

# 2023 Tax Law Changes – PSO

As of November 1, 2023



# PSO Health Coverage

- Who qualifies as a PSO?
  - Public Safety Officers who served in an official capacity as:
    - Law enforcement officer.
    - Firefighter.
    - Member of rescue squad or ambulance crew.
    - Chaplain to one of the above groups.

# PSO Health Coverage

- **Removes the requirement that PSO health coverage be paid directly from the retirement plan.**
- The PSO taxpayer retired either because of a disability or they reached their normal retirement age.
- The retirement plan must be a plan maintained by the employer from which the taxpayer retired as a public safety officer.

# PSO Health Coverage

- **Removes the requirement that PSO health coverage be paid directly from the retirement plan.**
- Can be paid out of pocket (written proof not required).
- Cost of premiums for accident, health, and long-term care insurance up to the lesser of \$3,000 or the taxable amount of the distribution (for taxpayer, spouse or dependents)
- If both spouses are retired PSOs, each can exclude \$3,000 but premiums are split between the two

# PSO Health Coverage

- Long-term care insurance not limited by premium limits in Schedule A.
- Includes Medicare (don't double the deduction!)
- Includes PSO disability distribution.
- Amount excluded cannot be used in Itemized deductions or self-employed health insurance deduction. Any excess can be used in those areas.

# PSO Health Coverage

## WHAT I NEED TO KNOW

- Did taxpayer and/or spouse retire as a public service officer?
- Did they make any medical insurance payments for taxpayer, spouse, dependents (directly or through deduction)?
- Amount up to \$3,000 deducted from gross distribution to determine taxable amount of distribution.
- Additional amount paid over \$3,000 may be deductible elsewhere.

# Are these statements true?

1. The health insurance payments that the PSO makes for the spouse and dependents can be deducted from the Gross Distribution to determine the taxable amount.
2. The payments the spouse makes for health insurance can be deducted from the Gross Distributions to determine the taxable amount.
3. The health insurance payments the dependent makes can be deducted from the Gross Distribution to determine the Taxable Amount.

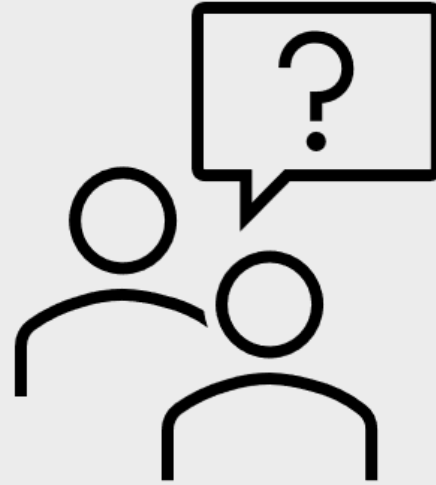
# Are these statements true?

1. The health insurance payments that the PSO makes for the spouse and dependents can be deducted from the Gross Distribution to determine the taxable amount. **Yes**
2. The payments the spouse makes for health insurance can be deducted from the Gross Distributions to determine the taxable amount. **Yes**
3. The health insurance payments the dependent makes can be deducted from the Gross Distribution to determine the Taxable Amount. **No**



# Questions?

Any additional questions?



Best place to find answers?

**NTTC Pub 4012**