

Spring 2023

# PRE-RETIREMENT SEMINAR



Presented by the  
Office of the Labor Member  
U.S. Railroad Retirement Board

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- Benefits can be paid to retired railroad employees on the basis of age or disability.
- Benefits can be paid to the retired employee's spouse on the basis of age or caring for the employee's minor or disabled child.
- Benefits may also be payable to an employee's divorced spouse on the basis of age, even if the employee has not retired.



## RETIREMENT BENEFITS

- **Retirement annuity**
  - Age
  - Total disability
  - Occupational disability
- **Supplemental annuity**
- **Spouse annuity**

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- A railroad retirement benefit is called an annuity.
  - These are monthly payments.
  - Payable on the first business day of the month for the previous month.
  - Made up of one or more components called tiers.
- An annuitant must be alive the entire month in order for an annuity to be payable for that month.



## CREDITABLE RAILROAD SERVICE

- Compensation from any covered railroad employer, including unions.
- Credit for any month employee worked, even if employee worked only one day.
- Minimum railroad service requirement for benefits is 5 years (60 months) performed after 1995.
- Otherwise, need 10 years (120 months) of creditable railroad service.

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- Compensation can include earnings, vacation pay, pay for time lost, etc.
- Can receive credit in personal injury settlements, or other pay for time lost situations, if allocated to specific months.
  - In these cases, a service month can only be credited if compensation allocated for that month is at least 10 times the daily rate of pay.
  - Pay for time lost applies only to months lost due to that injury.
- Additional service months can sometimes be deemed when employee doesn't actually work in every month of a year. During a deemed service month, the employee must be:
  - In an employment relation with a covered employer (on approved leave of absence), **or**
  - An employee representative.
- Local lodge service is creditable if the compensation is at least \$25/month and the work was preceded by creditable service to a covered employer.
- If an employee does not meet the minimum service requirement, railroad retirement credits are transferred to the Social Security Administration at the time of his/her retirement or death.



## MILITARY SERVICE CREDITABLE IF...

- Active duty is preceded by rail service in same or preceding year,  
– AND –
- Employee entered involuntarily or during war or national emergency.
- If used by the RRB, cannot be used as quarters of coverage to qualify under social security

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### WAR AND NATIONAL EMERGENCY PERIODS

Persian Gulf/Current Conflict – August 2, 1990 to date not yet determined

Korea/Vietnam – December 16, 1950 to September 14, 1978

World War II – September 8, 1939 to June 14, 1948

- Compensation credited:
 

Years after 1974	Up to social security maximum
1968 – 1974	\$260 per month
1937 – 1967	\$160 per month
- Creditable military service can be used to meet minimum service requirements – 10 years, or 5 years performed after 1995.
- Veterans encouraged to submit proof of military service to RRB well in advance of retirement.





## RAILROAD EMPLOYEE TAXES AND WAGE BASES FOR 2023

	TIER I		
	RAILROAD RETIREMENT	MEDICARE HOSPITAL INSURANCE	TIER II
TAX RATE	6.20%	1.45%	4.90%
WAGE BASE	\$160,200	NO CAP	\$118,800

2023 tax on employee earning \$160,200 is \$18,076.50

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- Tier I tax rate and wage base same as under social security.
- An additional 0.9% in hospital insurance taxes (2.35% in total) applies to an individual's income exceeding \$200,000, or \$250,000 for a married couple filing a joint tax return. While employers will begin withholding the additional Medicare tax as soon as an individual's wages exceed the \$200,000 threshold, the final amount owed or refunded will be calculated as part of the individual's Federal income tax return.
- Employer tier I tax rate and wage base same as for employee. However, in 2023 employer pays tier II tax of 13.10% on \$118,800 base. The 2023 employer tax on an employee earning \$160,200 is \$27,818.10.
- Employer and employee tier II rates are based on the ratio of certain asset balances to the sum of benefits and administrative expenses.
- If excess tax withheld from two employers, credit may be due employee.
  - Claim credit for excess **tier I taxes** with **IRS Form 1040**.
  - Claim credit for excess **tier II taxes** using **IRS Form 843**.
  - See IRS publication 505, *Tax Withholding and Estimated Tax* ([IRS.gov](https://www.irs.gov)).



## FORM BA-6

- Issued every June to those with creditable railroad compensation in previous year
- Provides current and cumulative record of railroad service and compensation
- Shows pay that was subject to taxes, not amount of taxes
- If employee's address changes, he/she should always notify the RRB and their employer
- Indicates if employee is qualified to claim unemployment or sickness benefits

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- Form BA-6 also shows deemed service months and miscellaneous compensation, such as taxable sickness payments.
  - Additional service months may be deemed in some cases where an employee does not actually work in every month of the year.
  - The employee's compensation for the year, up to the tier II maximum, must exceed an amount equal to 1/12 of the tier II maximum multiplied by the number of service months actually worked.
  - An employee may never be credited with more than 12 service months in any calendar year.
- Form BA-6 reflects creditable military service, if previously reported to the RRB.
- If an employee disagrees with any information on Form BA-6, they should notify the RRB as early as possible. An employee has 4 years to protest any discrepancies in the record.
  - Correspondence reporting inaccuracies must include employee's social security number and any supporting documentation (copies of pay stubs). Mail to RRB headquarters: Protest Unit – CESC, 844 North Rush Street, Chicago, IL 60611-1275



**U.S. RAILROAD RETIREMENT BOARD**  
**ERHARD CHORLÉ, JOHN BRAGG, THOMAS JAYNE**  
**MEMBERS**

CERTIFIED 01-15-2022

BA 9999 8282

① JB HARRIS  
 123 MAIN ST  
 CENTRAL CITY, IL

**2021 CERTIFICATE OF SERVICE**  
**MONTHS AND COMPENSATION**  
 SERVICE AND COMPENSATION REPORTED  
 FOR PERIOD ENDING DECEMBER 31, 2021

② BIRTH DATE	③ SEX
07-1970	F

④ **SERVICE AND COMPENSATION ON RECORD FOR REVIEW PERIOD**

YEAR	CREDITABLE COMPENSATION	SEPARATION ALLOWANCE/ SEVERANCE PAYMENT		SERVICE MONTHS PROFILE*													
		TAXABLE AMOUNT	COMPENSATION AMOUNT	J	F	M	A	M	J	J	A	S	O	N	D	TOTAL	
2021	100,300.00			1	1	1	1	1	1	1	1	1	1	1	1	1	12
2020	96,500.00			1	1	1	1	1	1	D	D	1	1	1	1	1	12
2019	87,250.00			1	1	1	1	1	1	1	1	1	1	1	0		11
2018	24,800.00			0	0	0	0	0	0	0	1	0	1	1	1		04

\*1 - A reported month; 0 - A month not reported; D - A "deemed" month

⑤ **CAREER TOTAL RETIREMENT RECORD**

CREDITABLE COMPENSATION	SEPARATION ALLOWANCE/ SEVERANCE PAYMENT		SERVICE MONTHS				EMPLOYEE CONTRIBUTIONS
	TAXABLE AMOUNT	COMPENSATION AMOUNT	REPORTED	DEEMED	MILITARY	TOTAL	
923,700.00			204	2	12	218	38,100.00

⑥ **YOUR 2021 REPORTING EMPLOYER(S)**

The service and compensation shown on this form for 2021 were gathered from a report(s) received from the following employer(s): **MIDWESTERN RAILROAD COMPANY**

⑦ **RRB OFFICE SERVING YOUR AREA**

123 CENTRAL AVENUE  
 WINDY CITY, IL 60000

PHONE (877) 772-5772

⑧ **2021 RUIA EARNINGS**

QUALIFIED	QUALIFYING EARNINGS
Y	\$20,520

**Be sure to check these items:**

- |  |  |
|--|--|
| 1. Name/address  | 5. Career total compensation, separation allowance/severance payments, service, and employee tier II contributions |
| 2. Birth date  | 6. Reporting employer(s) for year  |
| 3. Sex   | 7. Local RRB office  |
| 4. Last 4 years of service, by month, and compensation | 8. RUIA Earnings   |

*Always notify the RRB if your address changes during the year.*

**Form BA-6, Certificate of Service Months and Compensation**, is a statement of your service and compensation record at the Railroad Retirement Board (RRB). We sent you this form because you performed railroad service and/or received railroad compensation in 2021. This certificate shows you your service under the Railroad Unemployment Insurance Act and the Railroad Retirement Act (RRA) and your compensation under the RRA. *We use this information shown to determine whether you qualify for benefits and the amount of those benefits.* It does *not* show taxes deducted from your earnings under the Railroad Retirement Tax Act (RRTA).

**NOTE:** Compensation amounts on this certificate, which were reported to the RRB by your employer(s), may be less than amounts on your year-end payroll stub and Internal Revenue Service (IRS) Form W-2.

You can request a history statement online by clicking on the button labeled **Request Documents** at **RRB.gov/myRRB**.

For detailed information about how to review your Form BA-6, go to **RRB.gov/BA6**.

**HOW TO FILE A PROTEST** – If you believe your 2018-2021 service and/or compensation information is incorrect, you may file a formal protest with the RRB in writing or complete Form G-70, Protest Record of Service Months and Compensation. Get the form from our website or any RRB office. **YOU MUST FILE A PROTEST WITHIN FOUR YEARS OF THE DATE THE SERVICE AND/OR COMPENSATION WAS TO BE REPORTED.** When filing a protest, always include:

- Your social security number
- A clear description of the error you believe has occurred
- The employer's name
- Your duty station, department and occupation

You *must* submit evidence with your protest. Without evidence, we have no basis on which to request a correction if your employer does not agree with you. Check stubs are the best evidence to submit; your IRS Forms W-2 are useful but not as detailed as check stubs.

