UPDATE - PENSION PROTECTION ACT

IRS NOTICE 2007

The Fund would like to update you on the interpretation released from the IRS, Notice 2007-7, regarding the HELPS provision of the Pension Protection Act passed last year that allows for tax deferred deductions of insurance premiums up to a maximum of $3,000 per year for retired public safety officers.

According to the IRS, public safety officers would account for this non-taxable benefit on their individual tax filing. The plan recipient makes the reduction on line 16b of Form 1040.

We, the Pension Fund, may NOT reduce the taxable amount reported on form 1099-R by the amount of premiums paid for health or long-term care insurance. Formal notice of this treatment is explained on the first page of the 2007 Instructions for Forms 1099-R.

extracted from this website:

Specific Instructions for FORM 1099-R

TIP: There is no special reporting for qualified charitable distributions, qualified HSA distributions, or payments of qualified health and long-term care insurance premiums for retired public safety officers. Recipients of these distributions claim the associated tax benefit on their own income tax returns.

The reduction is made by the plan recipient on line 16b of Form 1040.

FINANCIAL ANNUAL REPORT

The annual report for 2006 for the Policemen’s Annuity & Benefit Fund has been issued and distributed to all retired members. We ask that our active personnel access the entire report at our website www.chipabf.org Copies may be provided if requested.

CREDIT FOR MILITARY SERVICE

If you have been on an approved leave of absence serving in the US Armed Services in Iraq or Afghanistan, you are permitted, but not required, to complete your pension contributions. As you may know, the City continues to make partial contributions while you are in service and you are eligible to complete the contribution, without interest.

If you choose to make up the missed contributions, you will be entitled to the full benefits and service that have accumulated during the period of military service.

If you have been on a military leave of absence and wish to complete the contributions, please provide our office with the documents from Police Personnel indicating the dates you were placed on, and reinstated from, each military leave of absence. This information is needed to determine the balance due the Fund, in order to avoid a loss of service credit.

In order to complete the contributions, you may make installment payments in amounts no less than $100.00. If you are a participant of Deferred Compensation, you may also elect to directly transfer funds from your Nationwide Retirement Solutions account without a tax penalty to you.

Please note, in order to receive credit, the balance due must be paid in its entirety prior to your separation from the Chicago Police Department.

If you have any questions regarding how military service impacts your pension, please contact our office.