

Railroad Retirement Board (RRB) Benefits

As a railroad employee, certain retirement and disability benefits may be available to qualified railroad employees and spouses.

Railroad Retirement is a program similar to, but legislatively and administratively separate from, the Social Security system. The two systems (Social Security and Railroad Retirement) are closely coordinated with regard to earnings credits, benefit payments and taxes.

Railroad Retirement provides retirement benefits and comprehensive survivor and unemployment-sickness programs for the nation's railroad workers and their families. Railroad Retirement is administered by the Railroad Retirement Board (RRB), an independent agency in the executive branch of the Federal Government. Key RRB responsibilities are defined under the federal Railroad Retirement and Railroad Unemployment Insurance Acts. The RRB also has administrative responsibilities under the Social Security Act for certain benefit payments and railroad workers' Medicare coverage.

Basic Benefits

The Railroad Retirement Board administers retirement/survivor and unemployment/sickness insurance benefits for railroad workers and their families.

This is a governmental system/payroll tax that both Union Pacific and employees pay into over the course of their careers, and is analogous to social security for non-railroad industries.

When you retire, whether you have nonagreement or agreement employment, you may also be entitled to a Railroad Retirement Benefit provided by the Railroad Retirement Board.

Basic Service Requirement

The basic service requirement for a regular employee annuity is 10 years of creditable railroad service or 5 years of creditable railroad service if such service was performed after 1995. Service months do not need to be consecutive.

Credit for a month of railroad service is given for every month in which an employee had some compensated service for an employer covered by the Railroad Retirement Act, even if only one day's service is performed in the month.

How are Railroad Retirement Benefits Calculated?

- Railroad Retirement benefits are based on months of service and earnings credit.
- Earnings are creditable up to certain annual maximums on the amount of compensation subject to railroad retirement taxes.

Railroad employees and employers pay a Tier I tax which is the same as the Social Security tax. Employees and employers also pay a Tier II tax which contributes to financing Railroad Retirement benefit payments in excess of coverage provided under Social Security.

2017 Employee Tax Withholding:

- Tier I - 6.2 percent (Maximum earnings taxed is \$127,200)
- Tier II - 4.9 percent (Maximum earnings taxed is \$94,500)
- Medicare (Tier III is a term that only UPRR uses internally) - 1.45 percent (All earnings taxed) **Starting in 2013, an additional tax of 0.9 percent will be withheld by the employer on earnings over \$200,000.*

2017 Employer Tax Withholding:

- Tier I - 6.2 percent
- Tier II - 13.1 percent
- Medicare - 1.45 percent (no earnings limit - additional 0.9 percent only applies to employees)

What are the Benefits to You?

The [Railroad Retirement Board website](#) illustrates prospective benefits under the two systems. Assuming employees have similar work histories and receive maximum monthly benefits, a person receiving Railroad Retirement would collect \$2,700 a month. Under Social Security, the person would receive \$1,400 per month.

If you leave the railroad within 5 years of employment, your Tier I benefit will be transferred in total to the Social Security system. Employees with at least 10 years (120 months) of creditable railroad service, or at least 5 years (60 months) of creditable railroad service after 1995, are vested in Railroad Retirement and eligible for retirement and disability annuities.

When is a Railroad Retirement Board Annuity Paid?

A Railroad Retirement annuity cannot be paid until the employee stops railroad employment and files an application to begin receiving his/her monthly annuity.

The earliest that Railroad Retirement benefits may begin is either age 60 with 30 years of qualifying railroad service, or age 62. If you have 30 years of railroad service, you are eligible to draw an unreduced Railroad Retirement benefit at age 60. Otherwise, retirement annuity reductions are applied to annuities awarded before full retirement age, which ranges from age 65 for those born before 1938 to age 67 for those born in 1960 or later. You may wish to contact a financial advisor to help you make the best decision.

Applying for a Railroad Retirement Annuity

Your Railroad Retirement annuity does not begin automatically – you must apply for benefits by contacting the nearest Railroad Retirement Board office. To contact your local RRB office, call (877) 772-5772 or use the [RRB Zip Locator](#) at www.rrb.gov to find the office nearest you.

Applications for a Railroad Retirement Annuity are accepted by the Railroad Retirement Board up to three months in advance of an annuity beginning date. Since the rules and requirements are complex, applicants should contact their local Board office for a pre-retirement consultation.

Spouse Annuities

The Railroad Retirement Board generally provides a “Spousal Annuity” that is payable once the spouse reaches a certain age, which is dependent on the employee’s age, date of retirement and the employee’s years of railroad service.

- If a retired employee with 30 years of service is age 60, for example, the employee’s spouse is also eligible for an annuity the first full month the spouse is age 60.
- If a retired employee with less than 30 years of service is age 62, the employee’s spouse also is eligible for an annuity the first full month the spouse is age 62.
- Early retirement reductions are applied to the spouse annuity if the spouse retires prior to the full retirement age, which ranges from age 65 to age 67, just as for an employee, depending on the year of birth.

Employee and Spouse Annuity Estimates

Railroad employees can get [estimates of future annuities](#) for themselves and their spouses through the Railroad Retirement Board (www.rrb.gov).

- Estimates are based on the service and earnings records maintained by the Board and show the earliest date the employee can receive a full annuity and, if applicable, the earliest date the employee can receive a reduced annuity.
- Nonagreement employees can also review their company-provided Annual Benefits Statement for an estimate of their Railroad Retirement benefits at ages 60 (if eligible), 62 and 65.

Working After Retirement

- Neither a regular Railroad Retirement annuity nor a spouse annuity is payable for any month in which a retired employee works for an employer covered under the Railroad Retirement Act, including labor organizations.
- If you have retired and then choose to return to work for a railroad or for a non-railroad employer, you should notify the Board to understand the implications to your benefits.

More Information

For information not included here, visit the [Railroad Retirement Board Website](#). Using the [Zip Locator](#) feature, you also can find the contact number for the Railroad Retirement Board office nearest you.

This page is intended to summarize certain features of your Railroad Retirement Board benefits. It is not intended to serve as a complete benefit summary. For information not included in this document, please review to the Railroad Retirement Board Website at www.rrb.gov.