**Send your protest to Protest Unit-CESC, U.S. Railroad Retirement Board, 844 N. Rush Street, Chicago IL 60611-1275.**

If you protest the information in our records after the four-year period, we will not correct that information unless exceptional circumstances exist. *The following dates apply to the information on this certificate:*

Earnings Year	2021	2020	2019	2018
Last Date to File a Protest	February 28, 2026	February 28, 2025	February 29, 2024	February 28, 2023

**NOTE:** Before filing a formal protest with the RRB, you may find it helpful to ask your employer about the reported amounts that you think are incorrect. However, keep in mind that discussing your earnings with your employer is not the same as filing a formal protest with the RRB and does not extend the time for filing a formal protest.

#### **NEWS YOU CAN USE**

- File Form SI-1a/b, Application for Sickness Benefits and Statement of Sickness, within 10 days of the first claimed day of sickness. *You may lose benefits if your application is filed late.*
- Submit proof of your *age* and *military service* as permanent records for RRB files. If you performed active military service in a branch of the Armed Forces, that service may increase or provide eligibility for benefits. Submit a copy of your latest DD-214 (or other service evidence) to your nearest RRB office for a determination of creditability. Your local RRB office will explain how to obtain acceptable evidence for proof of military service and age.
- Create a **myRRB** account at **RRB.gov/myRRB** to get annuity estimates, apply for or claim unemployment benefits, claim sickness benefits, view RUIA account statement, and review service and compensation history.
- RRB publications covering benefits and other related topics are available at **RRB.gov** under the **Benefits** tab of the main menu. In addition, frequently asked questions are answered online at **RRB.gov/FAQ**.
- Call us toll-free (877-772-5772) and use the automated menu for unemployment and sickness claim information.
- Visit your local RRB office to speak with an RRB representative or pick up informational pamphlets. See the “**RRB Office Serving Your Area**” section on the front of this form for the phone number or address. Although most items can be handled by telephone, our field staff will be glad to help you with any railroad retirement matter. Please phone ahead to arrange a convenient time to speak with a representative.

**RRB Representatives Available: Monday - Friday 9:00 am to 3:00 pm; Closed Federal Holidays**



## CURRENT CONNECTION

- **Current connection needed for:**
  - Survivor benefits
  - Occupational disability annuities
  - Supplemental annuities
- **Not needed for any other type of annuity**
  - such as a 60/30 retirement annuity

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- Current connection can only be broken by working for nonrailroad employer after leaving railroad service and before railroad retirement annuity begins.
- Once a current connection is established at the time of retirement, including disability cases, an employee never loses it, no matter what kind of work is performed thereafter.
- Contact RRB field office with any specific questions about current connection.



## CURRENT CONNECTION (CONTINUED)

- Under certain conditions, can be deemed for supplemental and survivor benefits
- Self-employment and certain Federal employment do not break a current connection

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- For current connection to be deemed, employee must have:
  - separated from railroad industry *involuntarily* after October 1, 1975,
  - had at least 25 years of service at separation, **AND**
  - must not have declined an offer of employment in the same class or craft in the railroad industry regardless of the distance to the new position.
- *A deemed current connection does not establish* a current connection for occupational disability annuities.
- Self-employment in an unincorporated business will generally not break a current connection; self-employment can break a current connection if the business is incorporated.
  - Membership in a Limited Liability Corporation (LLC) is generally self-employment and will not break a current connection.
  - Employees hired by the members who own an LLC may break their current connection.
  - Employment with a Subchapter "S" corporation is not self-employment and will break a current connection.
- Work for the following U.S. Government agencies will *not* break a current connection: Department of Transportation; National Transportation Safety Board; National Mediation Board; Railroad Retirement Board; Surface Transportation Board; Transportation Security Administration.



## TIER I

- Tier I approximates social security benefit payable if all work performed under SSA
- Employees with 10 years (120 months) of railroad service eligible for tier I
- Employees with 5 years (60 months) of railroad service after 1995 but less than 10 years can receive tier I if they are also insured under SSA based on combined railroad and social security earnings

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- **Social security credits are combined with railroad retirement credits in computing tier I.**
  - Calculated using social security formulas.
  - Reduced for age if required.
  - Reduced for social security benefits.
  - May be reduced for certain pensions from work not covered by social security after 1956, for those first eligible for a railroad retirement annuity and a pension after 1985.
  - If disability annuity and under full retirement age, may be reduced for workers' compensation or public disability benefits.
- Tier I is subject to garnishment for court-ordered child support or spousal maintenance.



## TIER II

- Paid in addition to tier I benefit
- Considers railroad work only
  - Computed under a separate formula
  - Comparable to an industrial pension
  - Reduced for age, if required
- Based on:
  - 60 months of highest earnings (up to tier II maximum)
  - AND -
  - Total years of railroad service

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### ELIGIBILITY:

- » Employees with 10 years (120 months) of railroad service;
- » Employees with 5 years (60 months) of railroad service after 1995 but less than 10 years also eligible if at least age 62.
- Tier II is subject to garnishment and is also divisible as property if the RRB receives a court order (divorce decree, legal separation, or annulment) that complies with certain regulations.

### TIER II FORMULA:

**AVERAGE MONTHLY COMPENSATION X YEARS OF SERVICE X .007**

» Maximum tier II creditable compensation:

- 2019	\$98,700
- 2020	\$102,300
- 2021	\$106,200
- 2022	\$109,200
- 2023	\$118,800

This provides average monthly compensation (AMC) of \$8,920.

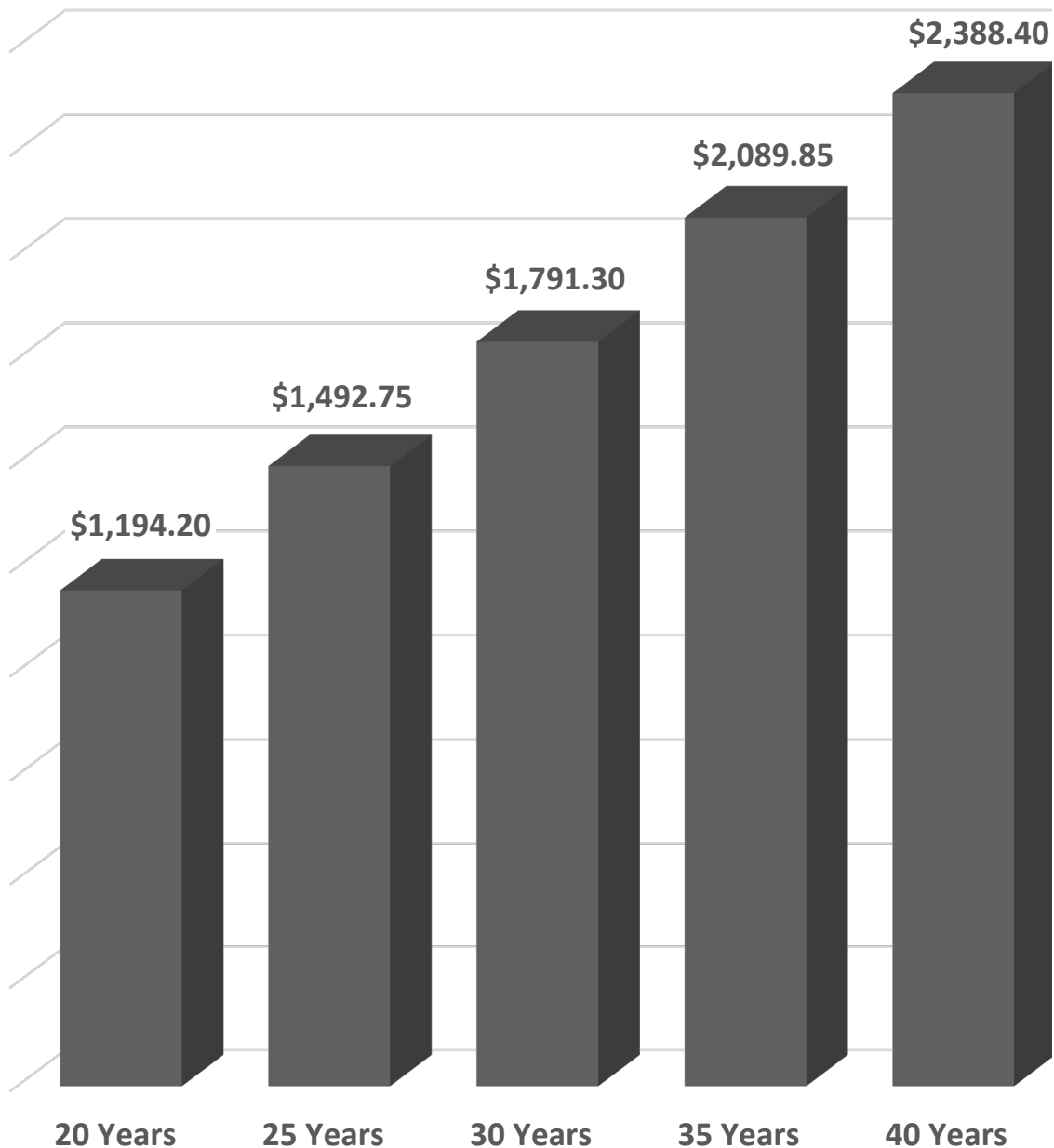


# ADDITIONAL SERVICE MAY PROVIDE HIGHER TIER II AMOUNT

The following illustrates the effect of additional years of service on tier II amounts. It assumes a railroad employee had the maximum tier II creditable compensation for the 5 years ending in 2022 when the average monthly compensation (AMC) was \$8,530. Even if an employee earns less than the maximum, additional service would still increase the annuity proportionately.

$$\text{TIER II FORMULA} = \text{AMC} \times \text{YEARS OF SERVICE} \times .007$$

## MONTHLY TIER II EQUALS:



# RRB/SSA Comparison Chart

## Annual Amounts

	RRB		SSA	
	MONTHLY	ANNUAL	MONTHLY	ANNUAL
<b>Employee Age Annuity Being Paid*</b>	\$4,020	\$48,240	\$1,650	\$19,800
<b>Spouse Annuity Being Paid</b>	\$1,160	\$13,920	\$810	\$9,720
<b>Employee Age Annuity Awarded*</b>	\$4,560	\$54,720	\$2,320	\$27,840
<b>Spouse Annuity Awarded*</b>	\$1,700	\$20,400	\$1,160	\$13,920
<b>Disability Annuity Awarded</b>	\$3,495	\$41,940	\$1,555	\$18,660
<b>Occupational Disability Annuity?</b>	YES	YES	NO	NO
<b>Full Annuity at 60 with 30 Years?</b>	YES	YES	NO	NO
<b>Widow(er) Annuity Being Paid</b>	\$1,970	\$23,640	\$1,500	\$18,000
<b>Widow(er) Annuity Awarded</b>	\$2,520	\$30,240	\$1,445	\$17,340

\*Career rail employee with at least 30 years of service. (The RRB figures do not include employees initially awarded an annuity based on disability.)

