



## News for Certain Retired Public Safety Officers

Effective September 1, 2012, LAGERS statutes were amended to allow a reduction in your federal taxable income in connection with premiums for various types of insurance if you qualify. In order to qualify you must have:

- Been serving as a public safety officer (as defined by applicable federal law) when you retired.
- Retired under the normal retirement provision of the system (meaning that you did not take an early retirement) or you must have taken a disability retirement. Rule of 80 qualified retirement does qualify.

**If you do not meet both of these conditions, you need not read any further since the law does not apply to you.**

This new law works in connection with premiums for applicable qualified health insurance premiums (26 United States Code 402 (I)). LAGERS can now deduct those amounts from your retirement benefit and pay directly to your qualified provider and up to \$3,000 of what LAGERS deducts on your behalf may be excluded from your taxable income.

The definition of eligible public safety officers is included in federal law (42 U.S.C. 3796b(9)). Generally, they are individuals who served a public agency in one of the following official capacities:

- An individual involved in crime and juvenile delinquency control or reduction, or enforcement of the criminal laws (including juvenile delinquency), including, but not limited to police, corrections, probation, parole, and judicial officers
- Professional firefighter
- Officially recognized or designated public employee members of a rescue squad or ambulance crew
- Chaplains serving in a police or fire department.

To learn more about this provision and to determine if and how it might affect your individual situation, LAGERS recommends that you contact a qualified tax professional.

**If you are an eligible retired public safety officer and would like to take full advantage of this tax savings, please complete this form and return it to LAGERS.**

**Deductions will become effective with the first payment processed after LAGERS' receipt of the form. All documentation must be received by LAGERS no later than the 15<sup>th</sup> of the preceding month to be effective. Deductions cannot be retroactive.**

Questions and answers on reverse side

**Q. How does this new provision work?**

A. It's just like paying qualified premiums through a cafeteria plan. Qualified health insurance premiums or long term care premiums are deducted from the gross amount of your benefit payment before federal and state taxes. The result may be a higher net amount on your benefit payment (if you have income tax withholdings calculated per the tax tables) and lower taxable income at tax time.

**Q. Is this option available to members who elect early retirement or those who terminate service prior to being eligible for normal retirement?**

A. No. The statute specifies "separation from service by reason of disability or attainment of normal retirement age." In addition, members who retire early will not become eligible when they later reach normal retirement age.

**Q. What are qualified health insurance premiums?**

A. Qualified premiums taken from your LAGERS benefit can be for you, your spouse and eligible dependents. It can include health, accident, dental, vision coverage or long term care.

**Q. How do I enroll?**

A. Just complete the attached form and send it to LAGERS as soon as possible. The form authorizes LAGERS to deduct your qualified health insurance premiums on a pre-tax basis.

**Q. What if my monthly benefit does not cover the entire cost of my qualified health insurance premiums?**

A. LAGERS must be able to deduct the full amount of your qualified monthly health insurance premiums from your benefit payment. If your retirement benefit won't cover these deductions, you will not be eligible for this tax provision.

**Q. What is the maximum deduction if my spouse and I are both retired public safety officers?**

A. The total family limit is \$6,000. If you and your spouse are each paying for qualified health insurance coverage through your LAGERS benefit, you can each deduct up to \$3,000 from your taxable income.

**Q. When I die, is my spouse eligible for this provision?**

A. No. By law, this provision is only available to the retired public safety officer – not the surviving spouse.

**Q. When I left LAGERS covered employment, I was eligible for normal retirement as a public safety officer; however, I decided to retire at a later date. Am I eligible for this provision?**

A. Yes. If you were eligible for normal retirement when you left LAGERS covered employment as a public safety officer (and do not return to work in a non-qualifying position), you are eligible for this provision. There is no requirement that you must begin receiving a benefit payment immediately upon separation.

**Q. How is this deduction reported by LAGERS?**

A. Your year-end check/EFT stub will reflect the amount currently being deducted and year to date total deducted. This information will also be available for viewing via the LAGERS Member Web Portal. This amount WILL NOT be reflected on your annual 1099-R tax form.

**Q. How is this deduction handled at tax time?**

A. Your annual 1099-R tax form will show your total pension payments before the insurance deduction. You will take the deduction by reducing your taxable pension income when completing your federal income tax return.

**Q. How do I later make changes to my deduction, if needed?**

A. Make changes easily by logging on the "MyLAGERS" section of the LAGERS website at [www.molagers.org](http://www.molagers.org). Only modifications to existing dollar amounts (deductions) can be made. Initiating setup and changing insurance information must be made by sending the form to LAGERS.

**Contact Information**

**Q. Who do I contact with questions regarding how this may affect my taxes?**

A. We recommend you contact the IRS or a certified tax professional.



### Healthcare Enhancement for Local Public Safety (HELPS) Retirees Act Election

Retiree SSN #	Name:	First	Middle	Last
Retiree Mailing Address:		City	State	Zip Code
				Phone Number
Insurance Company/Carrier		Insurance Phone Number		Account Number
Carrier Mailing Address:		City	State	Zip Code
				Monthly Premium

By signing this election form, you are authorizing LAGERS to deduct qualified health insurance premiums from your gross benefit amount. Up to \$3,000 in premiums are eligible to be paid to your medical plan with before tax dollars. If the premiums taken from your retirement benefit exceed \$3,000 in a calendar year, the excess will be paid with after tax dollars. **If you wish to take advantage of this tax savings, please complete and return this form to LAGERS as soon as possible.**

**All documentation must be received by LAGERS no later than the 15<sup>th</sup> of the preceding month to be effective.**

### Withholding Authorization, Waiver, and Signature

- I hereby authorize the Missouri Local Government Employees Retirement System (LAGERS) to deduct my monthly premium, from my monthly pension annuity starting with the first payment processed after LAGERS' receipt of this signed form. This deduction will decrease the taxable amount of my monthly pension annuity, up to \$3,000.
- I certify that I am a retired public safety officer, as defined by federal law, and am entitled to take advantage of this special tax law. Furthermore, I take full responsibility for this statement.
- I understand that by electing to participate in this federal taxable income exclusion, I will be decreasing my federal taxable income. This tax exclusion may not apply to state taxation.
- I understand that I may not request additional tax-preferred treatment of the applicable exclusion amount (up to \$3,000 annually), from any other public retirement plans (i.e. governmental defined benefit plans, 457 plans, or 403(b) plans).
- I understand that the qualified health insurance premiums deducted may reduce tax withholdings from my monthly pension annuity.
- I understand it is my responsibility, as the participant, to inform LAGERS of any change related to my qualified health insurance premium deductions including, but not limited to, coverage, insurance company, or premium changes. I freely accept this obligation to notify LAGERS.
- I understand that LAGERS is not responsible for lapsed premiums, lapsed insurance policy coverage, or any other coverage or benefit issues that may arise between my insurance carrier and me.
- I understand that LAGERS is complying with federal law by deducting insurance premiums from my pension benefits. In doing so, LAGERS is only performing an administrative function and is only responsible for payment of qualified deductions properly authorized by me and allowed by law.
- By signing this form, I agree that I will not make any legal claim of any kind against LAGERS, its staff, advisors, and the employer should my participation in this program result in unexpected tax liability to me, including interest, penalties or other expenses.
- I understand that my ability to participate in this program is a valuable benefit for which I am willing to sign this waiver of all claims. I further release LAGERS, its staff, advisors, and the employer from any liability arising from the administration of payments to any insurer.

Member Signature:	Date:
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