



UNITED STATES OF AMERICA  
**RAILROAD RETIREMENT BOARD**  
844 NORTH RUSH STREET  
CHICAGO, ILLINOIS 60611-2092

V. M. SPEAKMAN, JR.  
LABOR MEMBER

OFFICE OF LABOR MEMBER

Welcome to the Informational Conference Program. Started by the Office of the Labor Member in 1957, this program helps railroad workers and their families gain a better understanding of the benefits payable to them. Today's program includes information about the Railroad Retirement, Railroad Unemployment Insurance and Railroad Retirement Tax Acts.

These conferences are conducted at the request of the Chief Executives of the railway labor unions. They are designed to provide local union officers with comprehensive information about the benefits available to members and their families under the railroad retirement and unemployment insurance systems. The purpose of these conferences is to provide you with a thorough explanation of the benefits available under these programs so that each of you will become better informed and be in a better position to furnish accurate and reliable information to your members.

You have received copies of our *Informational Conference Handbook*, as well as an Informational Kit containing a number of booklets and charts explaining the types and amounts of the various benefits provided for retired and disabled employees and their survivors. Material covering unemployment and sickness benefits and Medicare is also included. We urge you to take time after today's conference to review this material in detail and to keep your kit handy so you can use it as a source of reference when questions arise. We are confident you will find this information useful when dealing with all railroad retirement matters.

Please complete the evaluation form before you leave today so that we can be responsive to your comments and bring you an even better program in the future.

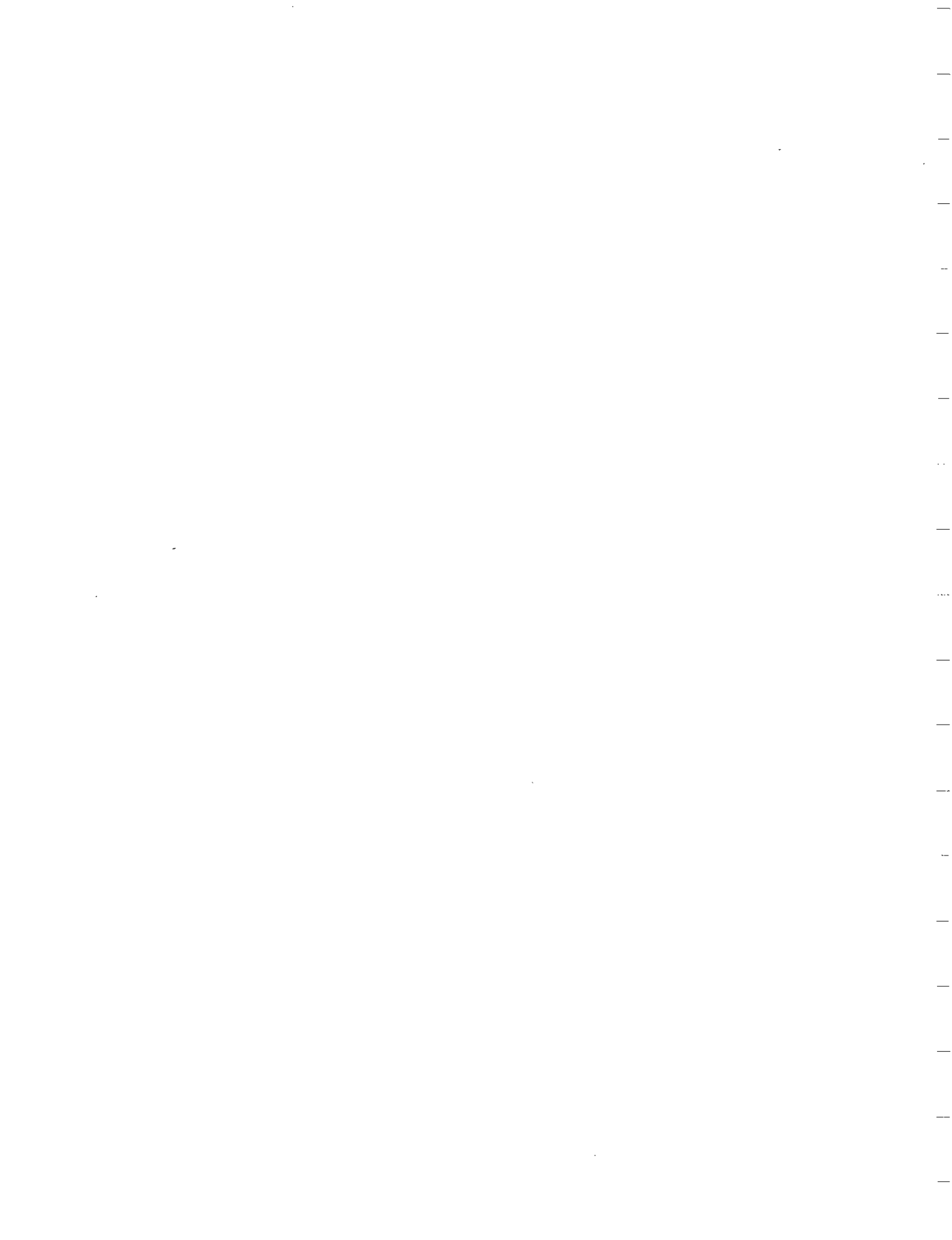
Thank you for attending our conference and we hope to see you again in the future.

Sincerely,

A handwritten signature in cursive script that reads "V. M. Speakman, Jr.".

