



NATIONAL FRATERNAL ORDER OF POLICE

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FOP-Backed Retirement Provisions in Omnibus *Spending Bill Goes to the President to be Signed into Law*

Washington, DC – Patrick Yoes, National President of the Fraternal Order of Police, expressed great pride in the organization’s work to include additional provisions benefiting law enforcement officers in H.R. 2617, the “FY2023 Consolidated Appropriations Act.”

“This end-of-the-year spending bill is a whopping 4,200 pages and our legislative staff is still going through the document to find provisions which could impact our members in addition to those we’ve already identified,” Yoes said.

H.R. 3060, the Putting First Responders First Act

This provision codifies Internal Revenue Service (IRS) Ruling 85-105, which makes public safety service-connected disability compensation exempt from Federal income taxes. The bill, as introduced, would have codified this ruling immediately but the provision included in the omnibus will go into effect on 31 December 2026. This is not expected to negatively impact any public safety officer as the IRS regulation that the bill makes into statute is still in effect.

“Too often, law enforcement officers who suffer terrible injuries in the line of duty are ignored. These officers risked just as much as anyone else and have paid dearly for it, so we’re proud to have successfully included the ‘Putting First Responders First Act,’ into the omnibus spending bill,” Yoes said.

H.R. 8329/S. 4314, the Protecting Public Safety Employees’ Timely Retirement Act

This provision, which was another long-time FOP objective, modifies the eligible age for the exemption from the retirement plan early withdrawal penalty for public safety officers. Under current law, when a retired public safety officer withdraws from a retirement plan before reaching age 50, this is deemed an “early” or “premature” distribution and it is subject to an additional 10 percent early withdrawal tax. The provision included in the omnibus allows an officer who has retired after 25 years of service, even if it is before age 50, to be exempt from the 10 percent withdrawal penalty. The provision also extends recognition to State and local corrections officers as “public safety officers” for the exemption from the early withdrawal penalty.

“The FOP has been working to correct this unfair ‘early withdrawal’ penalty for several

years now,” Yoes explained. “Public safety officers’ retirement plans need to reflect the fact that, due to the physical rigors of the job, these men and women retire earlier than other public employees.”

Additional retirement provisions identified in omnibus

The giant spending bill also contains a provision which will allow 403(b) plans to participate in multiple employer plans (MEPs) and pooled employer plans (PEPs), including relief from the “one bad apple rule,” so that the violations of one employer do not affect the tax treatment of employees of compliant employers.

Finally, the legislation will permit an exception to the 10 percent tax penalty applicable to early distributions, up to \$1,000 per year, from tax-preferred retirement accounts if the distribution is used for unforeseeable or immediate financial needs relating to personal or family emergency expenses. This exemption would also apply to withdrawals made by terminally ill individuals.

“The FOP and our bipartisan allies in this Congress can be proud of our work in getting some of our long-term goals included in the spending measure,” Yoes said. “This clearly shows that you can really only succeed if you are willing to work both sides of the aisle.”

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Founded in 1915, the Fraternal Order of Police is the largest law enforcement labor organization in the United States, with more than 364,000 members. With national offices in Nashville, Tennessee, and Washington, D.C., the FOP is committed to improving the working conditions of law enforcement officers and the safety of those served through education, legislation, information, community involvement, and employee representation. Please visit <https://www.fop.net> for more information.