PUBLIC EMPLOYEE
BENEFITS COOPERATIVE

Frequently Asked Questions (FAQ)
Pension Protection Act of 2006
Healthcare Enhancement for Local Public Safety Retirees Act ("HELPS")

Eligibility

1. **What is the tax savings provision referred to as HELPS?**
The federal Pension Protection Act of 2006 (PPA) permits an eligible retired public safety officer to exclude from federal income up to $3,000 of their qualified health insurance premiums/long term care insurance premiums from their gross taxable income each year. To get the benefit, the premium must be deducted from the retired public safety officer's pension and, in your case, paid directly to the County.

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. 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.

3. **If a retiree worked as a public safety officer for many years, but retired in a different capacity, is the retiree still eligible for this tax savings?**
No. Retiree must have retired as a public safety officer to be eligible.

4. **Does a retiree need to retire at the normal retirement age or through a disability?**
To be eligible for this tax savings, a retiree must have retired as a public safety officer through a disability or at the normal retirement age according to your employer's plan provisions. Normal retirement age is the age a retiree is entitled to receive a full retirement benefit. *Members who retire early will not become eligible when they later reach normal retirement age.*

Tax savings

7. **How does the provision help a retiree save on taxes?**
A retiree will be able to exclude up to $3,000 of qualified health insurance premiums from gross taxable income, which the retiree will report to the IRS when the federal income tax return is filed.

8. **How will the retiree know how much he/she paid in qualified health insurance premiums for the year?**

TCDRS will send each retiree a letter summarizing the retiree's insurance deductions for the previous year. Insurance deductions will NOT show on the IRS 1099-R sent to each retiree.

9. **How much can a retiree exclude from taxable income?**
   A retiree can exclude up to a total of $3,000 per tax year, regardless if multiple government pension benefits are available to the retiree.

10. **What happens if both the retiree and spouse are retired public safety officers?**
    Retiree and spouse are each allowed to exclude up to $3,000 each from federal taxable income, for a total family limit of $6,000.

11. **I cover my spouse/dependents on my retiree group health plan. Does the tax savings provision apply to health insurance premiums to cover spouse/dependents?**
    Yes. The tax savings provision applies as long as the retiree is the recipient of the TCDRS monthly retirement benefit and your spouse and dependents are eligible plan dependents.

12. **Is the tax savings provision passed on to a surviving spouse or dependents following retiree's 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 sponsored dependents following retiree death.

13. **Would an election into this program change the federal withholding tax for a retiree's monthly retirement benefit?**
    No. The monthly federal withholding tax would not change. If a retiree had too much tax withheld during the year, he/she would receive a refund from the IRS when the federal tax return is filed.

PEBC Retiree Insurance Plans

14. **Do PEBC health insurance premiums qualify?**

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

    - Cover health or accident insurance, and
    - Provide coverage for the retiree (and enrolled spouse or dependents), and
    - Be automatically deducted from the TCDRS monthly retirement benefit and sent directly to the County.

15. **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 (April 2009). Initially, the IRS ruled that self-insured plans would not qualify but that was later clarified in order to allow.

16. **Can a retiree pay the health insurance premiums to PayFlex and still receive this tax savings?**

No. TCDRS must deduct the retiree's health insurance premiums from the gross taxable amount of the TCDRS monthly retirement benefit and send the premium directly to the provider (County).

How Do I Sign-Up?

17. I am currently retired and PayFlex deducts my premium from my bank account each month. How do I sign-up to have the premium deducted from my TCDRS monthly retirement benefit?

Contact your Human Resources Department and request the Insurance Deduction Authorization for Public Safety Officers form. You must return your completed form to the Human Resources Department no later than the first day of any month in order for your deduction to be effective the following month. For example, your form is due to Human Resources no later than March 1 if you want your premium deducted from your March 31 TCDRS monthly retirement benefit in order to pay your April retiree health premium.

Provided you return your form to Human Resources by the first day of the month, PayFlex will automatically stop deducting premium from your bank account for that month. If you do not turn in your form on time and you cancel payment from your bank account prematurely, your coverage can be cancelled due to late payment.

18. I am not retired yet but I plan to retire in January. How do I sign-up?

If you retire in January, your active employee benefits will end January 31. Your first month's retiree health benefit premium (for February coverage) must be paid to the County at the time you enroll in retiree health benefits, unless you agreed to have the first month premium deducted from your final payroll check. As long as you turn in your completed Insurance Deduction Authorization for Public Safety Officers form to Human Resources no later than February 1, and you completed all other required retiree paperwork on time, your first deduction from your TCDRS monthly retirement benefit will occur on January 31 to pay your February retiree health premium.

19. I forgot to enroll in this program – can I enroll now and have it apply retroactively?

You can enroll at any time, but the deductions cannot be retroactively applied. As long as you turn in your form (to Human Resources) by the first day of the month, your deduction can begin the following month.

20. What if my insurance premium amount exceeds my TCDRS monthly retirement benefit?

You are not eligible to enroll in this program unless your monthly pension exceeds the amount of your retiree health benefits cost.

21. Does this election affect my eligibility to participate in my employer's retiree health plan, or change the terms of my retiree health plan?

No. Eligibility for participation is determined by your former employer, and those eligibility requirements are not affected by an election to take the tax deduction permitted by the PPA. Whether or not you take the tax deduction, your former employer retains the right to make changes to your health plan.

Timing Illustration

Enroll during Annual Enrollment - If you enroll in the HELPS program for the first time during November's annual enrollment, January is the first retiree health premium that can be deducted from your TCDRS monthly retirement benefit. Your January premium will be deducted from your TCDRS monthly retirement benefit on December 31.

Enroll January 1 or later - If you enroll by January 1, that premium will be deducted from your TCDRS monthly retirement benefit January 31 and pay for February coverage month. See the chart below for additional illustrations.

Date You Deliver Form to Human Resources Department	Form Deadline: Next First Day of Month (or 1st business day if holiday)	Deductions Begin from TCDRS Monthly Retirement Benefit	Retiree Health Premium Coverage Month
November Annual Enrollment	December 1	December 31	January
July 31	August 1	August 31	September
August 15	September 1	September 30	October

Premium Payment

Not yet retired?

If you are not yet retired and you want to participate in this program, you must pay your first month of group retiree health insurance premium to your former employer by the date such premium is due. Your participation in this program can be delayed based on the date your premium is paid. Check with the Human Resources Department for more information about how to pay your first month of retiree group health insurance.

Already retired?

Because you are already retired, you are already paying your retiree health premium to PayFlex. Your premium must be paid current with PayFlex to enroll in this program. For example, if you are enrolling during annual enrollment, you will not pay your January premium to PayFlex. It is very important; however, that your December premium is paid to PayFlex before the grace period expires in order to participate.