

# Public safety officers' tax savings on health insurance premiums

If you're a retired public safety officer, the federal Pension Protection Act of 2006 (PPA) permits you to exclude up to \$3,000 of your qualified health, accident and long-term care insurance premiums from your gross taxable income each year, as long as the premiums are deducted from your retirement benefit.

## Answer three questions to find out if you meet the qualifications

To qualify, you must answer "yes" to all three questions below. You may then choose to participate by completing the attached Election form.

### 1. Are you a retired public safety officer? Yes No

You can answer "yes" if you retired from one of the following Washington state retirement systems:

- State Patrol
- Public Safety Employees'
- Law Enforcement Officers' & Fire Fighters'

If the system you retired from isn't listed above, you may still qualify if you meet the **federal definition** of a public safety officer, which says that you must have retired from a public agency while serving in one of the following official capacities:

As a law enforcement officer involved in crime and juvenile delinquency control or reduction, or enforcement of criminal laws (including juvenile delinquency) also including, but not limited to, the work of police, corrections, probation, parole and judicial officers; or as a firefighter; or as a chaplain of a police or fire department; or as a member of a rescue squad or ambulance crew.

### 2. Did you retire at the normal retirement age? Yes No

To be eligible you must have retired under the normal retirement age provisions for your retirement plan or through a disability. Normal retirement age is the age you're entitled to receive a full retirement benefit. If you retired early, you don't qualify.

### 3. Do your health insurance premiums qualify? Yes No

For your health insurance premiums to qualify, they must meet all of the following criteria:

- Cover health, accident or long-term care insurance, and
- Provide coverage for you, your spouse or your dependents, and
- Be automatically deducted from your monthly retirement benefit and sent directly to your insurance provider by DRS.

**NOTE: Submitting the attached Election form only notifies us of your decision to participate in this tax savings program. It does not guarantee eligibility for retiree insurance, or begin the process for deducting health insurance premiums from your monthly benefit. Please contact your insurance provider to set up your premium deductions.**



# PUBLIC SAFETY OFFICERS' HEALTH INSURANCE PREMIUMS TAX SAVINGS ELECTION

P.O. Box 48380 Olympia, WA 98504-8380 ♦ www.drs.wa.gov  
Toll Free: 1-800-547-6657 ♦ Olympia Area: 360-664-7000 ♦ TTY: 360-586-5450

*For retired public safety officers as defined by the federal Pension Protection Act of 2006, Section 845*

### Check the retirement system AND plan number (1, 2 or 3) from which you receive benefits.

<b>Check one:</b> <input type="checkbox"/> State Patrol <input type="checkbox"/> Judicial <input type="checkbox"/> Teachers' <input type="checkbox"/> Public Safety Employees' <input type="checkbox"/> Judges' <input type="checkbox"/> School Employees' <input type="checkbox"/> Law Enforcement Officers' & Fire Fighters' <input type="checkbox"/> Public Employees'	<b>Check one:</b> <input type="checkbox"/> Plan 1 <input type="checkbox"/> Plan 2 <input type="checkbox"/> Plan 3
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### Personal Information

Name (Last, First, Middle)	Social Security Number
Mailing Address                      City                      State                      ZIP	Daytime Phone Number (    )

### Election, Acknowledgement, Waiver and Signature

By signing this form, I elect to participate in the Public Safety Officers' tax savings program.

I acknowledge that:

- I am a retired public safety officer, as defined by federal law, and I am eligible to take advantage of this special tax law. I take full responsibility for this statement,
- I can exclude up to \$3,000 per tax year from federal taxable income for my health, accident or long-term care insurance premiums that are deducted from my gross benefit,
- My participation may decrease my federal taxable income,
- It is my responsibility to coordinate with my health insurance provider to have my health insurance premiums deducted from my retirement benefit,
- I may cancel my election in writing at any time, and
- By signing this form, I agree I will not make a legal claim of any kind against DRS, its staff and advisers, or my employer, if my participation in this program results in an unexpected tax liability to me, including interest and penalties.

Signature	Date
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**NOTE:** Submitting this form only notifies us of your decision to participate in this tax savings program. It does not guarantee eligibility for retiree insurance, or begin the process for deducting health insurance premiums from your monthly benefit. Please contact your insurance provider to set up your premium deductions.

**Return the completed, signed form to:  
Department of Retirement Systems, PO Box 48380, Olympia, WA 98504-8380**

DRS requires that you provide your Social Security number for this form.

- DRS will use your Social Security number as a reference number and to ensure that any funds disbursed under your account are correctly reported to the IRS.
- DRS will not disclose your Social Security number unless required by law.
- Internal Revenue Code Sections 6041(a) and 6109 allow DRS to request your Social Security number.



## **Public safety officers' tax savings on health insurance premiums**

### **Commonly asked questions and answers**

**1) What is this new tax savings provision?**

The federal Pension Protection Act of 2006 (PPA) permits eligible retired public safety officers to exclude up to \$3,000 of their qualified health insurance premiums from their gross taxable income each year, as long as the premiums are deducted from their retirement benefit.

**2) Who qualifies for the \$3,000 tax savings for health insurance premiums?**

Retired public safety officers as defined by federal law are eligible for this benefit.

**3) How does the federal law define a public safety officer as it relates to this provision?**

The federal law defines a public safety officer as someone who retired from a public agency while serving in one of the following official capacities:

“As a law enforcement officer involved in crime and juvenile delinquency control or reduction, or enforcement of criminal laws (including juvenile delinquency) also including, but not limited to, the work of police, corrections, probation, parole and judicial officers\*; or as a firefighter; or as a chaplain of a police or fire department; or as a member of a rescue squad or ambulance crew” (Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796b(9)(A)).

