



# *President's Report*

## *Chuck Canterbury*

### *National President*

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together"*



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## **NJ FOP Rally's to Save Pensions**

The National FOP has been monitoring Pension systems around the country for the past few years and recently we had the opportunity to join with the New Jersey FOP and take a stand against changes proposed in the public pension systems in that state.

At a rally in Trenton New Jersey, public employees came together to fight these changes. The changes which would make significant cuts included changes to a defined contribution program versus a defined benefit program.

I was asked to address a crowd of over 20,000 attendee's and along with the General President of the IAFF, we met with the Governor and with President Ed Brannigan leading the way we had a discussion with the Governor about this plan and he has agreed to begin discussions with these two groups and allow them to have significant input into the pension issue.

## **Social Security Windfall is a top Priority**

As we prepare for the 110<sup>th</sup> Congress, the elimination of the Windfall Provision will again top our list of priorities. This legislation is a major concern to many of our members and we will pick up the fight at the beginning of the session. We will continue to work with the Coalition in DC which includes fire fighters, teachers and other public employees.

We will be watching all Social Security Legislation and we watch for any changes that will affect our members. The many compromises offered in the past are something we will need to evaluate and we will be involved in the discussions at all levels.

The economic impact of this legislation makes this a very tough issue and I have heard the statement many times “ this is wrong why can’t we get it changed” well the main answer is that with a substantial annual impact on the Social Security System it is imperative that our sponsors help identify ways to make up the shortfall.

This issue affects millions of public employees and we will all be working hard in the next session to get changes.

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## **110<sup>th</sup> Congress What it means to the FOP**

The FOP starts the 110<sup>th</sup> Congress in good shape and we will be working with both sides of the aisle to push our Legislative Agenda.

During the mid term elections many of the FOP supported candidates won their respective elections and we must utilize the Grassroots program to maximize our positions.

The PAC fund distributed funds in a very bipartisan manner with candidates in both major parties receiving equal contributions.

The FOP, although sometimes painted with a republican brush as an organization, is a bipartisan organization. We support candidates that support our legislative agenda.

We have many friends that will be taking over many of the Congressional Committees and we will be working hard and Day on the Hill will be vital to our success as we reeducate the new Congress on our agenda.

Take advantage of your endorsements and make sure we get the support of those we supported.

## **FOP Testifies at Sentencing Commission Hearing**

In November I testified before the Federal Sentencing Commission and urged the commission to maintain federal minimums for Crack Cocaine.

There are many groups especially the criminal defense attorney's associations that are urging the federal minimums be reduced.

We testified that doing away with the minimum sentences would not fix the disparity between those convicted on crack vs powdered cocaine.

We urged the commission to raise the minimums for powdered cocaine rather than reduce those penalties for crack.

We are awaiting the commission's decisions but nothing can be implemented without congressional approval and we will make sure that when the guidelines are published and any recommendations are submitted to congress we will be there to keep you informed.

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## **Labor Services Expands**

In keeping with the expansion of the Labor Services program approved by the Board in September 2006 the Grand Lodge has hired our third labor representative and an Associate general Counsel for Labor Service

President Canterbury is proud to announce the hiring of an In-House Labor Services Attorney. Timothy P. Mullaney Sr. will join the NFOP Labor Services Division on December 18, 2006.

Timothy P. Mullaney Sr. is currently an attorney in private practice, representing a number of FOP bargaining units. He is the former County Attorney for the New Castle County, Delaware Law Department. He was the United States Marshal for the District of Delaware and also served as Adjunct Counsel to the Office of General Counsel United States Marshal Service, 1994 to 2002. He is retired from the City of Dover Police Department (Commander, Criminal Investigating Unit; Commander, Planning and Training Unit), 1972 to 1994. Mr. Mullaney has held numerous offices in the Fraternal Order of Police at the local, state and National levels. He has bargained FOP labor contracts for over 30 years. He is currently Chairman of the Grand Lodge Labor Services Committee. He is a member of the American Bar Association; Pennsylvania Bar Association; Delaware Bar Association; Terry-Carey American Inns of Court; Kent County Bar Association; Board Member of the National Law Enforcement Officers Credentialing Board and Fraternal Order of Police Lodge 15.

President Canterbury is proud to announce the hiring of a new Labor Services Field Representative, Patrick McFadden. He will join the NFOP Labor Services Division on November 26, 2007.

