

From: Labor Relations  
Subject: Payroll Process: Bargaining Agreement Wage Back Pay and Service Recognition  
Priority: Low  
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The ratified agreement between IBEW and the railroads includes retroactive wage increases and service recognition bonus payments. Below is detail regarding retroactive (back pay) payment calculations and pay dates for those employees who are eligible under the ratified agreement.

### **Back Pay and Service Recognition Bonus Calculation**

- 3.0% General Wage Increase (GWI) for period between 7/1/2020 and 6/30/2021.
- 3.5% General Wage Increase (GWI) for period between 7/1/2021 and 6/30/2022.
- 7.0% General Wage Increase (GWI) for period between 7/1/2022 and 10/31/2022.
- All three rate increases (14.07% compounded) go into effect on 11/1/2022.
- GWIs are applied only to eligible classes of time. Not all pay is subject to rate increases. Types of pay not subject to increase include non-taxable pay (mileage, lodging, meals, per diem) and various “differentials.”
- Employees eligible to receive the \$1,000 per year Service Recognition Bonus for 2020, 2021, and/or 2022, will see that payment included with their back pay.
- Future Service Recognition Bonus payments to eligible employees will be paid out in mid-December 2023 and 2024.
- Individual itemized back pay calculation reports are not available.

### **Net Payments**

- Back pay / Service Recognition Bonus payments will be processed via an off-cycle check, to be deposited on Nov. 18, 2022.
- Union Pacific is legally required to withhold garnishments as requested by state agencies on lump sum payments. Back pay is considered a lump sum payment. On these payments, state agencies may require a one-time lump sum garnishment deduction.
- Back pay is subject to Railroad Retirement Taxes. In addition, State and Federal taxes will be withheld at the supplemental tax rates. The supplemental tax rate for Federal is 22% and the States vary.
- Please verify your direct deposit information is correct in SAP under [My Profile](#).

### **Elections - 401(k) and Employee Stock Purchase Plan (ESPP)**

#### **401(k)**

- Back pay and service recognition bonuses are considered eligible wages for 401(k) deferral for those employees under the UPRR Agreement Thrift Plan.
- The maximum deferral election is 75%.
- 401(k) deferral elections can be modified each pay period and are applied to all thrift eligible wages. Below are the 401(k) cutoff dates for employees to

modify their elections along with the corresponding pay date.

401(k) Benefit Election Change Deadline	401(k) Benefit Election Pay Date
10/31/2022	11/10/2022
11/15/2022	11/18/2022 & 11/25/2022
11/30/2022	12/9/2022
12/15/2022	12/23/2022

#### Employee Stock Purchase Plan (ESPP)

- Back pay and service recognition bonuses are eligible for ESPP purchases for current craft professionals.
- The maximum election is 10%.
- ESPP elections are only able to be modified for an entire month rather than each pay period. Elections must be modified by the 15th of the month to become effective for that month (i.e. November election deadline is Nov. 15. Election will be effective starting with the Nov. 18 off-cycle paycheck).

**Note: If employees want to modify their 401(k) or ESPP elections to apply to their back pay and service recognition bonuses, employees must make any changes by the deadlines shown above. Employees are responsible for reverting their own benefit elections prior to the next 401(k) or ESPP benefit election deadline.**

Questions? Enter a TRM ticket – search “TRM” on the Employee site and select “TRM – Lite – Ticket Resource Management”