V. M. Speakman, Jr.  
Labor Member





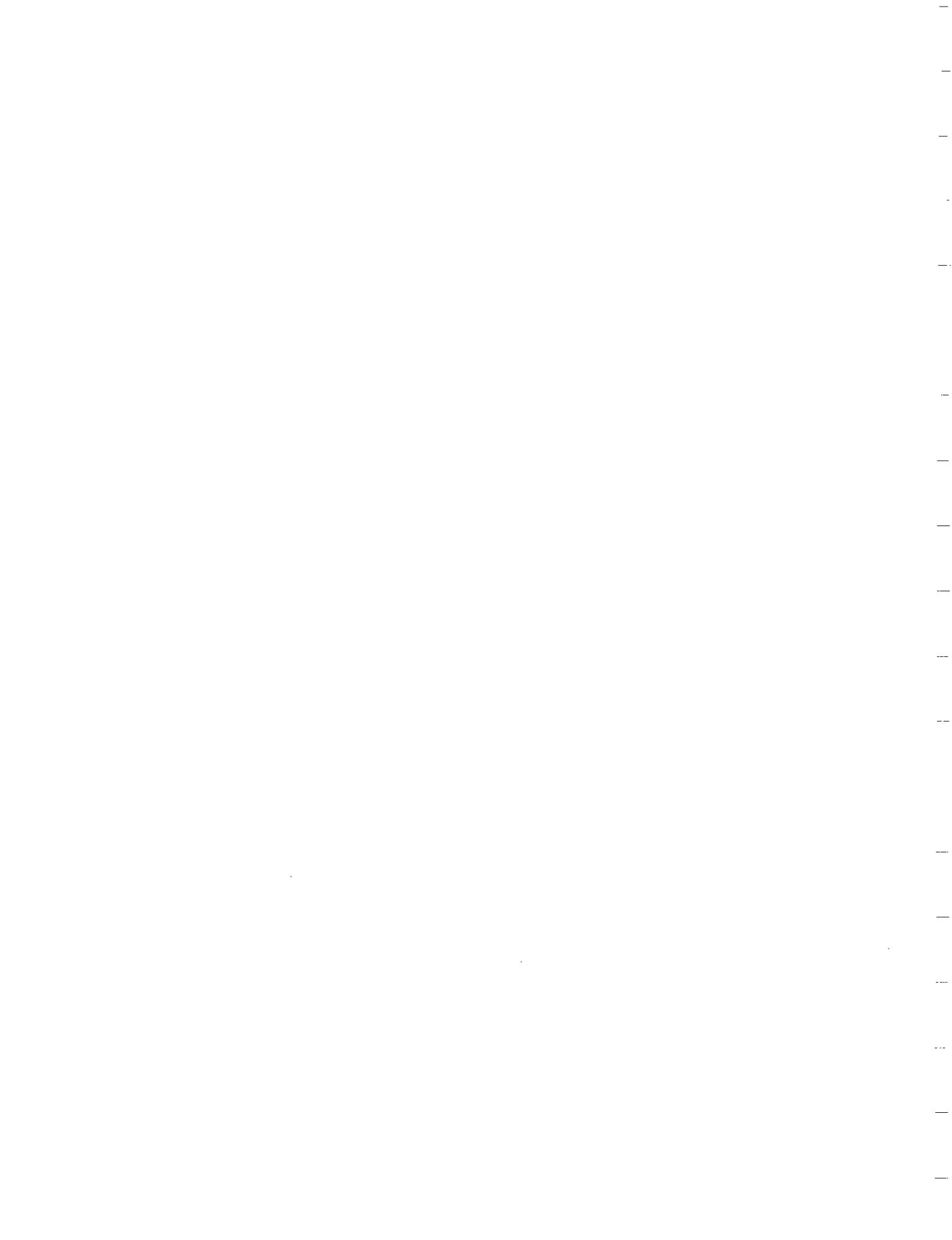
# **2011 INFORMATIONAL CONFERENCE PROGRAM**

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- 8:00 a.m.** Registration
- 8:30 a.m.** Opening Remarks and Introductions,  
Description of Handbook and Informational Kit
- 8:45 a.m.** Unemployment and Sickness Benefits
- 9:15 a.m.** Break
- 9:30 a.m.** Retired Employee and Spouse Benefits
- 11:45 a.m.** Break (Optional)
- 12:00 p.m.** Survivor Benefits and Items Affecting  
All Benefits
- 12:30 p.m.** Closing Remarks

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A**

- ▶ **Conference team members will be available after the closing remarks for any unanswered questions.**
- ▶ **Please complete the evaluation and order forms before leaving.**
- ▶ **Information presented in today's slide program is also available online at [www.rrb.gov/lmo/labor\\_info.asp](http://www.rrb.gov/lmo/labor_info.asp).**



# 2011 INFORMATIONAL CONFERENCE PROGRAM

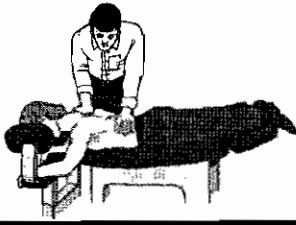
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# A G E N D A B

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# UNEMPLOYMENT AND SICKNESS BENEFITS

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	<b>UNEMPLOYMENT AND SICKNESS BENEFITS</b>
	<b>1</b>

- Qualified railroad employees are provided these benefits to restore part of the wage loss arising from unemployment or sickness (including maternity).





## **How Do I Qualify?**

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- **Current benefit year began July 1, 2010**
  - **Ends June 30, 2011**
- **Need earnings of \$3,325 in calendar year 2009 to qualify**
  - **Counting earnings of no more than \$1,330 per month**
- **New employee needs 5 months' creditable service if base year (2009) is first year as railroad employee**

**2**

- Above amounts will remain the same for benefit year beginning July 1, 2011 (need earnings of \$3,325 in 2010, counting no more than \$1,330 per month).
- If railroad employee's first year of railroad service was 2010, he/she is not eligible for unemployment or sickness benefits until July 1, 2011. Must have 5 months' creditable service in 2010.



## How Much Do I Get?

- **Most claimants receive \$66 per day** \*
- **Generally for 2-week period**
  - **Unemployment benefits \$660**
  - **Sickness benefits resulting from on-the-job injury \$660**
  - **Other sickness benefits reduced to \$622.71 for tier I tax for first 6 months**

3

- Up to a total of \$8,580 of normal benefits payable in benefit year but no more than base-year earnings, counting earnings up to \$1,718 per month in calendar year 2009.
- First 6 months of sickness benefits not resulting from on-the-job injuries credited as tier I compensation but not as service months.
- \$660 biweekly sickness payment subject to tier I tax of 5.65%.

Maximum net payment is \$622.71

$$\begin{array}{r} \$660.00 \\ - 37.29 \text{ (5.65\%)} \\ \hline \$622.71 \end{array}$$

- These payments are reported on the BA-6 form as miscellaneous compensation.
- Daily benefit rate remains \$66 in benefit year beginning July 2011.
- Current projections estimate daily benefit rate will increase in increments to \$89 by 2020.



