IPPFA
PREPARE PROTECT EDUCATE INFORM
ILLINOIS PUBLIC PENSION FUND ASSOCIATION℠
An Association of Public Pension Funds
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Remind Your Retirees About the HELPS Insurance Credit

Please be sure your retired law enforcement and fire/EMS members and clients 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.

Previously, 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. Qualifing premiums paid directly for health, accident or long-term care insurance qualify for the credit in 2023 and beyond.

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 (page 7 with an update on page 2). As this is not a simple matter, pensioners may want to consult with their tax preparer to properly claim the reduction.

Note that married couples where both the parties are retired police/fire/EMS may take a reduction in income of up to $6,000.

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

Dan Ryan, IPPFA, November 2025
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