

FOP News Update

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IRS Relents and Delays Implementation of New Rule on “Normal Retirement Age”

Chuck Canterbury, National President of the Fraternal Order of Police, welcomed Friday’s news that the Internal Revenue Service (IRS) had delayed implementation of a new rule which would have impacted law enforcement officers by creating a new definition of “normal retirement age.”

“This news is not unexpected,” Canterbury said. “We’ve been working in concert with other stakeholder groups since the rule was proposed and, just a few weeks ago, sent a letter to the IRS Commissioner outlining in very stark terms how this would hurt our nation’s law enforcement and other public safety officers.”

Defined benefit plans of State and local governments typically define their normal retirement age as the date or age when participants qualify for normal or unreduced retirement benefits under the plan. Typically, this age is tied to years of service, usually ranging from 20 to 25 years. The Federal government has never prohibited this practice for governmental pension plans. In fact, the IRS routinely approved service-based normal retirement ages through the determination letter process. However, the new rule would have required a pension plan’s normal retirement age to be an age that is “not earlier than the earliest age that is reasonably representative of the typical retirement age for the industry in which the covered workforce is employed.” For plans in which “substantially all” of the participants are public safety officers, the new “normal retirement age” would be 50.

“Had this rule gone into effect, it would have had an immediate and certainly very negative impact on many individuals as well as pension plans, many of which are governed by State statute, State Constitution, or could be part of an existing labor contract,” Canterbury said. “I am pleased that the IRS heard our concerns and took the first step of delaying the implementation of this new rule. It is our aim to remove this provision entirely from the regulations.”

You can view a copy of IRS Notice 98-2008 on the FOP website.

The Fraternal Order of Police is a not for profit organization that protects and defends the interests of law enforcement officers. In addition to calling attention to wages, benefits, terms and conditions of employment, the FOP guards the health, welfare and safety of its members through education, training, communication and legislative programs.

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