Refer to  
Informational Conference Handbook  
Pages 127, 138

January 2011

## **How Long Can I Get Benefits?**

- **Normal benefits payable for up to 130 days in benefit year**
- **Extended benefits**
  - **Need 10 or more years' service**
  - **Generally 13 consecutive weeks of payments**
- **Accelerated benefits under certain circumstances**

**4**

- Exhausting one type of benefit (unemployment or sickness) does not exhaust other.
- Maximum of 26 weeks of normal benefits for unemployment and 26 weeks for sickness.
- Extended benefits are payable if employee:
  - Has 10 years of service;
  - Exhausts normal unemployment or sickness benefits; or
  - Is not qualified for normal benefits in current year but was in previous benefit year.
- No waiting period for extended benefits.
- Accelerated benefits are payable if employee:
  - Has 10 years of service;
  - Does not have sufficient earnings to qualify in current year, but will qualify in next benefit year (July 2011);
  - Has 14 or more consecutive days of unemployment or sickness.



## **Waiting Period**

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- **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 or sickness can satisfy waiting period**
- **Maximum of 7 days payable in waiting period claim**
- **In following 14-day claims, 4 days are withheld and up to 10 days are payable**

**5**

- Only one 7-day waiting period is required during any period of continuing unemployment or sickness, even if that period continues into the next benefit year.
- A separate waiting period is required for unemployment and sickness benefits.
- During waiting period claim, maximum of \$462 payable for unemployment claim or sickness claim with on-the-job injury. For sickness claim without on-the-job injury, maximum of \$435.89 payable in waiting period claim.



Refer to  
Informational Conference Handbook  
Pages 127-128

## **Claiming Unemployment Benefits**

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- 1. Can file applications and claims by mail, online, or in an RRB field office**
- 2. Applications must be received by an RRB office within 30 days of becoming unemployed**
- 3. Claim forms then mailed to employee; also available online**
- 4. Completed claim forms must be received by an RRB office within 15 days of end of claim or date claim mailed to employee or made available online, whichever is later**

**6**

*Claim  
rest days!*

- Claims should not be signed or filed before last day of claim.
- Most claimants will receive first benefit payment in about 3 weeks.
- Claimants automatically enrolled in Direct Deposit.
- No benefits are payable for late claims without good cause.
- Railroad employers are notified of applications and claims.
- Claimant should be sure to claim rest days.
- To file electronically, claimants should go to the RRB's website at [www.rrb.gov](http://www.rrb.gov) and click on "Benefit Online Services" for directions on establishing an RRB Internet Services account. The information claimants provide must match the information in the RRB's records.
  - Once employees establish their online accounts, they will be able to file unemployment benefit applications and claims online, view their individual accounts online, including the amount and date of their latest five benefit payments, and conduct other business with the RRB over the Internet.
  - Employees are encouraged to establish online accounts while still employed so the account is ready when they need it.



## **Eligibility for Unemployment Benefits**

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- **Employee must be**
  - **Able to work**
  - **Available for work**
- **Must generally look for work and accept any suitable offer**

**7**

- Suspended or discharged claimants are generally considered available for work if their case is being actively pursued for reinstatement.
- Examples of when employee would not be considered available include when he or she:
  - Marks back on the extra-board;
  - Misses a turn in pool service;
  - Quits work to attend school; or
  - Lays off to avoid maximum mileage hours or earnings.
- Employee with compressed work week is not available on extra rest days.
- 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.



## **Earnings Test**

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- **No unemployment or sickness benefits payable for any day railroad or nonrailroad pay is received**
- **Earnings test applies only to unemployment insurance benefits**
- **No benefits payable for any day of unemployment if gross earnings of \$1,330 or more in any 14-day claim period**

**8**

- Earnings include both railroad and nonrailroad pay.
- Benefits are payable for days of unemployment if gross earnings are less than \$1,330 in a claim period.
- This amount is equivalent to the monthly compensation base.
  - The monthly compensation base is indexed and the earnings limit will remain \$1,330 for the benefit year that begins July 2011.
- If employee has earnings of \$1,330 or more during first claim in benefit year, and the earnings prevent payment of that claim, waiting period is still satisfied.



## **Claiming Sickness Benefits**

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- 1. Secure and complete employee's portion of sickness application**
- 2. Have doctor complete doctor's portion promptly**
- 3. Mail form to the RRB in Chicago within 7 days of becoming sick or injured**
- 4. Claim forms then mailed to employee and returned to local RRB field office; also available for completion online**

**9**

- *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.
- *Claims* must be received at the RRB within 30 days of the last day of the claim period, or within 30 days of the date the claim form was mailed to the claimant or made available online, whichever is later.
- 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.
- Most delays in sickness benefit payments occur because doctors do not complete and submit forms promptly. This applies to the initial doctor's form, as well as subsequent forms needed to continue payments.
- Claimants automatically enrolled in Direct Deposit.
- Applications and doctors' statements must be submitted by mail. Claims are available for completion online by visiting [www.rrb.gov](http://www.rrb.gov), clicking on "Benefit Online Services," and following directions for establishing an RRB Internet Services account.





## **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.**

**10**

- **Railroad employees with questions regarding potential tax liability should contact the Internal Revenue Service for advice or assistance.**





# RETIRED EMPLOYEE AND SPOUSE BENEFITS



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# RETIRED EMPLOYEE AND SPOUSE BENEFITS



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	<b>RETIRED EMPLOYEE AND SPOUSE BENEFITS</b>
	<b>11</b>

- 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**

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

**12**

- Railroad retirement benefit is called an annuity. These are monthly payments.
- ✱• Annuities are payable on the first of the month for the previous month.
- An annuitant must be alive the entire month in order for an annuity to be payable for that month. Benefits are not prorated.



Refer to  
Informational Conference Handbook  
Pages 27-43

*January 2011*

## **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 60 months performed after 1995**
- **Otherwise, need 120 months of creditable railroad service**

**13**

- 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.
- Regarding pay for time lost, including personal injury settlements, 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 the year.
- No credit is given for local lodge service totaling less than \$25 per month.