**NOTE: Annuity Being Paid** reflects the average amount being paid to all individuals in that particular category as of the end of fiscal year 2022.

**Annuity Awarded** reflects the average amount paid to individuals who were newly awarded annuities in that particular category during fiscal year 2022.



## SUPPLEMENTAL ANNUITIES

- **Supplemental annuity payable if:**
  - 25 years of railroad service, and
  - Railroad service began before 10-1-81, and
  - Current connection

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- Supplemental annuity payable at:
  - Age 60 if 30 years of service;
  - Otherwise age 65.
- Maximum monthly supplemental annuity is \$43.
- If employee also receives private pension paid for entirely or in part by a railroad, supplemental annuity subject to reduction.
- Private pensions paid by railway labor organizations will not cause a reduction in supplemental annuities.
- Supplemental annuities are subject to division as property if the RRB receives a court document (such as a divorce decree, legal separation, or annulment) that complies with certain regulations.



## EMPLOYEES WITH LESS THAN 30 YEARS OF SERVICE

- **Reduced tier I and tier II amounts payable at 62**
  - Age reduction varies depending on year of birth
- OR -
- **Unreduced tier I and tier II amounts payable at full retirement age**
  - Full retirement age varies depending on year of birth

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- For employees with less than 30 years of service, increased age reductions affect both tier I and tier II. However, for those employees who had any railroad service before August 12, 1983, the maximum tier II reduction remains 20% and the full retirement age remains 65 for tier II purposes.
- Employees with 5-9 years of service after 1995 must have a social security insured status (using railroad and social security earnings) for tier I. Generally, 10 years of combined earnings fulfills this requirement.
- If an employee has less than 10 years of railroad service and is already entitled to an age-reduced social security benefit, the age reduction in his or her tier I will be based on the age reduction applicable on the beginning date of the employee's social security benefit, even if the employee is already of full retirement age on the beginning date of his or her railroad retirement annuity.
- Regardless of the amount of railroad service, in most instances an employee who has reached full retirement age and is still working for a railroad should file for social security benefits if eligible. Social security will pay full benefits as work restrictions no longer apply. Check with an RRB field office to confirm advantage of filing.
- The next page covers age reductions for employees who retire with less than 30 years of service.



# WHEN CAN I RETIRE?

I'm an employee with less than 30 years of service.

AN EMPLOYEE BORN IN*	AT AGE 62, ANNUITY REDUCED BY	OR	NO ANNUITY REDUCTION IF RETIREMENT AGE IS AT LEAST**
1943 through 1954	25.00%		66
1955	25.833%		66 and 2 months
1956	26.667%		66 and 4 months
1957	27.50%		66 and 6 months
1958	28.333%		66 and 8 months
1959	29.167%		66 and 10 months
1960 or later	30.00%		67

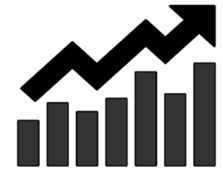
\*A person attains a given age the day before his or her birthday, and those born on the first or second day of a month are eligible for an annuity beginning date on the first of that month.

\*\***For an employee with less than 10 years of railroad service** - If he/she is already entitled to an age-reduced social security benefit, the age reduction applied to his/her tier I will be based on the age reduction applicable on beginning date of his/her social security benefit, even if he/she is already of full retirement age on beginning date of his/her railroad retirement annuity.

**NOTE - Employees with any railroad service before August 12, 1983:** Tier II reduction remains 20% and full retirement age remains 65 for tier II purposes.

# REGULAR AGE ANNUITIES

## SUMMARY



**YEARS OF SERVICE**



**REDUCED ANNUITY**



**FULL ANNUITY**

**5 AFTER 1995**

**AGES 62-66\***

**AGES 66-67\***

**10 - 29**

**AGES 62-66\***

**AGES 66-67\***

**30+**

**NONE**

**AGE 60**

\*Depending on the year of the employee's birth. For those with less than 10 years of railroad service who are already entitled to an age-reduced social security benefit, tier I age reduction is based on the reduction applicable on beginning date of social security benefit, even if employee is already of full retirement age on beginning date of railroad retirement annuity.



**AGE REDUCTIONS ARE PERMANENT.**



## EMPLOYEES WITH 30 YEARS OF SERVICE

- **Employees retiring at age 60 or older**
  - No age reduction in tier I or tier II
- **Commonly referred to as 60/30**

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- Although employees retiring at 60 with 30 years of service have no age reduction, work deductions still apply until they reach their full retirement age.



# EMPLOYEE DISABILITY ANNUITIES

TYPE OF DISABILITY	AGE	YEARS OF SERVICE	CURRENT CONNECTION
TOTAL	Under full retirement age	10 or 5 after 1995	NO
OCCUPATIONAL	Under 60	20	YES
	60 to full retirement age	10	YES

**TOTAL DISABILITY** means a physical or mental impairment that prevents *any* regular employment.

- May qualify for early Medicare coverage and lower Federal income tax on annuity.

**OCCUPATIONAL DISABILITY** means a physical or mental impairment preventing the employee from being able to work his or her *regular railroad occupation* and the condition is expected to last at least 12 months or longer.

- Generally, the job the employee worked the longest in the last 5 years.
- Employees filing for disability are required to submit medical evidence supporting their claim.
- Five-month waiting period after month of onset of disability before benefits can begin; however, sickness benefits may be payable during waiting period.
  - Waiting period is five *full* months; employees need not wait until the end of the waiting period to file an application.
- Employee can be in compensated service while filing a disability application as long as the service terminates within 90 days from date of filing and is not active service.
- For those with less than 10 years of railroad service, the employee must meet social security’s insured status and generally have 20 quarters of coverage (railroad and/or social security) in the last 40 quarters preceding disability in order to receive a benefit.
- No age reduction if employee has at least 10 years of service.
  - There is no tier I age reduction for those with less than 10 years of service; however, a tier II benefit is not payable until the employee attains age 62, and it is reduced for early retirement.
- In order for the supplemental annuity to be paid or for an eligible spouse to receive benefits, a disability annuitant under full retirement age must relinquish rights.





- Spouses can be male or female.
- As of September 30, 2022, the RRB was paying spouse benefits\* to 8,015 males (6%) and 133,551 females (94%).  
*\*including divorced spouses.*
- Benefits can be paid to eligible spouses in same-sex marriages.
- The spouse of an employee is not eligible for railroad retirement benefits solely on the spouse's own disability.



## SPOUSE ANNUITY REQUIREMENTS

- Employee is retired, receiving annuity, and meets age requirements
- Spouse married to employee for at least 1 year and meets age requirement, or is natural parent of their child
  - Spouse must give up any railroad employment

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- Exceptions to 1 year marriage requirement:
  - Spouse was eligible for a railroad retirement widow(er)'s, parent's, or disabled child's annuity in the month before marrying the employee; *or*
  - Spouse was previously married to the employee and received a spouse annuity.
- Marriage does not have to take place before retirement or leaving railroad work in order for spouse annuity to be payable.
- If the employee retired on a disability annuity, the spouse becomes eligible for benefits when the employee reaches his or her regular retirement age.
  - In addition, the spouse must meet the age requirement or have the employee's minor or disabled child in care.
- An employee disability annuitant under full retirement age must relinquish rights to return to work for any rail employer before a spouse annuity may be paid.



## SPOUSE ELIGIBILITY (LESS THAN 30 YEARS OF SERVICE)

- **Spouse of employee who retired at 62 or older with less than 30 years of service**
  - **Receives reduced annuity at 62**
- **OR -**
- **Unreduced annuity at full retirement age (66-67\*), or any age with child in care**
  - \*depending on the spouse's date of birth

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- In order for a spouse to qualify for benefits based on caring for a child, the child must be under 18 or have become disabled before age 22.
  - A child in care does not receive his or her own payment.
- The chart on page 27 illustrates spouse's age reduction if employee retires with less than 30 years of service.
- If employee retired with less than 10 years of service, 5 of which are after 1995, reduced tier II benefit is payable to spouse at 62. Reduced tier I amount is only payable to spouse if employee had insured status under social security based on combined railroad and social security earnings.
- If employee has less than 10 years of railroad service and the spouse is already entitled to an age-reduced social security benefit, the age reduction in her or his tier I will be based on the age reduction applicable on the beginning date of the spouse's social security benefit, even if the spouse is already of full retirement age on the beginning date of her or his railroad retirement annuity.