Patrick Mc Fadden has served as a labor consultant to Lodge #15 in York PA for 25yrs. He has over 30 yrs. experience in labor relations. He is currently approved and listed as an American Arbitration Association labor arbitrator, and is the former Executive Director for the Department of Emergency Services in Pennsylvania. Pat holds a BS degree in Security Management and an MBA in Organizational Structure. He is also the author of a recently published book "Code Red, diary of a country scorned."

These two new employees bring many years of experience to our program and I am very glad to have them on board.

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## IRS Publishes Guidance on HELPS Retirees Act

The Pension Protection Act, which was signed into law last August, included an important FOP-backed provision in Section 845-the Healthcare Enhancement for Local Public Safety (HELPS) Retirees Act.

The new law provides a modest tax benefit to retired public safety officers to pay for health insurance by allowing the use, on a pretax basis, of up to \$3,000 annually from their pension funds (including defined benefit plans and defined contribution plans) to pay for premiums on health care and long-term care insurance.

This provision went into effect on 1 January 2007, but its practical effect was delayed until the Internal Revenue Service (IRS) issued its guidance for the law's implementation. That guidance has now been issued:  
<http://www.irs.gov/pub/irs-drop/n-07-07.pdf>

The relevant questions have been extracted from their document and are provided for you below. The staff at the National Legislative Office is still reviewing the information, and we will provide further information as we develop it.

**Q-1. Who is an eligible retired public safety officer for purposes of the exclusion Under the HELPS provision?**

**A-1.** An employee is an eligible retired public safety officer for purposes of the exclusion under the HELPS provision only if the employee is an individual who separated from service, either by reason of disability or after attainment of normal retirement age, as a public safety officer with the employer who maintains the Eligible Government Plan from which the distributions to pay qualified health insurance premiums are made. Thus, a public safety officer who retires before attainment of normal retirement age is not an eligible retired public safety officer unless the public safety officer retires by reason of

disability. The terms of the Eligible Government Plan from which the participant will be receiving the distributions apply in determining whether a public safety officer has separated from service by reason of disability or after attainment of normal retirement age.

Q-2. Who is a public safety officer?

A-2. For purposes of the HELPS provision, the term “public safety officer” means an individual serving a public agency in an official capacity, with or without compensation, as a law enforcement officer, a firefighter, a chaplain, or as a member of a rescue squad or ambulance crew. See § 1204(9)(A) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796b(9)(A)).

Q-3. Under what circumstances are the provisions of the HELPS provision available for eligible retired public safety officers?

A-3. The favorable tax treatment under the HELPS provision is available only when an eligible retired public safety officer elects to have an amount subtracted from his or her distributions from an Eligible Government Plan and such amount is used to pay qualified health insurance premiums. The employer sponsoring the Eligible Government Plan is not required to offer such an election.

Q-4. Can the accident or health plan receiving the payments of qualified health insurance premiums be a self-insured plan?

A-4. No. The accident or health plan must be an accident or health insurance plan. Thus, the plan must be providing insurance issued by an insurance company regulated by a State (including a managed care organization that is treated as issuing insurance).

Q-5. Will an eligible retired public safety officer be entitled to favorable tax treatment under the HELPS provision with respect to benefits attributable to service other than as a public safety officer?

A-5. Yes. Benefits attributable to service other than as a public safety officer are eligible for favorable tax treatment under the HELPS provision, as long as the individual separates from service as a public safety officer, by reason of disability or after attainment of normal retirement age, with the employer maintaining the Eligible Government Plan.

Q-6. If an eligible retired public safety officer dies, are amounts subtracted from distributions made to the decedent’s surviving spouse or dependents eligible for favorable tax treatment under the HELPS provision?

A-6. No. The HELPS provision provides that the distribution is not includible in the gross income of an employee who is an eligible retired public safety officer. Thus, the exclusion would not extend to amounts subtracted from distributions to other distributees.

Q-7. Is an eligible retired public safety officer limited in the amount that the officer can exclude from gross income for distributions from an Eligible Government Plan used to pay qualified health insurance premiums?

A-7. Yes. The aggregate amount that is permitted to be excluded, with respect to any taxable year, from an eligible retired public safety officer's gross income by reason of the HELPS provision is limited to \$3,000. For purposes of applying this \$3,000 limitation, 11 distributions with respect to the eligible retired public safety officer that are used to pay for qualified health insurance premiums from all Eligible Government Plans are aggregated.

Q-8. Are amounts used to pay qualified health insurance premiums that are excluded from gross income under the HELPS provision taken into account for purposes of determining the itemized deduction for medical care expenses under § 213?

A-8. No. Amounts used to pay qualified health insurance premiums that are excluded from gross income under the HELPS provision are not taken into account in determining the itemized deduction for medical care expenses under § 213.