

September 30, 2023

Dear City of Chesapeake Public Safety Retiree,

***Subject: Retired Public Safety Officer tax exemption options for payment of health premiums***

We are pleased to continue to offer retired sworn public safety officers the **option to make their insurance premium payments**. If you currently have an account with MissionSquare Retirement formerly ICMA-RC, you will have the choice of taking a tax-exempt withdrawal from your MissionSquare account to pay those premiums and stop the deductions from your VRS retirement check. To select this option, you will need to complete the following:

- *Retired Public Safety Officer Certification Form*
- *Qualified Insurance Policy Verification Form for each plan* (i.e., one for medical, one for dental and one for vision insurance)
- *Insurance Premium direct Payment Request Form\** for each plan (i.e., one for medical, one for dental and one for vision)

As you are likely already aware, retired Public Safety Officers are provided a limited tax exemption<sup>1</sup> for any deductions from qualified retirement accounts used to directly pay certain health insurance premiums. The amount of the exemption is the greater of either: the amounts actually deducted to pay those premiums or \$3,000. Qualifying health insurance premiums include medical, dental, vision, long term care insurance and accident insurance.

If your premiums currently come out of your VRS retirement payments, you can claim the exemption when you file your taxes in the year following that in which the deductions were taken. During Open Enrollment, you only need to take action if you are making a change in your elections or are changing your tier of coverage (for example from retiree only to retiree & spouse).

If you choose this option to take tax exempt withdrawals from your MissionSquare account, you are receiving tax exempt funds and you cannot claim the payments when you file your taxes the year following the year in which the payments are made. If you elect this option, you **must** complete the last form (\*noted above) for each withdrawal. Whether you elect quarterly, semi-annual, or yearly payments, you would need to request the withdrawal for each payment and a separate form for each insurance plan.

If the insurance carrier changes for medical, dental or vision plans in the future, you will also need to complete a **new** *Qualified Insurance Policy Verification Form* prior to requesting a withdrawal to pay the new carrier.

In addition, to avoid having to wait for a refund when you make this election, you must submit a VRS- 78 form (available at [www.varetire.org](http://www.varetire.org)) at **least 60 days prior to making any change in your payment method**. We have enclosed additional information for your review. If you have questions, please don't hesitate to contact Human Resources at [hrbenefits@cityofchesapeake.net](mailto:hrbenefits@cityofchesapeake.net), or our benefits phone line at 757-382-8956. If you have questions about your MissionSquare account you may contact your MissionSquare representative for VRS Plan 1 or Plan 2 members, Mackenzie Moss at 202-236-4015 or [moss@missionsq.org](mailto:moss@missionsq.org).

## Public Safety Retiree Premium Benefit

Sworn public safety retirees can now withdraw up to \$3,000 tax-free annually from his/her MissionSquare account (formerly known as ICMA-RC) to directly pay for insurance premiums (medical, dental, vision, long term care<sup>1</sup>).

### Step 1 -

To initiate this process, the retiree should first submit the *Retired Public Safety Officer Certification Form*. This form certifies the retiree's status as an eligible retired public safety officer and is only needed for the initial withdrawal (further directions follow below).

### Step 2 –

After completing the Retired Public Safety Officer Certification Form the retiree should submit a *Qualified Insurance Policy Verification Form* to initiate the withdrawal from the retiree's MissionSquare account (further directions follow below).

### Step 3 –

Once the Retired Public Safety Officer Certification and Qualified Insurance Policy Verification Forms have been completed, the *Insurance Premium Direct Payment Request Form* needs to be completed for each insurance premium withdrawal request (further directions follow below).

### Disclaimers:

- The withdrawal amount must equal minimally 25% (one quarter) of the retiree's annual medical, dental or vision premium. For retirees electing this option, premium withholdings from VRS pension checks will cease.
- It is the retiree's responsibility to ensure that the annual premium is paid. Premiums may be paid quarterly (preferred), semi-annually or annually to the City's Finance Department.
- Payments must be made 30 days in advance of the period for which the retiree is remitting payment (e.g., if paying for coverage for January through March, payment is due by December 1<sup>st</sup> and the Finance Department must be notified by November 5th).
- If this option is elected, the retiree cannot use the tax exemption when they file their taxes for the years in which the non-taxable withdrawals are taken. It is recommended that retirees consult a tax professional prior to enrolling in this program.