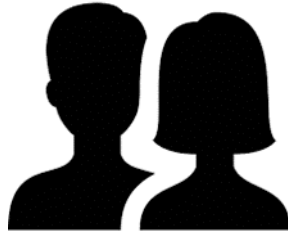


## SPOUSE ELIGIBILITY CHILD-IN-CARE PROVISIONS

- For a spouse to be eligible based on child-in-care, the child must be:
  - Natural or adopted child (or stepchild) of the employee; *and*
  - Dependent on the employee; *and*
  - Unmarried; *and*
  - Under age 18, or totally disabled before age 22

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- Under child-in-care provisions, the employee's spouse may also qualify for a spouse annuity if he/she is caring for a dependent grandchild of the employee, and both of the grandchild's parents are deceased or disabled.
  - A child in care does not receive his or her own payment.



# WHEN CAN I RETIRE?

I'm the spouse of an employee retiring with less than 30 years of service.

A SPOUSE BORN IN*	AT AGE 62, ANNUITY REDUCED BY**	OR	NO ANNUITY REDUCTION IF RETIREMENT AGE IS AT LEAST
1943 through 1954	30.00%		66
1955	30.833%		66 and 2 months
1956	31.667%		66 and 4 months
1957	32.50%		66 and 6 months
1958	33.333%		66 and 8 months
1959	34.167%		66 and 10 months
1960 or later	35.00%		67

These reductions also apply to divorced spouses.

\*A person attains a given age the day before his or her birthday, and those born on the first or second day of a month are eligible for an annuity beginning date on the first of that month.

\*\*For the spouse of an employee who has less than 10 years of railroad service - If the spouse is already entitled to an age-reduced social security benefit, the age reduction in her/his tier I will be based on the age reduction applicable on beginning date of her/his social security benefit, even if she/he is already of full retirement age on beginning date of her/his railroad retirement annuity.

**NOTE** - If the employee had any rail service before August 12, 1983, the spouse's tier II reduction remains 25% and her/his full retirement age remains 65 for tier II purposes.





## SPOUSE ELIGIBILITY (30 YEARS OF SERVICE)

- **FOR SPOUSE OF 60/30 EMPLOYEE**
  - If the employee's annuity began after 2001, spouse can receive full annuity at 60 or any age with minor or disabled child in care

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- In order for a spouse to qualify for benefits based on caring for a child, the child must be under 18 or have become disabled before age 22.
  - A child in care does not receive his or her own payment.
- If employee was awarded a disability annuity, has attained age 60, and has 30 years of service, the spouse can receive a full annuity at age 60, regardless of whether the employee annuity began before 2002, as long as the spouse's annuity beginning date is after 2001.



## DIVORCED SPOUSE REQUIREMENTS

- Employee must be 62 or over
- Divorced spouse
  - Married to employee at least 10 years
  - Not presently married
  - Age 62 or over
- Divorced spouse receives tier I only
  - If employee retired with 5 years of service after 1995, benefit payable only if employee had insured status under social security

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- A divorced spouse must have been married to the employee for a period of at least 10 years immediately before the date the divorce became final.
- The employee need not be receiving an annuity for a divorced spouse to receive one as long as the employee is at least 62 and fully insured under the Social Security Act and they have been divorced for at least 2 years.
- Payment of divorced spouse annuity has no effect on annuity payable to employee or current spouse.
- Child in care *does not* qualify divorced spouse for benefits.
- A divorced spouse annuity beginning before full retirement age is reduced even if the employee has 30 years of service.





## PROPERTY SETTLEMENTS

- Tier I benefits are not subject to division
- Employee tier II benefits and supplemental annuities are subject to property settlements in divorce, annulment, and legal separation cases

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- The RRB must honor court orders that treat non-tier I benefits as property subject to division in proceedings related to divorce, annulment, or legal separation, and which order the RRB to make payments to the divorced spouse.
  - The *Attorney's Guide to the Partition of Railroad Retirement Annuities* covers this subject in greater detail and is available at **RRB.gov** under the **Resources** tab (**Legal Information**).
- In separation or divorce cases, there is no limit on the amount subject to division of employee's tier II benefits and supplemental annuities.
- Payment of a partition amount as part of a court-ordered property distribution can be made, or continue, after the employee's death unless a court order requires termination of payments upon the employee's death.
- Court-ordered payment of a partition amount can be made even if no survivor benefits are payable by the RRB.
- Partitions may be paid to a divorced spouse even if the employee is not receiving an annuity, under the condition that both the employee and divorced spouse are 62 and have been divorced for at least 2 years.



## SPOUSE TIER COMPONENTS

- **TIER I**
  - 50% of employee tier I
  - May be reduced for age or early retirement
  - Reduced for social security benefit or other railroad retirement annuity
  - May be reduced for public service pension based on own earnings
- **TIER II**
  - 45% of employee tier II
  - Not payable to divorced spouses
  - May be reduced for age or early retirement

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### **TIER I**

- Reduction for public pension is 2/3 of pension amount based on own earnings. Generally doesn't apply if employment on which pension is based was covered under social security throughout last 60 months of public employment or if spouse eligible for pension before December 1982.
- May be reduced if employee under full retirement age receiving disability annuity and workers' compensation or public disability benefits.
- Spouse not reduced in 60/30 disability cases when spouse annuity beginning date is January 1, 2002, or later.

### **TIER II**

- May be payable even if no tier I amount payable; for example, if spouse tier I reduced to zero due to social security or public pension entitlement.



- The amount of benefits payable to a retiree may be affected by work/earnings.  
Factors to consider include:
  - earnings deductions (tier I and tier II); and
  - work restrictions for disabled annuitants.



## WORKING AFTER RETIREMENT

- Annuity not payable if employee or spouse is working for railroad or rail union
- All employees and spouses under full retirement age are subject to work deductions for excess earnings
- Work for last pre-retirement nonrailroad employer is subject to work deductions, regardless of age

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- Earnings include all wages received for service plus any net earnings from self-employment. Interest, dividends, etc. not considered earnings for this purpose.
- Earnings of \$25 or more a month by a local lodge employee will prevent payment of the annuity for that month.
- Employment beginning on or after the employee’s annuity beginning date will not break a current connection.

EMPLOYEE/SPOUSE BIRTH YEAR*	FULL RETIREMENT AGE IS...
1943 through 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67

\*A person attains a given age the day before his or her birthday.



## TIER I EARNINGS DEDUCTIONS

- **Prior to full retirement age, some or all of tier I will be reduced if earnings are over certain amounts**
  - Reduction eliminated once full retirement age attained
- **Prior to year full retirement age attained:**
  - Deduction of \$1 for every \$2 earned over annual exempt amount (\$21,240 in 2023)
- **In year full retirement age is attained:**
  - Deduction of \$1 for every \$3 earned over annual exempt amount (\$56,520 in 2023)
  - However, earnings only considered through month before full retirement age attained

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- Work deductions apply to all employees and spouses under full retirement age, regardless of the employee's years of service. 60/30 annuitants are subject to work deductions until they reach full retirement age.
- No deduction once full retirement age attained.
- Spouse is subject to tier I deduction not only for spouse's excess earnings, but possibly for employee's as well.
- Spouse annuity not payable if employee annuity not payable.
- An annuity to a divorced spouse or a court-ordered partition payment may be made despite the employee's work activity.



## TIER II EARNINGS DEDUCTIONS

- If employee or spouse continues work for their last pre-retirement nonrailroad employer (LPE):
  - Tier I subject to deductions as explained on previous slide
  - Tier II and supplemental payments reduced by \$1 for each \$2 of earnings
    - Maximum reduction of 50%
  - Tier II and supplemental payments affected by *all* earnings, regardless of amount
  - Unlike tier I, tier II deductions continue after full retirement age

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- Self-employment, and work that begins on the same day as the annuity beginning date, is not considered last pre-retirement nonrailroad employment.
- Spouse benefit subject to tier II deductions not only for spouse's earnings, but also for employee's. However, spouse's earnings have no effect on employee's annuity.



## DISABILITY WORK RESTRICTIONS

- **Work by disability annuitant must be consistent with disabled status**
- **Disability annuity not payable for any month with earnings over \$1,150 in 2023, exclusive of disability-related work expenses**
- **All work activity must be reported**
- **Work restrictions apply to both total and occupational disability annuities**

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- Withheld payments restored if earnings for 2023 less than \$14,375.
- Any work or earnings reviewed to determine whether it indicates recovery from disability.
- Considered a disability annuitant until attainment of full retirement age.

**A disability annuitant considering employment must first contact an RRB field office.**



- Survivor benefits include monthly benefits and lump-sum payments.





## INSURED STATUS

- **RRB pays survivor annuities if deceased railroad employee had:**
  - 10 years of service, or at least 5 years after 1995
  - **AND** -
  - Current connection at retirement or death
- **Otherwise, jurisdiction of any survivor benefits payable transferred to social security**

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- 10 years of service, or, if less than 10 years, at least 5 years after 1995 also required for lump-sum death benefits.
- Survivor benefits based on combined railroad retirement and social security credits. Benefits payable by either RRB or Social Security Administration but not both, even if employee received benefits under both programs.



## SURVIVOR ANNUITIES

- **Widow, Widower, Surviving Divorced Spouse, or Mother (Father)**
  - Age 60
  - Ages 50-59 if disabled
    - 5 month waiting period in most cases
  - Any age if caring for the employee's minor or disabled child

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**WIDOW(ER):** must be unmarried, unless the individual remarried under the conditions outlined below.\* Generally, must have been married to employee for 9 months prior to employee's death. Widow(er) can receive an annuity if caring for the employee's child who is under age 18 or disabled.

- Age reductions applied to tier I and tier II portions of widow(er)s' annuities awarded before full retirement age. See chart on page 43.

