5. **Exclusion Rules:** in order to exclude health care premiums from taxation, the following rules apply:

- The excludable amount is the smaller of the amount of the insurance premiums or \$3,000.
- The premiums can be for coverage for the participant, the spouse, or dependents.
- The premiums must have been paid directly from the plan to the insurance provider.
- The amount shown in box 2a of Form 1099-R must not reflect the exclusion.

**Questions and Answers:**

Q1. If an eligible retired public safety officer dies, are amounts subtracted from payments made to the retiree's surviving spouse (or former spouse under a QDRO) eligible for this income exclusion.

A1. No. The exclusion does not extend to amounts subtracted from payments to individuals other than the retiree.

Q2. Will an eligible retired public safety officer be entitled to this exclusion with respect to benefits attributable to service other than as a public safety officer?

A2. Yes. Benefits attributable to service other than as a public safety officer are eligible for the exclusion, as long as the individual separates from service as a public safety officer, by reason of disability or after attainment of normal retirement age, with the employer maintaining the eligible plan.

Q3. What is normal retirement age under the Plan?

A3. Under the Plan, normal retirement age is the age at which you qualify to take the Plan's Optional Retirement benefit, as follows:

For Tier 1 members, that is the age at which you complete 20 years of service.

For Tier 2 members, that is when you complete 25 years of service and are at least age 50.

For Tier 3 members, that is the age at which you complete 25 years of service.

**Please Note:** We urge you to discuss with your tax advisor any questions you may regarding these issues.