

October 5, 2021

Dear City of Chesapeake Public Safety Retiree,

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

We are pleased to announce that retired sworn public safety officers now have a **new option available to make their insurance premium payments**. If you currently have an account with ICMA-RC, you now have the choice of taking a tax-exempt withdrawal from your ICMA-RC account to pay those premiums and stop the deductions from your VRS retirement check. In order to select this new 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 exemption¹ 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 deduction 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 chose this new option to take tax exempt withdrawals from your ICMA-RC 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 new 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) 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, or our benefits phone line at 757-382-8956. If you have questions about your ICMA-RC account you may contact your ICMA-RC representative for VRS Plan 1 or Plan 2 members, Mackenzie Moss at 866-266-7313 or mmoss@icmarc.org.