**DISABLED WIDOW(ER):** must be totally disabled and unable to work in any regular employment. Disability must have begun within 7 years after death of employee or within 7 years after termination of annuity based on caring for employee's child. Generally, a 9-month marriage requirement applies.

**REMARRIED WIDOW(ER)\*, SURVIVING DIVORCED SPOUSE, AND SURVIVING DIVORCED MOTHER (FATHER):** receive tier I only, but payment of a partition amount to a former spouse as part of a property distribution can be made after employee's death.

- **Remarried widow(er) must have remarried**
  - after age 60, or
  - before age 60 but currently unmarried, or
  - after age 50 and was entitled to a disabled widow(er) annuity before remarriage.
- **Surviving divorced spouse must**
  - be unmarried unless the remarriage was after age 60, or age 50 if disabled.
  - have been married to the employee for a period of at least 10 years immediately before the date the divorce became final.
- **Surviving divorced mother (father)**
  - can receive an annuity if caring for employee's child who is under age 16 or disabled.
  - generally must be unmarried at the time of entitlement. In this case, 10-year marriage requirement does not apply.



## SURVIVOR ANNUITIES (CONT)

- **Unmarried Child**

- Under age 19 (if 18, must be attending no higher than secondary school)
- Age 18 or over if totally disabled before age 22

- **Dependent Parent**

- Age 60
- Meets certain other conditions

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- Dependent grandchild can also qualify, if both the grandchild's parents are deceased or disabled.
- Parent must have been dependent on the employee for at least half of the parent's support.
- To learn more about qualifying children, contact the RRB.



## SURVIVOR TIER COMPONENTS

### • TIER I

- Amount social security would generally pay, less any social security benefit

### • TIER II

- Based on percentage of employee's tier II

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- Widow(er)s, surviving divorced spouses, and remarried widow(er)s receive unreduced tier I amount if annuity begins at full retirement age.
- As shown on the next page, full retirement age varies and the maximum age reduction also varies depending on the widow(er)'s year of birth, and is 20.36% for those born in 1962 or later.
- Tier I based on employee's combined railroad retirement and social security credits. Reduced if employee had early retirement reduction.
- For widow(er)s, surviving divorced spouses, and remarried widow(er)s, tier I may also be reduced by 2/3 of certain public pensions.
- Reduced for social security benefit or other railroad retirement annuity.
- If employee had less than 10 years of service but at least 5 years of service after 1995, tier II benefits payable to survivor. Tier I payable only if employee had a social security insured status (using railroad and social security earnings).
  - Generally, 10 years of combined earnings fulfills this requirement.



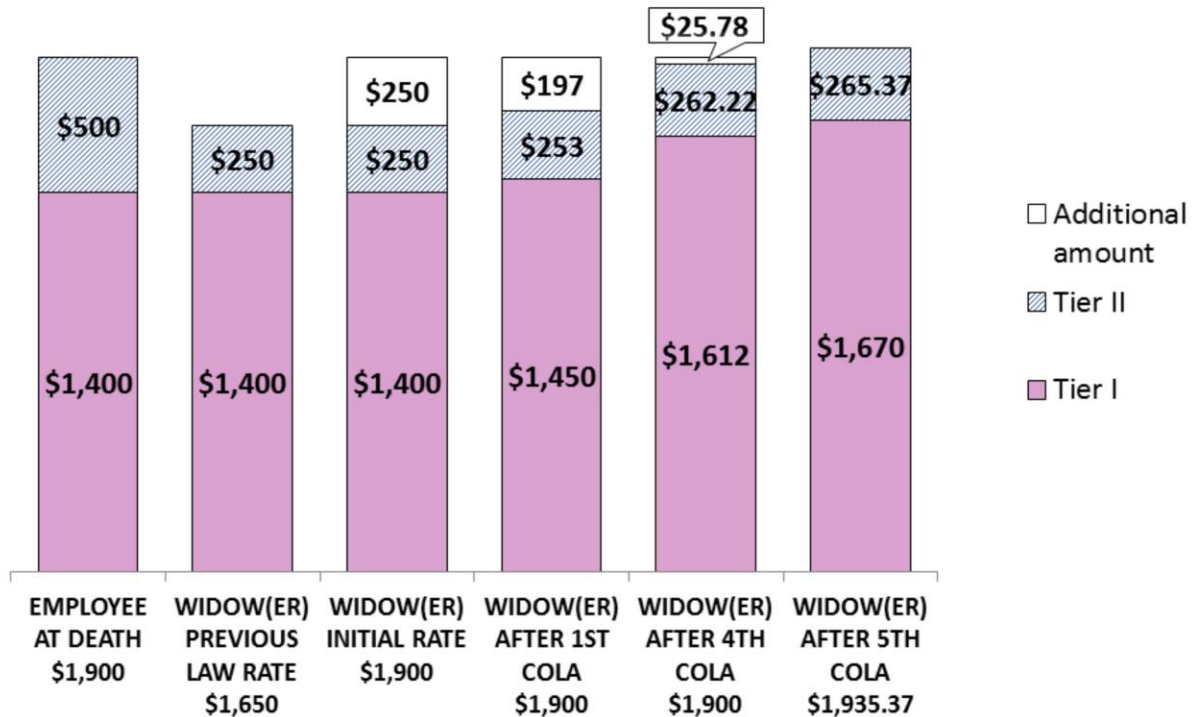
## WHEN CAN A WIDOW(ER) RETIRE?

A WIDOW(ER) BORN IN*	AT AGE 60, DEEMED TO BE AGE 62. ANNUITY WILL BE REDUCED BY	OR	NO ANNUITY REDUCTION IF RETIREMENT AGE IS AT LEAST
1945 through 1956	19.00%		66
1957	19.26%		66 and 2 months
1958	19.50%		66 and 4 months
1959	19.73%		66 and 6 months
1960	19.95%		66 and 8 months
1961	20.16%		66 and 10 months
1962 or later	20.36%		67

\*A person attains a given age the day before his or her birthday, and a widow(er) born on the first day of a month may be eligible for an annuity beginning date on the first of the month before his/her birth month.

**NOTE** – The maximum age reduction for remarried widow(er)s and surviving divorced spouses is 28.50% at age 60. The maximum age reduction for disabled surviving divorced spouses, disabled widow(er)s, and disabled remarried widow(er)s is also 28.50%.

# WIDOW(ER)'S INITIAL MINIMUM AMOUNT (WIMA)



**WIMA: This amount equals combined tier I and tier II employee would have received at time widow(er)'s annuity awarded.**

- ▶ Determined by adding additional amount to widow(er)'s tier II
- ▶ Calculated before any applicable reductions, such as for age, earnings, social security.

< THE FOLLOWING INFORMATION RELATES TO THE CHART ABOVE. ALL FIGURES USED ARE FOR EXAMPLE ONLY. >

- Assumes:
  - employee died last year
  - first cost-of-living adjustment (COLA) of 3.6% tier I and 1.2% tier II
  - future COLAs to also be 3.6% tier I and 1.2% tier II
- The \$250 additional amount is reduced each year by the dollar amount of the increases applied to tier I and tier II. For example, if tier I increases by \$50 (3.6% cost-of-living) to \$1,450 and tier II increases by \$3 (1.2% cost-of-living) to \$253, the additional amount will decrease by \$53 to \$197. The total amount payable of \$1,900 will not change, and the annuity payable will increase only when the tier I and tier II amounts (with their subsequent cost-of-living increases) exceed \$1,900.
- Assumes no reductions of any kind. If there are Medicare premiums, for example, total amount is lowered for amount of premium. If premium increases from year to year, total amount payable will be reduced by the increase in the premium.



## SURVIVOR EARNINGS RESTRICTIONS

- Rail work - Annuity not paid for any month with rail employment, including labor organizations
- Nonrail earnings - Deductions apply if earnings are over certain amounts
- Disabled widow(er)s (under age 60) and children - No restrictions for nonrailroad work, but work activity could indicate recovery
- Most earnings must be reported

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- Earnings deductions apply to entire survivor annuity. However, there are no special restrictions on last pre-retirement nonrailroad employer.
- Limitations do not apply to beneficiaries full retirement age or older.
- Prior to year full retirement age attained:
  - Deduction is \$1 for every \$2 earned over annual exempt amount (\$21,240 in 2023).
- In year full retirement age attained:
  - Deduction is \$1 for every \$3 earned over annual exempt amount (\$56,520 in 2023).
  - However, earnings only considered through month before full retirement age attained.
- Deduction eliminated once full retirement age attained.
- In cases where the survivor is also a social security recipient, excess earnings deductions are coordinated between RRB and the Social Security Administration so that there is no double deduction.



## LUMP-SUM DEATH BENEFIT

- Only payable if no survivor immediately eligible for annuity
- 10 years of service, or 5 years after 1995, and current connection required
  - if less than 10 years, must also meet social security insured status requirements
  - if employee did not have 10 years of service before 1975, lump sum limited to \$255 and payable only to widow(er) living in same household and not eligible for annuity in month of employee's death

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- If monthly benefits immediately payable, no lump-sum benefit can be paid.
- If employee had at least 10 years of service on December 31, 1974, payable to living-with widow(er) or payer of funeral expenses--\$1,039 average.
- Unlike social security, not payable if annuity payable.
- The \$255 amount same as under social security.