## **Military Service Creditable If**

- **Preceded by rail service in same or preceding year, and**
- **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**

**14**

- **War and national emergency periods:**

– 09-08-39 - 06-14-48	World War II
– 12-16-50 - 09-14-78	Korea/Vietnam
– 08-02-90 - ending date not yet determined	Persian Gulf/Current Conflict

- **Compensation credited:**

– 1937 - 1967	\$160 per month
– 1968 - 1974	\$260 per month
– Years after 1974	Up to social security maximum

- **Creditable military service can be used to meet minimum service requirements – 10 years, or 5 years performed after 1995.**

*Need Copy of DD-214*





## **Railroad Employee Taxes and Wage Bases for 2011**

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	<u>Tier I</u>	<u>Medicare (Health Insurance)</u>	<u>Tier II</u>
<b>Tax Rate</b>	<b>4.2%</b>	<b>1.45%</b>	<b>3.90%</b>
<b>Wage Base</b>	<b>\$106,800</b>	<b>No Cap</b>	<b>\$79,200</b>

**2011 tax on employee earning \$106,800 is \$9,123.**

**15**

- Tier I tax rate and wage base same as under social security. December 2010 legislation temporarily lowered the social security payroll tax rate on employees, and the corresponding tier I payroll tax on railroad employees, by 2 percentage points for calendar year 2011.
- Employer pays tier I tax rate of 7.65% on \$106,800 wage base in 2011; also pays tier II tax of 12.10% on \$79,200 base. Employer tax for 2011 on an employee earning \$106,800 is \$17,753.40.
- 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 and claimed on Federal income tax return. See IRS publication 505, *Tax Withholding and Estimated Tax*.



## **Form BA-6**

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- **Issued every year 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**
- **Employees should always notify an RRB office and their employer if their address changes**

**16**

- BA-6 form also shows deemed service months and miscellaneous compensation, such as taxable sickness payments. It does not show railroad service before 1937.
  - 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.
- BA-6 form reflects creditable military service, if the service was previously reported to the RRB.
- Employees are encouraged to submit proofs of age and/or military service in advance of their actual retirement. This streamlines the benefit application process and prevents payment delays.
- If an employee disagrees with any information on BA-6 form, an RRB office should be contacted. Employee has 4 years to protest any discrepancies in the record.





**U.S. RAILROAD RETIREMENT BOARD**  
 M.S. SCHWARTZ, V.M. SPEAKMAN, JR., J. F. KEVER  
 MEMBERS

CERTIFIED 06-01-2010  
**2009 CERTIFICATE OF SERVICE**  
**MONTHS AND COMPENSATION**  
 SERVICE AND COMPENSATION REPORTED  
 FOR PERIOD ENDING DECEMBER 31, 2009

**① JJ JONES**

12 CENTRAL AV  
 CENTRAL CITY, IL 60000-0000

<b>② BIRTH DATE</b>	<b>③ SEX</b>
06-1974	M

<b>④ SERVICE AND COMPENSATION ON RECORD FOR REVIEW PERIOD</b>																
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
2009	106,800.00			1	1	1	1	1	1	D	D	1	1	1	1	12
2008	102,000.00			1	1	1	1	1	1	1	1	1	1	1	1	12
2007	16,000.00			0	0	0	0	0	0	0	0	0	0	0	1	02
2006	62,800.00			0	0	1	1	1	1	1	1	1	1	1	0	08

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

<b>⑤ CAREER TOTAL RETIREMENT RECORD</b>							
CREDITABLE COMPENSATION	SEPARATION ALLOWANCE/ SEVERANCE PAYMENT		SERVICE MONTHS				EMPLOYEE CONTRIBUTIONS <i>Tier II</i>
	TAXABLE AMOUNT	COMPENSATION AMOUNT	REPORTED	DEEMED	MILITARY	TOTAL	
351,358.75			39	2	12	53	13,005.88

**⑥ YOUR 2009 REPORTING EMPLOYER(S)**

The service and compensation shown on this form for 2009 were gathered from a report(s) received from the following employer(s): **USA RAILROAD**

---

**⑦ RRB OFFICE SERVING YOUR AREA**

122 MAIN STREET  
 CENTRAL CITY, IL 60000

PHONE (877) 772-5772

*Always notify the Railroad Retirement Board if your address changes during the year.*



**Be sure to check these important items:**

- |   |   |
|---|---|
| 1 Name  | 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 |   |



## **Current Connection**

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- **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)**

**17**

- An employee has a current connection if he or she has 12 months of railroad service in 30-month period immediately preceding the employee's railroad retirement annuity beginning date or death, or, if there is no other nonrailroad work, between end of 30-month period and retirement or death.
- 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.
- May qualify an employee for a vested dual benefit.
- Any specific questions about current connection, contact RRB field office.



## **Current Connection (Continued)**

- **Self-employment and certain Federal employment do not break a current connection**
- **Current connection can only be broken by working for nonrailroad employer after leaving railroad service and before railroad retirement annuity begins**
- **Under certain conditions, can be deemed for supplemental and survivor benefits**

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- For current connection to be deemed, employee must have separated from railroad industry *involuntarily* since October 1, 1975, must have 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 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.



Refer to  
Informational Conference Handbook  
Pages 30-31

January 2011

## **Tier I**

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- **Tier I approximates social security benefit payable if all work were 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/social security earnings**

**19**

- Each annuity is made up of one or more components called tiers.
- Social security credits 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 age 65, may be reduced for workers' compensation or public disability benefits.



## **Tier II Eligibility**

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- **Employees with 10 years (120 months) of railroad service eligible for tier II benefit**
- **Employees with 5 years (60 months) of railroad service after 1995 but less than 10 years also eligible for tier II benefit if at least age 62**

**20**





## **Tier II Calculation**

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- **Paid in addition to tier I benefit and based solely on railroad work**
- **Based on:**
  - **60 months of highest earnings (up to tier II maximum)**
  - and**
  - **Total years of railroad service**

**21**

- Tier II
  - Computed under a separate formula.
  - Comparable to an industrial pension.
  - Reduced for age if required.
  - Reduced by 25% of employee vested dual benefit amount.
- Maximum tier II creditable compensation:
 

- 2007	\$72,600
- 2008	\$75,900
- 2009	\$79,200
- 2010	\$79,200
- 2011	\$79,200

This provides average monthly compensation (AMC) of \$6,435.

