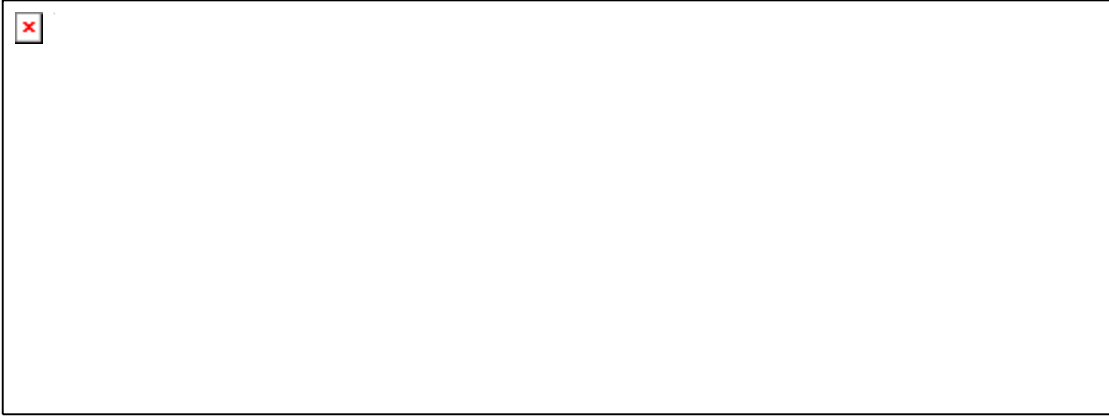


From: grassroots [adodkowitz@grandlodgefop.org]
Sent: Wednesday, December 26, 2007 5:11 PM
To: grassroots@fop.net
Subject: FOP NEWS: IRS Issues New Guidance on HELPS



IRS Finally Issues New Guidance on HELPS

The *Healthcare Enhancement for Local Public Safety (HELPS) Retirees Act*, which was enacted in Section 845 of H.R. 4/PL 109-280, the *Pension Protection Act*, provision provides a modest tax benefit to retired public safety officers to pay for health care by allowing the use, on a pretax basis, of up to \$3,000 annually from their pension funds (including defined benefit plans and defined contribution plans) to pay for premiums on health care and long-term care insurance. The law went into effect on 1 January 2007. However, the Internal Revenue Service (IRS) issued guidance in February 2007 which defined “accident or health insurance plan” in a very restrictive manner and excluded “self-insured” plans. As a result, this important tax benefit was initially unavailable to a significant number of retired public safety officers who would otherwise be entitled to receive it.

At the request of the FOP and other stakeholder groups, the Chairmen and Ranking Members of the House Committee on Ways and Means and the Senate Committee on Finance sent a joint letter to the Internal Revenue Service and the U.S. Department of the Treasury communicating the intent of Congress with respect to the HELPS Retirees Act and requested that the guidance be changed. In May 2007, the U.S. Department of the Treasury responded to that request in a letter to Congress indicating that the IRS will amend their guidance in such a way as to include self-insured plans as eligible under the HELPS Retirees Act. Following the transmission of this letter, self-insured plans which were previously ineligible became eligible, allowing our members can begin to take advantage of the benefit provided by the HELPS Retirees Act.

On 24 December 2007, the IRS formally issued an amendment to their original guidance with respect to their interpretation of the term “accident or health insurance plan” that is consistent with the original intent of the Act and the information provided by the Treasury Department in May. A copy of the amendment to the guidance can be found here: <http://www.irs.gov/pub/irs-tege/notice2007-99.end.pdf> and a link to this document, as well as an updated version of the FAQ on the HELPS provision can be found on the Legislative page of the Grand Lodge's website.

Members with questions should contact the National Legislative Office in Washington.

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