Aspects concerning employee, spouse, and survivor retirement benefits:

- Annuity beginning dates
- Filing an application
- Filing for social security benefits
- Cost-of-living increases
- Income taxes
- Appeals
- Health care (private insurance and Medicare)
- Self-service options
- Protecting personal information



## ANNUITY BEGINNING DATES

- **Employee and spouse annuities effective first day of month after:**
  - Age 60 attained (30 years of service)
  - Age 62 attained (less than 30 years of service)
- **Annuities effective first day of month full retirement age is attained:**
  - Less than 30 years of service
- **Widow(er)s' benefits effective beginning first day of month of employee's death:**
  - Or first day of month widow(er) age 60, (50 if disabled)

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- Employee and spouse annuities can't start until employee off payroll of railroad and union (if applicable).
- 6-month retroactive limit on full employee and spouse age retirements.
- Retroactivity for widow(er)s 60-61 or reduced 60/30 spouses is 6 months if it does not increase age reduction.
  - does not apply to divorced/remarried widow(er)s
- Disability annuities for employees and widow(er)s have 12-month retroactive limit; 6 months for disabled children.



## FILING AN APPLICATION

- **When?**
  - Up to 3 months prior to annuity beginning date
- **How?**
  - In person or over the phone
  - Contact RRB to schedule an appointment
- **What's needed?**
  - Proof of age, marriage, divorce, military service, and death
  - Personal checking or savings account information for Direct Deposit

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- Employees are encouraged to submit proof of age and military service well in advance of retirement in order to expedite the application process.
  - Proof of age is needed before application can be processed.
- All proofs must be originals, certified copies, or faxes sent directly to the RRB from the official custodian of the document.
- Medical evidence of disability is required.
- The first payment an annuitant receives from the RRB may be a partial payment.
  - Annuitant will continue to receive this amount until the final rate is awarded.
  - Once final rate certified, annuitant will receive all back payments due.
- To receive benefit payments, beneficiaries are required to enroll in either:
  - **Direct Deposit** –transfers payments to checking/savings account.
  - **Direct Express** –transfers payments to a Direct Express-issued Debit MasterCard®.
  - Enrollment waivers are available only under very limited conditions.
- Benefits of participating in Direct Deposit or Direct Express:
  - Participants don't have to worry about the mail being late, or a check being lost/stolen.
  - Payments are available the morning of the payment date.



## FILING FOR SOCIAL SECURITY BENEFITS

# Railroad workers and retirees should contact an RRB field office before filing for any social security benefits

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- A major cause of overpayments is a lack of information about the coordination between railroad retirement and social security benefits.
- It may be advantageous to file a claim with social security if:
  - an employee has minor or disabled children;
  - an employee is still working for a railroad and has attained full retirement age;
  - a spouse has reached full retirement age; or
  - SSA benefit amount exceeds/is greater than the tier I amount.
- It is generally not advantageous to file a claim with social security if the employee and spouse are both railroad employees.

RRB field offices can help annuitants decide if and when they should file for social security benefits.



## COST-OF-LIVING ADJUSTMENTS (COLAS)

- **TIER I - Same as social security; COLAs based on Consumer Price Index**
- **TIER II - 32.5% of tier I increase**
- **Supplemental Annuity - Not increased**

**COLAs GENERALLY PAYABLE IN JANUARY**

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- Tier I cost-of-living increases, like social security cost-of-living increases, were 8.7% in January 2023. Tier II cost-of-living increases were 2.8%.
- When a cost-of-living increase is payable, if annuitant also receives social security benefits, the increased tier I portion is reduced by the increased social security benefit.
- If a widow(er) is paid an initial minimum amount, the monthly payment will not increase until the amount payable under previous law plus cost-of-living increases is higher than the initial minimum amount.



## INCOME TAXES

- TIER I benefits equivalent to social security benefits may be subject to Federal income tax
  - Depends on amount of certain other income
- TIER I benefits exceeding social security levels, as well as tier II benefits and supplemental annuities, are subject to Federal income tax
  - Treated like private pensions

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- Beneficiaries can choose to have taxes withheld (or not).
- Additional information on the tax treatment of railroad retirement benefits can be found in IRS Publication 525, *Taxable and Nontaxable Income*; Publication 575, *Pension and Annuity Income*; Publication 915, *Social Security and Equivalent Railroad Retirement Benefits*; and Publication 939, *General Rule for Pensions and Annuities (IRS.gov)*.
- Railroad retirement benefits are *not* subject to State or local income tax.
- Legal partition is taxable to the recipient. Garnishment is taxable to the employee.
- The RRB issues tax statements each January and notifies the annuitant and the Internal Revenue Service of amounts paid and withheld.



## APPEALS PROCESS

1. Request reconsideration of an initial agency decision, or reconsideration or waiver of an overpayment, in writing, from an RRB office within 60 days
2. Appeal to Bureau of Hearings and Appeals within 60 days using RRB Form HA-1
3. Appeal to the three-member Board within 60 days using RRB Form HA-1
4. Appeal to the U.S. Circuit Court of Appeals within:
  - one year if retirement/survivor appeal
  - 90 days if unemployment/sickness appeal

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- RRB Form **HA-1** is available at **RRB.gov** under the **Resources** tab (**Appeals**) and in every RRB field office.
- **Bureau of Hearings and Appeals** – may further investigate and obtain reports through field representatives, designated medical examiners, and others who can provide relevant information. If a case involves a question of fact, the appellant has the right to request an oral hearing.
  - **Appeals Hearings** – mostly conducted through video conferencing or over the phone. In-person hearings may be held in the RRB office closest to the appellant’s home.
- **Appeals to Board** – three-member Board bases its decision on the evidence before the hearings officer. Normally will not accept additional evidence or conduct a hearing.
- Employers have the right to protest unemployment/sickness claims of their employees, but such protests do not prevent timely payment of benefits.
  - However, employees may be required to repay benefits if their employers’ protests are successful.
  - The employer also has the right to appeal an unfavorable decision to the Bureau of Hearings and Appeals.



## RETIREMENT HEALTH INSURANCE

- The RRB does not handle retirement health insurance other than Medicare
- Please contact your health insurance carrier:
  - For information about benefits available to you and your family after you retire
  - To learn if there are any restrictions on your filing date with the RRB, and how gaps in your healthcare coverage may result in higher Medicare premium rates in the future





## MEDICARE

- **Hospital insurance (PART A)**
  - Helps pay for inpatient hospital care, skilled nursing facility, home health care, and hospice
- **Medical insurance (PART B)**
  - Helps pay for doctors' services, outpatient care, medical services and supplies, and some preventive services
- **Advantage plans (PART C)**
- **Prescription drug coverage (PART D)**

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- Medicare available at age 65 even though full retirement age is increasing from age 65 to age 67 for retirement and survivor benefits.
- Enrollment for both hospital and medical insurance is automatic at age 65 for people receiving an annuity, but medical insurance may be declined. Coverage can begin earlier if person is totally disabled, has permanent kidney failure, or has Amyotrophic Lateral Sclerosis (ALS).
- If not receiving an annuity, contact RRB office before age 65 to apply. Best time to apply is during 3 months before the month age 65 is reached. Coverage will begin with month age 65 is reached.
- Hospital insurance financed by payroll tax on employees and employers - 1.45% of all earnings. Additional 0.9 percent in hospital insurance taxes is withheld from employees on earnings above \$200,000.
- Medical insurance financed by monthly premiums and Federal general revenue funds. Also has \$226 deductible in 2023.
- Depending on modified adjusted gross income, some beneficiaries pay Part B and/or Part D premiums plus income-related monthly adjustment amounts.
- Enrollment in prescription drug coverage is voluntary. Variety of options available with different coverage and costs.
- In addition to a monthly premium, Part D enrollees pay a yearly deductible and part of the cost of prescriptions, including a copayment or coinsurance.
- Medicare provides basic health care coverage – doesn't cover all medical expenses and doesn't cover long-term care.



## SELF-SERVICE OPTIONS: 1-877-772-5772

- **Use automated menus to request documents and get information**
  - No need to wait on hold to speak with a representative with these self-service options
- **Request a callback using virtual hold**
  - Avoid waiting on hold to speak with a representative
  - May not be available during periods when call volume exceeds maximum capacity

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- **Automated menus can be used to obtain/request:**
  - Verification letter of monthly benefit rate
  - Service and compensation statement
  - Replacement Medicare card
  - Duplicate tax statement
  - Field office addresses
  - Status of unemployment/sickness claims
  - Special announcements
  - General benefit information
- **After you retire, notify the RRB of any changes to your:**
  - Home address or bank account
  - Work or earnings
  - Marital status
  - Filing status for public pension or social security benefits
  - Disability status
- **TTY: 312-751-4701**



## PROTECT YOURSELF FROM FRAUD

### 1. Understand the threats

- Fraudsters use several forms of impersonation, advance fee, and phishing schemes.
- Government employee impersonation scams are becoming increasingly common.

### 2. Exercise caution

- Any legitimate request from a government agency will come to you in writing.
- Verify the identity of anyone asking for your personal information over the phone.
- Do not provide personal information or money in response to requests or threats.

### 3. Secure your information

- Store your Social Security card in a secure location - avoid carrying it with you.
- Shred documents that list personal information (SSN, Medicare, and bank accounts).
- Maintain strong passwords and use anti-virus software.
- Avoid opening emails from unknown sources or clicking on suspicious hyperlinks.

### 4. Report scams

- Call our toll-free number to report any threats to your personal information so that we know to take extra precautions when handling your record.
- You may report suspicious activity or communications claiming to be from the RRB to the OIG's Fraud, Waste, and Abuse Hotline at 1-800-772-4258.

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- Written notices from the RRB contain official contact information specific to each notice.
- The RRB **does** call individuals for official purposes, and we may request certain personal information over the phone in order to verify your identity. However, RRB employees **will never** threaten you for information or promise any type of official action in exchange for personal information or payment.
- The government (RRB, SSA, IRS, etc.) **does not** solicit your personal information over the phone or by email, or request advance fees for services in the form of wire transfers/gift cards.
- If anyone pressures you to provide information or money over the phone, assume the call is fraudulent and hang up.