\*Judicial officers are defined as judges who have had jurisdiction in criminal law and/or juvenile delinquency, and individuals who have served as prosecuting attorneys.

**4) I think that I retired as an eligible public safety officer, but I'm not sure. Who can tell me if I'm eligible?**

It is the responsibility of each individual to substantiate his or her eligibility. Ultimately, the federal regulations will govern if you are eligible. If you're not sure whether or not you're eligible, you should contact your tax advisor or the IRS.

**5) I worked as a public safety officer for many years, but I retired in a different capacity. Am I still eligible for this tax savings?**

No. You must have retired as a public safety officer to be eligible.

**6) Did I need to retire at the normal retirement age or through a disability?**

Yes. To be eligible for this tax savings, you must have retired as a public safety officer through a disability or at the normal retirement age stated in your plan's provisions. Normal retirement age is the age you're entitled to receive a full retirement benefit. Members who retire early will not become eligible when they later reach normal retirement age.

**7) My retirement benefit isn't subject to federal withholding. Will this tax savings provision apply to me?**

No. Since your retirement benefit isn't subject to federal withholding, this tax savings wouldn't apply to you.

**8) How does this provision help me save taxes?**

You may save taxes because you will be able to exclude up to \$3,000 of your qualified health insurance premiums from your gross taxable income, which you will report to the IRS when you file your tax return.

**9) How will I know how much I paid in qualified health insurance premiums for the year?**

Every January DRS will send you a letter providing the total amount of your qualified health insurance premiums for the previous calendar year.

## **Public safety officers' tax savings on health insurance premiums**

### **Commonly asked questions and answers**

**10) How much can I exclude from my taxable income?**

You can exclude up to a total of \$3,000 per tax year. The federal law is clear that the entire amount allowed during any tax year is limited to \$3,000. This is true whether or not you have multiple government pension benefits.

**11) What happens if both my spouse and I are retired public safety officers?**

You and your spouse are allowed to exclude up to \$3,000 each from your federal taxable income, for a total family limit of \$6,000.

**12) I retired from LEOFF Plan 1, and my health care benefits are fully subsidized by my employer. Does the tax savings provision apply to me?**

Since you don't pay premiums for your health care benefits, the tax savings provision doesn't apply to you. However, if you're paying premiums on health care benefits for your spouse or dependents, the tax savings provision does apply to you for those premiums, as long as they're deducted from your retirement benefit (see number 13 below).

**13) Does the tax savings provision apply to health insurance premiums deducted from my benefit payment to cover my spouse and dependents?**

Yes. The tax savings provision applies as long as you are the recipient of the retirement benefit payments.

**14) Is this tax savings provision passed on to my surviving spouse or dependents following my death?**

No. The tax savings provision only applies to a retirement benefit paid to someone who is an eligible retired public safety officer. The tax savings provision does not extend to your spouse or dependents following your death.

**15) If I elect to participate late in the year, yet my health insurance premiums have been deducted all year, do I still receive the full \$3,000 tax savings?**

Yes. If you were having your health insurance premiums deducted from your monthly pension benefit and the total premiums were at least \$3,000, then you are eligible for the full tax savings exclusion, as long as we receive your election form before the end of the calendar year.

**16) Would my election into this program change the federal withholding tax on my monthly pension benefits?**

No. Your monthly federal withholding tax would not change. If you had too much tax withheld during the year, you would receive a refund from the IRS when you file your tax return. You can also change the amount of your withholding on your pension benefits by completing IRS Form W-4P and returning it to DRS.

**17) Do my health insurance premiums qualify?**

For your health insurance premiums to qualify, they must meet all of the following criteria:

- Cover health, accident or long-term care insurance, and
- Provide coverage for you, your spouse or your dependents, and
- Be automatically deducted from your monthly retirement benefit and sent directly to your insurance provider by DRS.

## **Public safety officers' tax savings on health insurance premiums**

### **Commonly asked questions and answers**

**18) Do premiums paid to self-insured plans qualify for this tax savings?**

Yes. An IRS correction was issued that allows self-insured plans to qualify for this tax savings. Initially, the IRS ruled that self-insured plans would not qualify.

**19) Can I pay the health insurance premiums myself and still receive this tax savings?**

No. DRS must deduct your health insurance premiums from the gross taxable amount of your benefit payments and send the premiums directly to your insurance provider.

**20) I don't currently have my health insurance premiums deducted from my retirement benefit. Will my election into this tax savings program automatically begin those deductions?**

No. Your election only tells DRS that you want to participate in this tax savings program. You must still arrange to have your health insurance premiums deducted from your retirement benefit (see question 21 below).

**21) If my health insurance premiums aren't currently being deducted from my retirement benefit, what needs to happen for DRS to start those deductions?**

- If you are a retiree insured through the Public Employees Benefits Board (PEBB): Contact the Health Care Authority (HCA) at 800-200-1004, or send a written request to:  
  
Washington State Health Care Authority  
PEBB Program  
PO Box 42684  
Olympia, WA 98504-2684
- All others: Contact your insurance provider to let them know that you would like this service. Your insurance provider can choose whether or not to allow your premiums to be deducted from your retirement benefit. If they agree to have your premiums deducted, they will then need to contact DRS at 800-547-6657 (toll free) or 664-7000 (Olympia area) to set it up.

**22) How do I sign-up for this tax savings provision?**

If you are eligible for this tax savings provision and have made arrangements to have health insurance premiums deducted from your retirement benefit, complete the Public Safety Officers' Health Insurance Premiums Tax Savings Election form and submit it to DRS.

**23) Do I need to renew my election for this tax savings provision each year?**

No. You do not need to renew your election each year. Once you've elected into the program, it remains in effect until you cancel it in writing.