

Pension Protection Act - Tax Exemption *Information Sheet*

LEGISLATIVE HISTORY

Under the guidelines of the federal Pension Protection Act (PPA) of 2006, eligible Public Safety Officers (PSO) may annually exclude up to \$3,000.00 of gross retirement income when it is distributed from a governmental defined benefit plan and applied toward the payment of qualified insurance premiums. The West Virginia Legislature extended this tax exclusion to West Virginia's retired public safety officers during the 2007 Regular Legislative Session. WV Code §5-10D-6a enables qualified PSO's who are retired by any retirement plan administered by the West Virginia Consolidated Public Retirement Board (CPRB) to elect to have a designated amount deducted from their retirement benefits to pay for qualified insurance premiums.

KEY PROVISIONS

- ❖ The Pension Protection Act enables qualified public safety officers to exclude up to \$3,000.00 of gross retirement income each tax year.
- ❖ This tax exclusion pertains to income distributed from a governmental defined benefit plan for payment of qualified accident or health insurance premiums, including vision, dental and certain long-term care contracts.
- ❖ To qualify for the tax exclusion, public safety officers must be separated from employment due to attainment of normal retirement age or disability.
- ❖ The amount of qualified insurance premiums excludable from gross income cannot exceed \$3,000.00 per tax year or the total amount of combined qualified insurance premiums paid in any taxable year.
- ❖ The tax exclusion will become effective the first day of the month following CPRB's receipt of completed PSOA-form.

❖ **A PSOA FORM MUST BE COMPLETED AND RESUBMITTED TO THE CPRB EACH YEAR IN ORDER TO CONTINUE ELIGIBILITY FOR THIS TAX EXCLUSION PROGRAM.**

ELIGIBILITY

This tax exclusion program is available to qualified public safety officers as defined by the federal Omnibus Crime Control and Safe Streets Act of 1986 (42 U.S.C. 3796b(9)(A)):

Public Safety Officer means, individual serving a public agency in an official capacity, with or without compensation, as a law enforcement officer, firefighter, chaplain for a police or fire department, or member of a rescue squad or ambulance crew, corrections officer, probation officer, parole officer, judicial officer and any other individuals involved in crime and juvenile delinquency control or reduction or enforcement of the laws.

Should you wish to participate in this tax exclusion program in 2010, please complete the enclosed 2010 PSOA election form and return it along with your retirement packet. Please note that *you are required to sign, date and return both pages of the PSOA form to the CPRB.*