### **RRB staff will never take the following actions as part of official agency business:**

- Call you to demand an immediate payment;
- Demand that you pay a debt without the ability to appeal the amount you owe;
- Require a specific means of payment (prepaid debit card, gift card, or wire transfer);
- Ask you for your personal information or credit/debit card numbers over the phone; or
- Threaten you with arrest or deportation.



## RRB.GOV

### MAIN MENU NAVIGATION:

- **Our Agency:** RRB offices and organization details
- **Benefits:** publications and forms separated by benefit type
- **Employers:** reporting instructions, publications, Employer Online Services
- **Resources:** railroad jobs, legal information, appeals
- **Financial & Reporting:** agency operations, benefit data, NRRIT
- **Newsroom:** news releases; monthly Q&A
- **Field Office Locator:** find RRB offices, send secure message
- **FAQ:** Answers to frequently asked questions
- Self-serve options available at [RRB.gov/myRRB](https://www.rrb.gov/myRRB)



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- Office of the Labor Member webpage: [RRB.gov/OurAgency/LaborMember](https://www.rrb.gov/OurAgency/LaborMember)
  - Staff directory
  - Pre-Retirement Seminars – schedule of events, spiral program booklet
  - Educational Materials – kit materials, extra resources
  - Monthly Questions & Answers
- Links to helpful railroad union and government websites: [RRB.gov/ExternalLinks](https://www.rrb.gov/ExternalLinks)

### myRRB

- Features a variety of self-service options for conducting business with RRB online
- See handout in packet for the complete list of services available
- Employees are required to create an account to use select features

### RRB.gov/FAQ

- See answers to frequently asked questions on a variety of topics

# UNEMPLOYMENT AND SICKNESS BENEFITS FOR EMPLOYEES

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**Information presented in the following pages has been updated to reflect rates and amounts in effect for the current benefit year, which began July 1, 2022.**



- Qualified railroad employees are provided these benefits to restore part of their lost wages arising from periods of unemployment or sickness.
  - Including, for female employees, health conditions related to pregnancy, miscarriage, or childbirth.



## QUALIFYING CONDITIONS AND BASE YEAR EARNINGS

- **Current benefit year began July 1, 2022**
  - Ends June 30, 2023
- **Need earnings of \$4,275 in calendar year 2021 to qualify**
  - Counting earnings of no more than \$1,710 per month
- **New employee needs 5 months of creditable service if base year (2021) is first year as railroad employee**

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- For benefit year beginning July 1, 2023, need earnings of \$4,387.50 in 2022, counting no more than \$1,755 per month.
- If railroad employee's first year of railroad service was 2022, he/she is not eligible for unemployment or sickness benefits until July 1, 2023.
  - Must have 5 months of creditable service in 2022.



## HOW MUCH DO I GET?

- Most claimants receive \$85 per day
- Generally for 2-week period
  - Unemployment benefits \$850 (\$801.55 under sequestration)
  - Sickness benefits resulting from on-the-job injury \$850 (\$801.55 under sequestration)
  - Other sickness benefits reduced to \$784.98 for tier I tax for first 6 months (\$740.23 under sequestration)

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- Under provisions of the Budget Control Act of 2011 and a subsequent sequestration order, unemployment and sickness benefits were reduced by 5.7% for days after September 30, 2020, and before January 3, 2021. Beginning January 3, 2021, pandemic-related legislation temporarily suspended sequestration until 30 days after a Presidential declaration of an end to the national emergency concerning the COVID-19 pandemic.
- Up to a total of \$11,050 of normal benefits payable in current benefit year, but no more than base-year earnings, counting earnings up to \$2,209 per month in calendar year 2021.
- First 6 months of sickness benefits not resulting from on-the-job injuries credited as tier I compensation but not as service months. Payments included in creditable compensation reported on Form BA-6.

\$850 biweekly sickness payment subject to tier I and Medicare tax totaling 7.65%:

			UNDER SEQUESTRATION			
GROSS PAYABLE	TIER I TAX 7.65%	MAX NET PAYABLE	GROSS PAYABLE	LESS 5.70%	TIER I TAX 7.65%	MAX NET PAYABLE
\$850.00	\$65.02	\$784.98	\$850.00	\$801.55	\$61.32	\$740.23

- Daily benefit rate rises to \$87 beginning July 2023.
- Current projections estimate daily benefit rate gradually increasing to \$123 by 2032.





## HOW LONG CAN I GET BENEFITS?

- **Normal benefits**
  - Payable for up to 130 days in benefit year
  - Maximum of 26 weeks for unemployment, and 26 weeks for sickness
  - Exhausting one type of benefit (unemployment or sickness) does not exhaust other
- **Extended benefits**
  - Generally 13 consecutive weeks of payments
- **Accelerated benefits**
  - Under certain circumstances

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- Extended benefits are payable if employee:
  - Has 10 or more years of service;
  - Exhausts normal unemployment or sickness benefits; or
  - Is not qualified for normal benefits in current benefit year, but was qualified in previous benefit year.
  - No waiting period for extended benefits.
- Accelerated benefits are payable if employee:
  - Has 10 or more years of service;
  - Does not have sufficient earnings to qualify in current benefit year, but will qualify in next benefit year (July 2023);
  - Has 14 or more consecutive days of unemployment or sickness.



## WAITING PERIOD

- **Normally, first claim for unemployment or sickness in benefit year has a waiting period**
  - Often referred to as 7-day waiting period
- **But:**
  - As few as 5 days of unemployment/sickness can satisfy waiting period
  - Maximum of 7 days payable in waiting period
  - In following 14-day claim periods, 4 days are withheld and up to 10 days are payable

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- Only one 7-day waiting period is required during any period of continuing unemployment/sickness, even if it continues into the next benefit year.
- A separate waiting period is required for unemployment and sickness benefits.
- During waiting period claim, maximum of \$595 (\$561.09 under sequestration) payable for unemployment claim or sickness claim with on-the-job injury. For sickness claim without on-the-job injury, maximum of \$549.48 (\$518.16 under sequestration) payable in waiting period claim.



## ELIGIBILITY FOR UNEMPLOYMENT BENEFITS

- Employee must be ready, willing, and able to work, and be available for work
- Day of unemployment is a day on which above conditions are met, and for which employee does not receive any pay
- Employee has properly registered for unemployment benefits
- Must generally look for work and accept any suitable offer

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- Suspended or discharged claimants are generally considered available for work if their case is being actively pursued for reinstatement.
- Employee not considered available for work when he or she:
  - marks back on the extra-board;
  - misses a turn in pool service; or
  - quits work to attend school;
  - lays off to avoid maximum mileage, hours, or earnings.
- Employee with compressed work week is not available on extra rest days.
- Employee must not have voluntarily quit work without good cause and not have voluntarily retired.
- No unemployment benefits are paid for any day employee receives pay, including:
  - railroad and nonrailroad wages;
  - salary;
  - pay for time lost;
  - pay while sick;\*
  - dismissal allowances;
  - most wage guaranty payments;
  - scheduled vacation pay;
  - holiday pay;
  - military reservist pay;
  - earnings from self-employment; or
  - pay for work performed other than subsidiary remuneration.\*\*

*\*Payments received under an RRB-approved nongovernmental supplemental unemployment or sickness insurance plan, a group insurance policy, or an employee’s own health or accident insurance policy will not affect entitlement to benefits and should not be reported on claims.*

*\*\*Employees must report all work performed. Under certain conditions, part-time work does not affect entitlement to benefits. For additional guidance on effects of part-time work contact RRB.*



## HOW TO GET UNEMPLOYMENT BENEFITS

1. File Application for Unemployment Benefits (UI-1) online, by mail, or at local RRB field office
  - employee must file application within 30 days of becoming unemployed
2. RRB determines eligibility; if qualified, RRB provides employee Claim for Unemployment Benefits (UI-3)
  - claim made available online (myRRB) and/or mailed to claimant
3. File claim online or by returning completed claim to local field office within 15 days from:
  - last day of claim period, - or -
  - date claim was made available online (myRRB) or mailed to employee (whichever is earlier)

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- Claims should not be signed or filed before last day of claim.
- Most claimants will receive first benefit payment in about 3 weeks.
- Claimants required to enroll in Direct Deposit.
- No benefits are payable for late claims without good cause.
- Railroad employers are notified of applications and claims; employer may respond to RRB with information relating to eligibility.
- Claimant should be sure to claim rest days.
- Only need to file one application (UI-1) per benefit year, even if multiple periods of unemployment.
- Once an employee submits a claim online, all subsequent claims will be made available online only, and will no longer be mailed.
- The RRB will provide biweekly claims as long as the employee remains unemployed and eligible for benefits.
- See **myRRB** handout in packet for more information about online services and setting up an account.



## EARNINGS TEST

- Earnings test only applies to unemployment benefits
- No benefits payable for any day of unemployment if gross earnings of \$1,710 or more in any 14-day claim period

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- Earnings include both railroad and nonrailroad pay.
- Benefits are payable for days of unemployment if gross earnings are less than \$1,710 in a claim period.
- This amount is equivalent to the monthly compensation base.
  - The monthly compensation base is indexed and the earnings limit will rise to \$1,755 for the benefit year that begins July 2023.
- If employee has earnings of \$1,710 or more during first claim in benefit year, and the earnings prevent payment of that claim, waiting period is still satisfied.



