

JPOFFHIT INFORMATION BULLETIN

HELPS Tax Break for Police and Fire Retiree Medical Insurance Payments

IMPORTANT UPDATE: New IRS Forms in 2026 make this easier to claim. The JPOFFHIT wants all retired public safety members to be aware that they may reduce their taxable earnings by up to \$3,000 for medical insurance premiums paid during a calendar year. This is allowable under the Healthcare Enhancement for Local Public Safety Retirees Act, or the “HELPS” Retiree Act. And it is now easier to claim.

Prior to 2023, there was a requirement that the premium had to be deducted from the retiree’s pension check in order to qualify for HELPS credit. That is no longer the case following the adoption of the federal Secure 2.0 retirement law. Premiums paid directly by a retiree for health, accident or long-term care insurance qualify for the credit.

The \$3,000 reduction does not appear on the annual Form 1099-R issued by the pension fund. The retiree must claim the reduction on their personal 1040 tax form on Line 5b. Instructions on claiming the reduction are included in the IRS Instructions for the Form 1040 on page 28 under “Insurance Premiums for Retired Public Safety Officers.”

The good news is that it is now simpler to claim this reduction, effective with the release of IRS Form 1040 for 2025, because the IRS has added a checkbox (Box 2 on Line 5c) to elect the HELPS reduction. The instructions state that if you make this election, you reduce the otherwise taxable amount of your pension by the amount excluded (up to \$3,000). Report your total distributions on line 5a and the taxable amount on line 5b. Then also check box 2 on line 5c, labeled “PSO” (Public Safety Officer).

As this is not a simple matter, pensioners may want to consult their tax preparer to ensure they can claim the reduction. If your pension benefits are administered by a pension administration company, you might obtain additional information by contacting that company.

Married couples in which both parties are retired from police/fire/EMS may claim a reduction in income of up to \$6,000. Please note that the tax break is not available to surviving spouses.

The JPOFFHIT Board presents this information to ensure our retired members can take advantage of this tax break for retiree medical insurance.