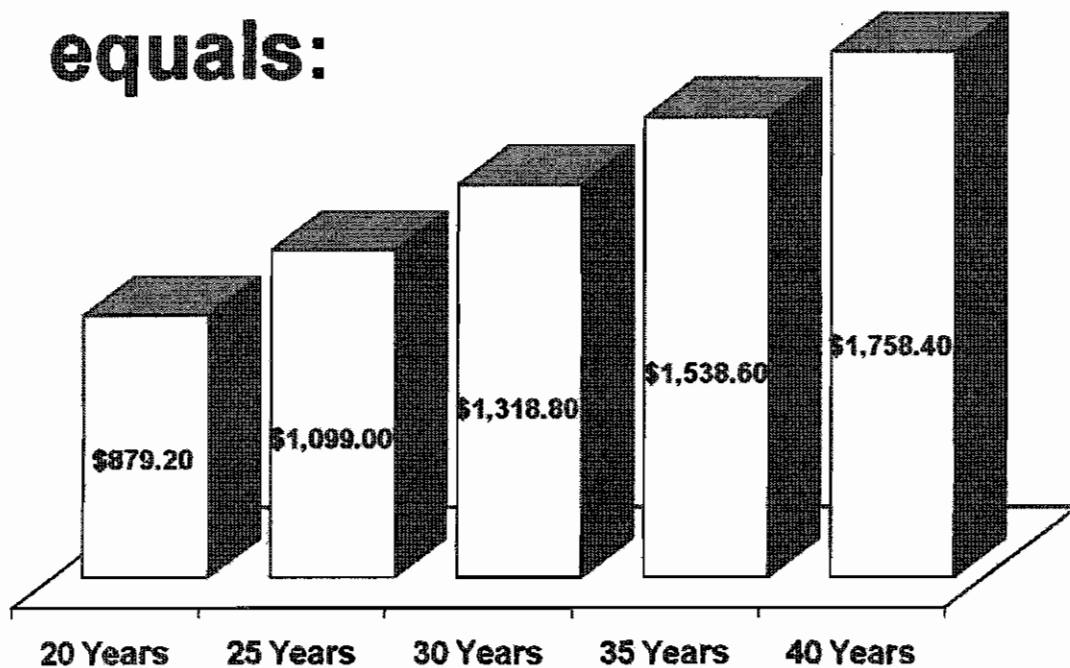




## **Additional Service May Provide Higher Tier II Amount**

**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 2010. Even if an employee earns less than the maximum, additional service would still increase the annuity proportionately.**

**Tier II  
equals:**



## RRB/SSA Comparison Chart

	<u>RRB</u>	<u>SSA</u>
<b>Average Employee Age Annuity on the Rolls *</b>	<b>\$2,760</b>	<b>\$1,170</b>
<b>Average Spouse Annuity on the Rolls</b>	<b>\$815</b>	<b>\$560</b>
<b>Average Employee Age Annuity Awarded in 2010 *</b>	<b>\$3,400</b>	<b>\$1,630</b>
<b>Average Spouse Annuity Awarded in 2010 *</b>	<b>\$1,300</b>	<b>\$815</b>
<b>Average Disability Annuity Awarded in 2010</b>	<b>\$2,790</b>	<b>\$1,130</b>
<b>Occupational Disability Annuity</b>	<b>Yes</b>	<b>No</b>
<b>Full Annuity at 60 with 30 Years</b>	<b>Yes</b>	<b>No</b>
<b>Average Widow(er) Annuity on the Rolls</b>	<b>\$1,320</b>	<b>\$1,105</b>
<b>Average Widow(er) Annuity Awarded in 2010</b>	<b>\$1,745</b>	<b>\$890</b>

---

\*Career rail employee with at least 30 years of service.

**Note.**—Amounts shown are as of the close of fiscal year ending September 30, 2010.

## **Supplemental Annuities**

---

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

**22**

- Supplemental annuity payable at:
  - Age 60 if 30 years' 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.
- A distribution from a 401(k) plan which is attributable to the *employer's* contributions to the plan may reduce the supplemental annuity.
  
- A different additional benefit, the vested dual benefit, may be payable if:
  - The employee was insured for social security benefits as of 12-31-74; and
  - The employee had 10 years of railroad service before 1975.



## **Employees with 5-9 Years' Service After 1995**

---

- **Reduced tier I payable at age 62, provided employee has a social security insured status (using railroad and social security earnings). Generally, 10 years of combined earnings fulfills this requirement.**
- **Reduced tier II payable at age 62.**

**23**

- Age reductions same as for those with 10-29 years' service as explained on next slide, unless already entitled to age-reduced social security benefit. In that case, tier I age reduction based on reduction applicable on beginning date of social security benefit, even if employee already of full retirement age on beginning date of railroad retirement annuity.
- If less than 5 years (60 months) of service after 1995, railroad retirement credits transferred to social security at time of retirement or death.
- Full retirement age gradually increasing from age 65 to age 67. See chart on page 35.



Refer to  
Informational Conference Handbook  
Pages 27-28, 69-71, 72-73

## **Employees with 10-29 Years' Service**

---

- **Reduced tier I and tier II amounts payable at 62**
  - **Age reduction varies from 20% to 30%, depending on the year of birth**
- **Full tier I and tier II amounts payable at full retirement age**
  - **65-67, depending on the year of birth**

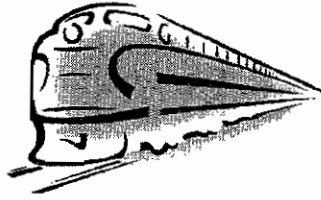
**24**

- 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.
- 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.
- See chart on page 35 for more information on age reductions.









# EMPLOYEE FULL RETIREMENT AGE

*Retirement With Less Than 30 Years of Service*

If Employee Born In*	At Age 62 Annuity Will Be Reduced By	<u>OR</u>	For Unreduced Annuity To Be Payable, Retirement Age Must Be**
1937 or earlier	20.00%		65
1938	20.83%		65 and 2 months
1939	21.67%		65 and 4 months
1940	22.50%		65 and 6 months
1941	23.33%		65 and 8 months
1942	24.17%		65 and 10 months
1943 through 1954	25.00%		66
1955	25.83%		66 and 2 months
1956	26.67%		66 and 4 months
1957	27.50%		66 and 6 months
1958	28.33%		66 and 8 months
1959	29.17%		66 and 10 months
1960 or later <i>1960</i>	30.00%		67

\* A person attains a given age the day before his or her birthday. Consequently, someone born on January 1 is considered to have attained his or her given age on December 31 of the previous year.

\*\* If employee has less than 10 years of railroad service and is already entitled to an age-reduced social security benefit, tier I reduction based on reduction applicable on beginning date of social security benefit, even if employee of full retirement age on beginning date of railroad retirement annuity.