## ELIGIBILITY FOR SICKNESS BENEFITS

- Employee must be unable to work due to sickness or injury
- Day of sickness is a day on which above condition is met, and for which employee does not receive any pay
- Employee has properly filed application for sickness benefits including signed statement from medical professional

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- Statement of sickness completed by doctor or medical professional provides evidence of the medical condition and its expected duration.
- An employee who takes leave under the Family and Medical Leave Act, other than leave for his or her own illness or disability, is not eligible for benefits under the Railroad Unemployment Insurance Act.
- No sickness benefits are paid for any day on which employee receives pay, including:
  - railroad and nonrailroad wages;
  - salary;
  - pay for time lost;
  - pay while sick;\*
  - dismissal allowances;
  - most wage guaranty payments;
  - scheduled vacation pay;
  - holiday pay;
  - military reservist pay;
  - earnings from self-employment; or
  - pay for work performed other than subsidiary remuneration.\*\*

*\*Payments received under an RRB-approved nongovernmental supplemental unemployment or sickness insurance plan, an employee's own health or accident insurance policy, or a group insurance policy will not affect entitlement to benefits and should not be reported on claims.*

*\*\*Under certain conditions, part-time work does not affect entitlement to benefits; employees must report all work performed. Contact RRB for additional guidance on effects of part-time work.*



## HOW TO GET SICKNESS BENEFITS

1. Complete Application for Sickness Benefits (SI-1a)
2. Have doctor complete Statement of Sickness (SI-1b) promptly
3. Mail SI-1a and SI-1b to RRB in pre-addressed envelope\*
  - RRB must receive application within 10 days of employee becoming sick or injured;
  - \*return address also listed at bottom of SI-1b
4. RRB determines eligibility; if qualified, RRB provides employee Claim for Sickness Benefits (SI-3)
  - claim made available online (myRRB) and/or mailed to claimant
5. File claim online or by returning completed claim to RRB within 30 days from:
  - last day of claim period, – or –
  - date claim was made available online (myRRB) or mailed to employee (whichever is later)

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- Applications received after 10 days but within 30 days of first day for which employee wishes to claim benefits are generally considered timely filed if there is a good reason for the delay.
- Initial sickness claim must begin with 4 consecutive days of sickness and contain at least 5 days of sickness in order to satisfy waiting period.
- After initial application, biweekly claim forms are provided to employee as long as he/she is eligible for benefits and remains unable to work due to illness or injury.
- Once an employee submits a claim online, all subsequent claim forms will be made available online only, and will no longer be mailed.
- See **myRRB** handout in packet for more information about online services and setting up an account.
- Most delays in sickness benefit payments occur because doctors do not promptly complete and submit SI-1b, or because employee files his/her subsequent claims late.
- Claimants required to enroll in Direct Deposit.
- SI-1a must be submitted by mail; SI-1b can be submitted by mail with SI-1a or faxed directly from doctor's office to RRB: 312-751-7185 (must include fax cover sheet from doctor's office).
- Employees who return to work and stop claiming benefits but become sick or injured again the same benefit year must file new SI-1a and SI-1b.



## TAXATION OF UNEMPLOYMENT-SICKNESS BENEFITS

- All unemployment benefits are subject to Federal income tax
- Sickness benefits resulting from on-the-job injury are not taxable
  - All other sickness benefits are taxable
- Unemployment and sickness benefits are not subject to State income tax

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- Railroad employees with questions regarding potential tax liability should contact the Internal Revenue Service (IRS) for advice or assistance.
- Employees can elect voluntary tax withholding from their benefits by submitting Form W-4V (unemployment) and Form W-4S (sickness).
  - Obtain either at **IRS.gov** by entering the appropriate form number in the search tool at the top of the website.



# GLOSSARY

**Accelerated  
Unemployment or  
Sickness Insurance  
Benefits**

Payable if an employee with 10 years of service does not have sufficient earnings to qualify for unemployment/sickness benefits in current benefit year, but will qualify in next benefit year. Must have 14 or more consecutive days of unemployment or sickness.

**Accrual**

Amount of back benefits due.

**Age and Service  
Annuity**

Monthly benefit payable to employees who meet service requirements.

**Age Reduction**

Permanent reduction applied to a retirement or survivor annuity when an individual chooses to receive benefits before reaching the age required to receive his/her full annuity amount. Does not apply to those retiring at 60 after 2001 with 30 years of service.

**Annuity**

Monthly railroad retirement benefit payment.

**Base Year**

Calendar year from which an employee's earnings and service months are used to determine eligibility for unemployment and sickness benefits under the Railroad Unemployment Insurance Act.

**Benefit Year**

The 12-month period during which qualified employees are paid benefits for days of unemployment/sickness. Usually begins July 1 of any year and ends June 30 of the next year. Pertains to unemployment and sickness benefits only.

**Creditable  
Compensation**

The amount of money an employee is paid for service that counts toward railroad retirement benefits.

**Current  
Connection**

An employee has a current connection if he or she has 12 months of railroad service in the 30-month period immediately preceding his/her railroad retirement annuity beginning date or death. If an employee is not qualified on this basis, and he or she has 12 months of service in an earlier 30-month period, the current connection requirement may still be met. A current connection *is required for* survivor, occupational disability, and supplemental annuities; and *is not required for* age and service or total disability annuities.

**Deemed  
Service  
Months**

If an employee does not actually work in every month of the year, additional service months may be deemed (or credited) in some cases. Employee must have sufficient yearly tier II compensation, and be in an employment relationship with a covered railroad employer, or be an employee representative, during a deemed service month.

<b>Direct Deposit</b>	Benefit payments are transferred directly to a beneficiary's checking or savings account.
<b>Direct Express</b>	Benefit payments are transferred to a Debit MasterCard® issued (by Direct Express) to individuals who do not have a checking or savings account.
<b>Earnings</b>	Income from work performed for another person or company, or from self-employment; investments, interest income, etc. not included.
<b>Employer</b>	Interstate railroad or affiliate engaged in railroad-connected operations. National/international railroad labor organizations (and their subordinate units) and employer associations are also railroad employers.
<b>Extended Unemployment or Sickness Benefits</b>	Thirteen consecutive weeks of payments available to employees with 10 years of service who have exhausted their normal benefits, or are not qualified for normal benefits in the current benefit year but were in the previous benefit year.
<b>Form BA-6</b>	Yearly statement providing current and cumulative record of employee's railroad service and compensation.
<b>Full Retirement Age</b>	Age at which full retirement annuity is payable (gradually increasing to 67, depending on year of birth). Unreduced annuity is payable to those who are 60 with 30 years of service, but work deductions still apply until full retirement age is attained.
<b>Lump-Sum Death Benefit</b>	One-time payment issued if there is no survivor immediately eligible for an annuity upon the death of an employee who had a current connection and 10 years of railroad service (or at least 5 years of service after 1995).
<b>Medicare Part A Hospital Insurance</b>	Helps pay for medically necessary inpatient care in a hospital, psychiatric hospital, or skilled nursing facility and for hospice and home health care.
<b>Medicare Part B Medical Insurance</b>	Helps pay for medically necessary physician services and many other medical services and supplies not covered by Part A.
<b>Medicare Part C Advantage Plans</b>	Plans (offered by Medicare-approved private companies) which combine Medicare Part A and Part B and, in some cases, Part D coverage.
<b>Medicare Part D Prescription Drug Coverage</b>	Voluntary prescription drug coverage that helps pay for brand name and generic drugs. Costs and coverage vary from plan to plan.

**Normal  
Unemployment or  
Sickness Benefits**

Payable to qualified employees for up to 130 days in a benefit year. Days of unemployment or sickness do not have to be consecutive.

**Occupational  
Disability**

Type of annuity payable to an employee who meets certain age and service requirements and is disabled from being able to perform his/her *regular railroad occupation*\*, and the disabling condition is expected to last at least 12 months or longer. \*Generally, the job employee worked the longest in the last 5 years; current connection and medical evidence required.

**Service Month**

A month of service is credited if an employee has at least one day of earnings, vacation pay, certain sick pay, or other compensation credited by a railroad employer or union in a given month. Special rules apply if service months are allocated as a result of a personal injury settlement.

**Sickness Benefits**

Provided to qualified employees to restore part of lost wages arising from periods of sickness (for female employees, this includes health conditions related to pregnancy, miscarriage, or child birth). Employee must be unable to work because of sickness or injury.

**Spouse Annuity**

Annuity payable to the wife or husband of an employee annuitant based on age or on caring for the employee's unmarried child who is under age 18 or disabled before age 22. Benefits can be paid to eligible spouses in same-sex marriages.

**Supplemental  
Annuity**

Additional amount payable if employee has at least 25 years of railroad service beginning before 10/1/1981, and a current connection.

**Survivor Benefits**

Monthly benefits payable for widow(er)s and/or surviving children and other dependents after death of employee who met service requirements and had a current connection.

**Tier I Benefit**

A component of a railroad retirement annuity which approximates a social security benefit. Based on railroad and social security earnings.

**Tier II Benefit**

A component of a railroad retirement annuity paid in addition to a tier I benefit. Based solely on railroad work.

**Total Disability**

Type of annuity payable to an employee who meets certain age and service requirements and has a physical or mental condition that makes him/her unable to engage in *any regular gainful employment*; medical evidence required. Also payable to disabled widow(er)s ages 50-59 and unmarried disabled children over age 18 who become totally disabled before age 22.

**Unemployment  
Benefits**

Provided to qualified employees to restore part of the lost wages arising from periods of unemployment. The employee must be ready, willing, and able to work, and be available for work.

**Widow(er)'s Initial  
Minimum Amount  
(WIMA)**

Based on the two-tier annuity amount that would have been payable to the railroad employee when the widow(er)'s annuity is awarded, minus any applicable reductions. Such annuities computed on the basis of this initial minimum amount will not increase until the amount payable under previous law plus subsequent cost-of-living increases is higher than the initial minimum amount.

**Work  
Restrictions**

An annuity is not payable if a retiree works for a railroad or rail union after his/her retirement. Employee and spouse tier I and survivor benefits are reduced if earnings are over certain limits (until full retirement age is attained). Work performed for a retired employee's or spouse's last pre-retirement nonrailroad employer reduces both tier II and supplemental benefits, regardless of age.