



## NATIONAL ASSOCIATION OF POLICE ORGANIZATIONS, INC.

*Representing America's Finest*

317 South Patrick Street ~ Alexandria, Virginia ~ 22314-3501

(703) 549-0775 ~ (800) 322-NAPO ~ Fax: (703) 684-0515

[www.napo.org](http://www.napo.org) ~ Email: [info@napo.org](mailto:info@napo.org)

April 2, 2014

### EXECUTIVE OFFICERS

**THOMAS J. NEE**  
President  
Boston Police  
Patrolmen's Association

**MICHAEL McHALE**  
Executive Vice President  
Florida Police Benevolent  
Association

**CHRIS COLLINS**  
Recording Secretary  
Las Vegas Police Protective  
Association

**SEAN M. SMOOT**  
Treasurer  
Police Benevolent & Protective  
Association of Illinois

**KEITH DUNN**  
Sergeant-at-Arms  
New Jersey State Policemen's  
Benevolent Association

**JOHN A. FLYNN**  
Executive Secretary  
Patrolmen's Benevolent  
Association of New York City

**WILLIAM J. JOHNSON**  
Executive Director

Hon. John A. Boehner  
Speaker of the House  
United States House of Representatives  
Washington, D.C. 20515

Hon. Harry Reid  
Senate Majority Leader  
United States Senate  
Washington, D.C. 20510

Hon. John Koskinen  
Commissioner  
Internal Revenue Service  
10<sup>th</sup> Street and Pennsylvania Avenue, N.W.  
Washington, D.C. 20004

Re: Proposed Amendment to 26 U.S.C. §402 (I)

Dear Speaker Boehner, Leader Pelosi, Leader Reid, Leader McConnell and  
Commissioner Koskinen,

I write to you to bring to your attention a matter of growing concern to America's  
retired law enforcement community, and to request your assistance in remedying the  
situation.

As you know, the Pension Protection Act of 2006 (Pub. L. 109-280; 120 Stat. 780)  
provides for an exclusion from federal gross income of up to \$3000 per tax year of  
eligible retirement plan distributions on behalf of an eligible retired public safety  
officer when those distributions are used to pay for qualified health insurance  
premiums. This exclusion is codified at 26 U.S.C. §402 (I). Under current law, this  
exclusion only applies if "payment of the premiums is made directly to the provider  
of the [insurance] by deduction from a distribution from the eligible retirement plan."  
(26 U.S.C. §402 (I)(5)(A))

It has recently come to our attention that many eligible retired public safety officers  
who would otherwise be able to utilize this exclusion are prevented from doing so  
because the eligible retirement plan from which they draw distributions is unwilling  
or unable to deduct and forward to the insurance provider the premium payments  
from the distribution being paid to the retired officer. In some cases, the reason for  
the inability or refusal is unknown. In some cases it may be something as simple as a  
computer program that stands in the way. In every case, however, the reason and its  
remedy lie outside the control of the retired officer.

Page 2

We therefore respectfully request that §402(i)'s language be amended to include a provision that in such circumstances, where the retired officer has requested of the retirement plan that payment for qualified premiums be deducted from his or her distributions, and such request has been denied or ignored by the retirement plan, the officer will nonetheless be entitled to the exclusion from gross income (up to the statutory amount of \$3000) of the portion of distributions he or she has received from a eligible retirement plan, and which he or she has actually and demonstrably used to pay for qualified health insurance premiums during the tax year.

Sincerely,



William J. Johnson  
Executive Director  
National Association of Police Organizations