**Note.— If the employee had any railroad service before August 12, 1983, the tier II reduction remains 20% and the full retirement age remains 65 for tier II purposes.**

## **Regular Age Annuities Summary**

<b><u>Years of Service</u></b>	<b><u>Reduced Annuity</u></b>	<b><u>Full Annuity</u></b>
5 after 1995	Ages 62-66*	Ages 65-67*
10 – 29	Ages 62-66*	Ages 65-67*
30 +	None	Age 60

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

**Age reductions are permanent.**

## **Employees with 30 Years' Service**

---

- **Employees retiring at age 60 or older after 2001**
  - **No age reduction in tier I or tier II**

**25**

- Although employees retiring after 2001 at 60 with 30 years of service have no age reduction, work deductions still apply until they reach their full retirement age.
- If employee retired at age 60 or 61 before 2002, tier I age reduction applies. No reduction if employee retired at age 62.



5 mo.  
waiting  
period

## Disability Annuities

	Age	Service	Current Connection
<b>Total and Permanent</b>	<b>Under full retirement age</b>	<b>10 years (or 5 years after 1995)</b>	<b>No</b>
<b>Occupational</b>	<b>Under 60</b>	<b>20 years</b>	<b>Yes</b>
	<b>60 to full retirement age</b>	<b>10 years</b>	<b>Yes</b>
			<b>26</b>

- For those with less than 10 years of railroad service, the employee must meet social security's insured status and 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. For those with less than 10 years of service, a tier II benefit is not payable until the employee attains age 62. The tier II benefit is reduced for early retirement.
- 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.
- Total and permanent disability means a physical or mental disability that prevents *any* regular employment. May qualify for early Medicare coverage and lower Federal income tax on annuity.
- Occupational disability means the employee is permanently disabled for his or her regular railroad occupation (generally, the job employee worked the longest in the last 5 years).
- Employee can be in compensated service while filing a disability application as long as compensated service terminates within 90 days from date of filing and the compensated service is not active service.
- 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.



Refer to  
Informational Conference Handbook  
Pages 29, 71

January 2011

	<b>SPOUSE ANNUITIES FOR WIVES AND HUSBANDS</b>
	<b>27</b>

- Spouses can be male or female.
- As of September 30, 2010, there were 7,090 male spouses (5%) and 130,022 female spouses (95%) on the RRB's rolls. These numbers include divorced spouses.



Refer to  
Informational Conference Handbook  
Pages 31-32, 37-41, 74-77

## **Requirements**

---

- **Employee retired, receiving annuity, meets age requirements**
- **Spouse married 1 year to employee or is natural parent of their child**

**28**

- Exception 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 the spouse was previously married to the employee and received a spouse annuity.
- Spouse must give up railroad employment, if any.
- 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.



## **Eligibility Provisions – Less Than 30 Years' Service**

---

- **Spouse of employee who retired at 62 or over with less than 30 years' service**
    - **Receives reduced annuity at 62**
  - or**
  - **Unreduced annuity at full retirement age (65-67\*), or any age with child in care**
- \*Depending upon the spouse's date of birth**

**29**

- See chart on page 43 for age reductions for spouses of those employees retiring with less than 30 years of service.
- 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. Children not paid directly when employee retired.
- 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.

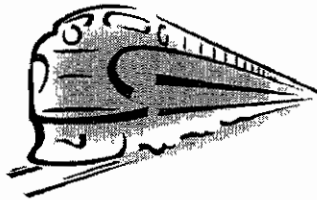


Refer to  
Informational Conference Handbook  
Pages 31-32, 74-75, 76-77

January 2011







## SPOUSE FULL RETIREMENT AGE

*When Employee Retires With Less Than 30 Years  
of Service and Spouse Retires at Age 62*

If Spouse Born In	At Age 62 Spouse Annuity Will Be Reduced By*	OR	For Unreduced Annuity To Be Payable, Spouse Retirement Age Must Be
1937 or earlier	25.00%		65
1938	25.83%		65 and 2 months
1939	26.67%		65 and 4 months
1940	27.50%		65 and 6 months
1941	28.33%		65 and 8 months
1942	29.17%		65 and 10 months
1943 through 1954	30.00%		66
1955	30.83%		66 and 2 months
1956	31.67%		66 and 4 months
1957	32.50%		66 and 6 months
1958	33.33%		66 and 8 months
1959	34.17%		66 and 10 months
1960 or later	35.00%		67

**These reductions also apply to divorced spouses.**

\* If the 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.

**Note.— If the employee had any railroad service before August 12, 1983, the tier II reduction remains 25% for the spouse and the full retirement age remains 65 for tier II purposes.**



ONE YR. WAIT ON MARRIAGE

## **Eligibility Provisions – 30 Years' Service**

---

- **Spouse of 60/30 employee**
  - **If employee annuity began after 2001, spouse can receive full annuity at 60 or any age with minor or disabled child in care**
  - **If employee annuity began before January 1, 2002, spouse receives same tier I reduction as employee until both 62**

**30**

- 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. Children not paid directly when employee retired.
- When tier I is recomputed at age 62 for the spouse of an employee who retired before 2002 on a reduced annuity, the age reduction is ordinarily not eliminated. Instead, the spouse tier I is reduced by the number of months under full retirement age.
- 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.
- If employee annuity awarded at age 62 before January 1, 2002, spouse can receive full annuity at age 60 or at any age with minor or disabled child in care.



## **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**

**31**

- 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**

---

**Employee tier II benefits and supplemental annuities are subject to property settlements in annulment, separation or divorce cases**

**32**

- Railroad Retirement Board 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.
- In separation or divorce cases, there is no limit on the amount subject to division of employee's tier II benefits and supplemental annuities. Tier I benefits are not subject to division.
- Payment of a partition amount as part of a property distribution can be made after the employee's death unless a court order requires termination of payments upon the employee's death.



Refer to  
Informational Conference Handbook  
Pages 21, 33, 41, 47, 57, 80

*January 2011*

## **Spouse Tier Components**

---

- **TIER I**
  - **50% of employee tier I**
  
- **TIER II**
  - **45% of employee tier II**
  - **Not payable to divorced spouses**

**33**

### **Tier I**

- Reduced for age or early retirement if required.
- Reduced for social security benefit or other railroad retirement annuity.
- May be reduced by 2/3 of public pension 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 wife eligible for pension before December 1982.
- May be reduced if employee under age 65 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.**
- Reduced for age if required.
- Reduced if employee receiving vested dual benefit.



