

**REP. MEEK INTRODUCES LEGISLATION  
TO ADDRESS PUBLIC SAFETY RETIREE TAX**

ISSUE: National Conference on Public Employee Retirement Systems announces that Representative Kendrick Meek (D-FL) recently introduced legislation in the House of Representatives to fix issues related to public safety retiree taxation that came about as a result of recent changes to the tax code. Section 828 of the Pension Protection Act of 2006 amended the tax code to allow retired public safety employees beginning at age 50 to take distributions from their defined benefit pension plans without paying the 10 percent early distribution tax. Section 828 was enacted recognizing that, due to nature of the profession and in many cases mandatory retirement ages, public safety employees typically retire earlier than the general population. Of course, 26 U.S.C. 72(t)(2)(A)(v) permits all other retirees to take distributions without the 10 percent tax, beginning at age 55. Unfortunately, since implementation of PPA Section 828, two issues have arisen that need to be fixed. First, public safety employees between ages 50 and 55 who chose to roll over their distributions into a 457 plan and then take distributions from the 457 plan are now subjected to the 10 percent early distribution tax until age 59½. The second issue revolves around public safety employees who retired before age 55 and before enactment of Section 828 and who opted to annuitize their benefit to avoid the 10 percent early distribution tax. After enactment of Section 828, if those retirees decide to take a modified distribution from their plans, they are subjected to a 10 percent recapture tax on the previous annuitized distributions. NCPERS has been working with members of Congress and other interested partners to craft a legislative fix, and on May 22, 2008, Representative Meek introduced H.R. 6157, a bill that will do what is necessary. The bill has been referred to the House Ways and Means Committee. NCPERS is committed to continuing to seek Congressional support for the bill and ensuring that it becomes law.

**Readers can help by calling or writing their member of Congress in Washington, and asking that he or she sign-on as a co-sponsor to H.R. 6157. The Capitol switchboard can be reached at 202.224.3121.** As always, NCPERS is to be congratulated for its fine work in the area of public employee retirement issues. (CYPEN & CYPEN NEWSLETTER FOR JUNE 12, 2008)