Retired Public Safety Officer Insurance Premium Deduction Program

Wisconsin Department
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Disclaimer: The following information is accurate to the best of ETF's knowledge. You should not solely rely on the information contained below and should consult with an attorney, tax advisor, or the IRS if you have questions about your eligibility. ETF **cannot** provide legal or financial advice.

General Program Information

The Retired Public Safety Officer Insurance Premium Deduction Program allows eligible, retired public safety officers to use distributions from their annuity to pay qualified health or long-term care insurance premiums as defined in Internal Revenue Code (IRC) Section 7703B(b) and exclude up to $3,000 of those premiums on their annual tax return, if eligible for and in accordance with IRC.

For annuity distributions made on or after January 1, 2023, eligible retired public safety officers (PSO), as defined in section 402(l)(4)(B) of the IRC, **may now self-certify** their eligibility for the PSO Program on their taxes and no longer must apply for and have their insurer approve their eligibility for and amount of their deduction.

Background

The federal Pension Protection Act of 2006 created a federal income tax exclusion for eligible, retired public safety officers. Officers can exclude up to $3,000 annually from their gross taxable income on their income tax returns to cover qualified health and long-term care insurance premiums paid by them if they are eligible to participate in this program.

The State of Wisconsin adopted the retired public safety officer income tax exclusion provision of the Pension Protection Act. Therefore, the tax exclusion is also applicable for Wisconsin income tax purposes.

Eligibility

Federal law defines who is an eligible public safety officer. Some of the criteria are:

- The officer must have separated from service as a public safety officer with the employer who maintains the retirement plan for the officer after attainment of normal retirement age under the officer's retirement plan. Normal retirement age is defined as age 53 for participants with at least 25 years of creditable service, including creditable military service or age 54 for participants with less than 25 years of creditable service, including creditable military service, ***or***
- The officer must have separated from service by reason of disability. Officers must have either a disability retirement benefit or a duty disability benefit with a retirement benefit.
- Additional information on this tax exclusion and eligibility for it can be found on the IRS's website, http://irs.gov. (Search for "public safety officer.")

The following links, available through the IRS website, provide the federal regulations, Title 26 USC 402 (l) (4) (C):

- 26 U.S. Code § 402 - Taxability of beneficiary of employees' trust
- 42 U.S. Code § 3796 - Transferred

Officers should contact their attorney, tax advisor, or the IRS if they have questions about their eligibility. ETF cannot determine eligibility. Surviving spouses and dependents are not eligible to participate.

Additional Information

For more information about the terms and conditions applicable to this program, you can visit:

- IRS Publication 575 - Pension and Annuity Income
- IRS Form 1040 Instructions
- ETF's *Retired Public Safety Officer Frequently Asked Questions* (ET-1119)

Or contact ETF at 1-877-533-5020 or by going to the Contact Us page on the ETF website.