

LIAISON MEMORANDUM NUMBER 07-02

To: Agency Liaison Officers

From: Cindy Rougeou
Executive Director

RE: Pension Protection Act of 2006

Date: January 19, 2007

On August 17th, President Bush signed into law the Pension Protection Act (PPA) of 2006. Private pension plans and their members will be those most affected by the law, but the PPA is relevant to some public pension system members as well, including members of LASERS. Public safety employees and officers are eligible for particular benefits.

Qualified public safety employees who separate from service at age 50 (changed from the previous 55) are exempt from a 10 percent tax penalty under Section 828 of the Act. This applies to certain withdrawals that begin after August 17, 2006. Section 828 of the PPA defines "public safety employee" as someone who provides police protection, firefighting services, or emergency medical services within the jurisdiction of a state or political subdivision. Employees providing police protection include correctional officers, wildlife agents, bridge police, public safety officers, and peace officers.

Section 845 of the PPA allows an eligible retired public safety officer to make a tax-free distribution of up to \$3,000 per year to providers of accident, health, or long-term care insurance, starting January 1, 2007. Eligible LASERS retirees include correctional officers, wildlife agents, bridge police, public safety officers, peace officers, and judicial officers who at the time of retirement are a part of the criminal or juvenile adjudicative process, including judges and other court officers. **Retirees should contact their tax advisor to confirm that they qualify.** An emergency rule was promulgated to require that the LASERS Board of Trustees approve insurance companies to which members would like to make payments.

Board of Trustees: Connie Carlton, Chair Cynthia Bridges Virginia Burton Sen. D.A. "Butch" Gautreaux Cindy Rougeou, Executive Director
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LASERS members who are eligible to participate in this new tax-free distribution must complete the *Public Safety Officer Authorization for Insurance Premium Deduction* form (Form 10-03). Form 10-03 is a fillable form and can be downloaded from the LASERS website, www.lasersonline.org. It is located under the “Forms” section.

LASERS will mail the member’s named insurance carrier the *Retired Public Safety Officers Insurance Carrier Agreement* (Form 10-04), to enroll as an insurance carrier for direct payment of insurance premiums as allowed under Section 845 of the PPA. This application is subject to review and approval by the LASERS Board of Trustees.

In addition to the provisions which affect public safety employees and officers, the PPA permits trustee-to-trustee rollovers of retirement funds to Roth Individual Retirement Accounts made after December 31, 2007. In the case of non-spouse beneficiaries, the PPA allows tax-free rollovers to an IRA. Protected distributions must be made after December 31, 2006.

For additional information regarding the Public Pension Protection Act of 2006, please contact your tax advisor. If you have questions regarding the completion of the above mentioned forms, please call a LASERS Member Services representative at (225) 922-0600 or (800) 256-3000.