Refer to  
Informational Conference Handbook  
Pages 33, 35, 37-38, 74-77

*January 2011*

## **Working After Retirement**

---

- **Annuity not payable if employee or spouse working for railroad or rail union**
  - **must relinquish rights**
- **All employees and spouses under full retirement age subject to work deductions**

**34**

- 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 begun after the employee's annuity beginning date will not break a current connection.

If employee/spouse was born *	Full retirement age is
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
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.



Refer to  
Informational Conference Handbook  
Pages 39-41

January 2011

## **Working After Retirement – Earnings Deductions**

---

- **Prior to full retirement age, some or all of tier I and all of vested dual benefit reduced if earnings over certain amounts**
- **Reduction eliminated once full retirement age attained**

**35**

- 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.
- Prior to year full retirement age attained
  - There is a deduction of \$1 for every \$2 earned over annual exempt amount (\$14,160 in 2011).
- In year full retirement age attained:
  - Deduction is \$1 for every \$3 earned over annual exempt amount (\$37,680 in 2011).
  - However, earnings only considered through month before full retirement age attained.
- 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.





## **Working After Retirement – Last Nonrailroad Employer**

---

- **If employee or spouse continues work for last pre-retirement nonrailroad employer**
  - **Tier I and vested dual benefit subject to deductions as explained on previous slide**
  - **In addition, 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, and, unlike tier I, deductions continue after full retirement age**

**36**

- Work that begins on the same day as the annuity beginning date is not 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.



## **Working After Retirement – Disability**

---

- **Work by disability annuitant must be consistent with disabled status**
- **Disability annuity not payable for any month with earnings over \$780 in 2011, exclusive of disability-related work expenses**
- **All earnings must be reported**
- **Work restrictions apply to both occupational and total disability annuities**

**37**

- Withheld payments restored if earnings for 2011 less than \$9,750.
- 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 AND ITEMS AFFECTING ALL BENEFITS**



	<i>Subject</i>	<i>Page</i>
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<i>Example 7</i>	<b>Widow(er) Full Retirement Age</b>	61
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	<b>SURVIVOR BENEFITS</b>
	<b>38</b>

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



## **Insured Status**

---

- **Railroad Retirement Board pays survivor annuities if deceased employee had**
  - **10 years of service or, if less than 10 years, at least 5 years after 1995**  
**and**
  - **Current connection at retirement or death**
- **Otherwise, railroad retirement credits transferred to social security**

**39**

- 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 Railroad Retirement Board or Social Security Administration but not both, even if employee received benefits under both programs.



Refer to  
Informational Conference Handbook  
Pages 30-31, 43-44

## **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 minor or disabled child**

**40**

- **WIDOW(ER)** - Widow(er)s must be unmarried, unless they remarried after age 60, or after age 50 and they were disabled before remarriage. Generally, must have been married to employee 9 months prior to death.

Age reductions applied to tier I and tier II portions of widow(er)s' annuities awarded before full retirement age. See chart on page 61.

A widow(er) can receive an annuity if caring for a child who is under age 18 or disabled.

- **DISABLED WIDOW(ER)** - For disability, must be totally and permanently disabled and unable to work in any regular employment. Disability must have begun within 7 years after the employee's death 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. However, payment of a partition amount to a former spouse as part of a property distribution can be made after the employee's death.

A surviving divorced spouse must be unmarried unless the remarriage was after age 60 or age 50, if disabled. The surviving divorced spouse must have been married to the employee for at least 10 years.

A surviving divorced mother (father) can receive an annuity if caring for a child who is under age 16 or disabled.

A surviving divorced mother (father) generally must be unmarried at the time of entitlement. The 10-year marriage requirement does not apply in this case.



## **Survivor Annuities (Continued)**

- **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**

**41**

- 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.



Refer to  
Informational Conference Handbook  
Pages 43, 47-48, 78, 80

*January 2011*

## **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**

**42**

- 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.
- 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 chart on page 61, full retirement age is increasing from age 65 to age 67 and reductions at age 60 will range from 17.10% to 20.36% depending on the widow(er)'s year of birth.
- 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.



Refer to  
Informational Conference Handbook  
Pages 49, 77-81

*January 2011*



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

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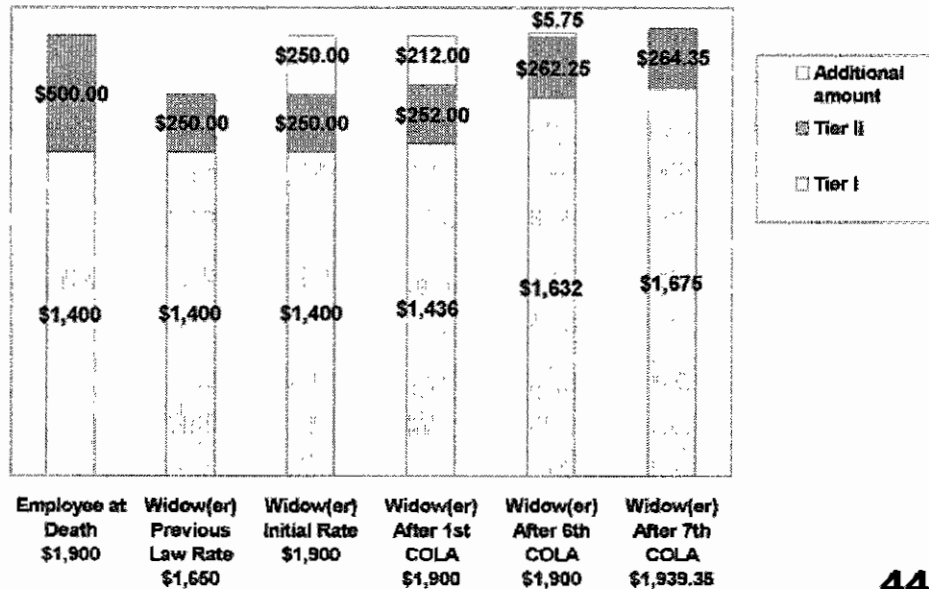
- **This amount equals combined tier I and tier II employee would have received at time widow(er)'s annuity awarded**
  - **Determined by adding additional amount to widow(er)'s tier II**
  - **Calculated before any applicable reductions, such as for age, earnings, social security**

**43**

- Does not include employee's supplemental annuity or vested dual benefit, if paid to employee.
- Widow(er)s' age reductions may apply if annuity payable before full retirement age, even if widow(er) received unreduced annuity as a spouse.
- Each time the regular widow(er)'s tier I and tier II amounts change due to a cost-of-living increase, they are compared to the initial minimum amount. As long as the initial minimum amount is still higher, it will be paid. When regular widow(er)'s annuity amounts exceed initial minimum amount due to subsequent tier I and tier II cost-of-living increases, initial minimum amount will no longer apply.
- Paid benefit could decrease if tax withholding and/or Medicare premiums increase.



