

INFORMATION BULLETIN
Illinois Public Pension Fund Association – IPPFA.org
HELPS Tax Break for
Police and Fire Retiree Medical Insurance Payments
October 2025

Please be sure your retired public safety members are aware that they may reduce their taxable earnings by up to \$3,000 for medical insurance premiums paid during a calendar year. This is allowable under the Healthcare Enhancement for Local Public Safety Retirees Act, or the “HELPS” Retiree Act.

Prior to 2023, there was a requirement that the premium had to be deducted from the retiree’s pension check in order to qualify for HELPS credit. That is no longer the case following the adoption of the federal Secure 2.0 retirement law. Premiums paid directly by a retiree for health, accident or long-term care insurance qualify for the credit.

The \$3,000 reduction does not appear on the annual 1099R form that is sent out by the pension fund. The retiree must claim the reduction on his or her personal 1040 tax form on Line 5B or similar adjustment. Instructions on claiming the reduction are included in IRS Publication 575. In the 2024 version of the publication, the instructions appear on page 6 (with an update on page 2 stating that direct payment from the pension fund is no longer required). The pages and wording may be different when the 2025 version of Publication 575 is released.

As this is not a simple matter, pensioners may want to consult with their tax preparer to properly claim the reduction. If your pension benefits are administered by a pension administration company, you might obtain additional information by contacting that company.

Married couples where both the parties are retired police/fire/EMS may take a reduction in income of up to \$6,000. Please note that the tax break is not available to surviving spouses.

Let’s do what we can to ensure that our retired members can take advantage of this tax break for retiree medical insurance.