

Information for Retired Public Safety Officers Tax Exclusion

Special Notice for Retired Public Safety Officers:

The following information is provided to assist you with questions concerning the tax exclusion for eligible public safety officer retirees. As with all income tax-related concerns, retirees should consult with the Internal Revenue Service or their financial advisor for additional details about the tax exclusion.

Section 845 of the Pension Protection Act (PPA) provides tax exclusion to eligible public safety officer (PSO) retirees of up to \$3,000 for accident, health insurance or tax qualified long term care insurance. This provision is also referred to as the “HELPS Act”. A PSO is an individual who has served at a public agency in an official capacity, with or without compensation, as a law enforcement officer, firefighter, 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 1986.

To be eligible for the tax credit, you must meet the following criteria:

- Served as a PSO at the time of retirement
- Retired under normal or disability retirement
- Your qualified insurance premiums must be deducted from your retirement benefit
- Use Form 1040 to file your federal income taxes

This tax exclusion credit may be excluded from your gross income as long as:

- The total amount of the exclusion does not exceed the total amount used to pay the qualified health insurance premiums, and
- It does not use the same premiums already used for your HIS tax exclusion

More information is available on page 22 of the 1040 2007 Instructions booklet available on the IRS Website (www.irs.gov). You can also use the Telephone Assistance for Individuals toll-free at 800-829-1040 between the hours of 7:00 a.m. – 10:00 p.m. your local time (Alaska & Hawaii follow Pacific Time) Monday through Friday.