- If the withdrawal does not cover the entire year's premium costs, the Retiree is responsible for submitting any premiums due for the remainder of the year in one lump sum. Premiums should be mailed to:

City of Chesapeake  
Department of Finance  
306 Cedar Road, 5<sup>th</sup> Floor  
Chesapeake, VA 23322

- In the event premiums are not paid 30 days in advance, insurance benefits will be cancelled and will not be reinstated. COBRA (continuation of coverage) documents and COBRA premium rates would apply if payments are not received 30 days in advance.
- If the Retiree does not elect to use his/her MissionSquare account for premium payments in the following year, the City will submit a VRS-78 to resume premiums after the Open Enrollment period ends.

For more information about this benefit, please refer to the *Additional Information* section which begins on page eleven of the attached handout.

## Procedures and Form Instructions

### *Retired Public Safety Officer Certification Form*

1. Participant Information Employer  
Plan Number – 301900  
Employer Plan Name – City of Chesapeake

*The retiree should complete the rest of this section with his/her personal information.*

2. Employer Signature  
Submit the form to the City of Chesapeake's Human Resources Department via fax to 757-382-8501, emailing to [hrbenefits@cityofchesapeake.net](mailto:hrbenefits@cityofchesapeake.net), or by dropping off during normal business hours (8:00 a.m. to 5:00 p.m., Monday through Friday excluding holidays).

*Qualified Insurance Policy Verification Form*

1. MissionSquare Participant and Policy Holder Information – a separate form must be submitted for each plan, (i.e., one for Medical, one for Dental and one for Vision coverage)

Employer Plan Number – 301900

Employer Plan Name – City of Chesapeake

*The retiree should complete the rest of this section with his/her personal information.*

2. Insurance Carrier Information (list only one carrier on each form)

Insert the dollar amount for which the retiree is requesting to withdraw (up to \$3,000/annually)

Make Check Payable To - City of Chesapeake

Name of Insurance Carrier – Optima Health (medical), Anthem Dental (dental), Davis Vision (vision)<sup>2</sup>

Federal EIN# - Optima                      HMO & POS plans – 54-1283337  
PPO and CDHP plans – 52-2368125  
Anthem Dental –54-0357120  
Davis Vision – 11-3051991  
Phone Number – 757-382-6156

Insurance Carrier Mailing Address – City of Chesapeake  
Department of Finance - Payroll  
306 Cedar Road  
Chesapeake, VA 23322

3. Policy Information

*The retiree should enter his/her last name, first name, middle initial.*

Policy Number – number listed on retiree’s medical, dental, or vision card

Premium Amount – amount being paid towards premium, amount must equal at least one quarter of the annual premium

4. Insurance Carrier Signature

Submit the form to the City of Chesapeake’s Human Resources Department via fax to 757-

382-8501, emailing to [hrbenefits@cityofchesapeake.net](mailto:hrbenefits@cityofchesapeake.net), or by dropping off during normal business hours (8:00 a.m. to 5:00 p.m., Monday through Friday excluding holidays).

***Insurance Premium Direct Payment Request Form*** – a separate form must be submitted for each plan, (i.e. one for Medical, one for Dental and one for Vision coverage)

1. Participant Information  
Employer Plan Number – 301900 Employer  
Plan Name – City of Chesapeake

***The retiree should complete the rest of this section with his/her personal information.***

2. Withdrawal Amount

Insert the dollar amount for which the retiree is requesting to withdraw (up to \$3,000/annually) for the payment of the premiums listed in section 3 below.

3. Policy Information

Insurance Carrier Name – Optima Health, Anthem Dental or Davis Vision Policy  
Number – number listed on retiree’s medical, dental, or vision card

***The retiree should complete the rest of this form with his/her personal information.***

Attachment – MissionSquare Insurance Premium Direct Payment Request Form (Retired Public Safety Officers)