## Widow(er)'s Initial Minimum Amount--Continued

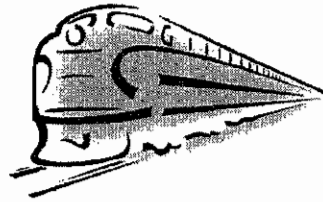


**44**

- Assumes employee died in 2010.
- Assumes first COLA of 2.6% tier I and 0.8% tier II. Assumes future COLAs to also be 2.6% tier I and 0.8% 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 \$36 (2.6% cost-of-living) to \$1,436 and tier II by \$2 (0.8% cost-of-living) to \$252, the additional amount will decrease by \$38 to \$212. The total amount payable of \$1,900 will not change. 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 will be reduced by the increase in the premium.
- No COLA payable in 2011.



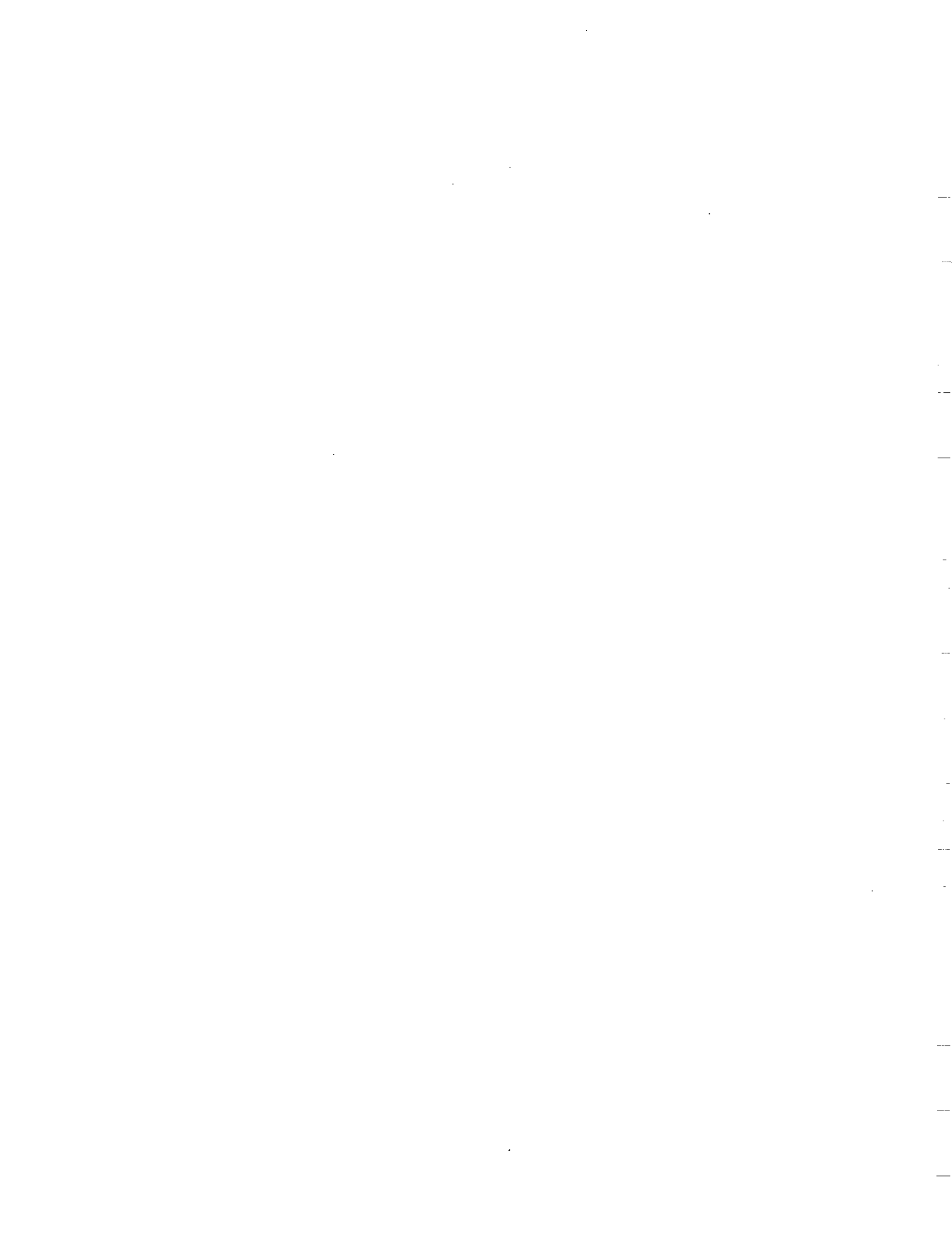
Refer to  
Informational Conference Handbook  
Pages 79-80



## WIDOW(ER) FULL RETIREMENT AGE

If Widow(er) Born In	At Age 60 Widow(er) Will Be Deemed To Be Age 62 And Annuity Will Be Reduced By	<u>OR</u>	For Unreduced Annuity To Be Payable, Widow(er) Retirement Age Must Be
1939 or earlier	17.10%		65
1940	17.47%		65 and 2 months
1941	17.81%		65 and 4 months
1942	18.14%		65 and 6 months
1943	18.44%		65 and 8 months
1944	18.73%		65 and 10 months
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

**Note.—** Maximum age reductions for remarried widow(er)s and surviving divorced spouses are 28.50% at age 60. Maximum age reductions for disabled widow(er)s, disabled remarried widow(er)s and disabled surviving divorced spouses are also 28.50%.



## **Survivor Earnings Restrictions**

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

**45**

- 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 (\$14,160 in 2011).
- In year full retirement age attained:
  - Deduction is \$1 for every \$3 earned over annual exempt amount (\$37,680 in 2011).
  - 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 the Railroad Retirement Board and the Social Security Administration so that there is no double deduction.



## **Lump-sum Death Benefit**

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- **Payable only 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**

**46**

- 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--\$999 average.
- Unlike social security, not payable if annuity payable.
- The \$255 amount same as under social security.



	<b>ITEMS AFFECTING ALL RETIREMENT AND SURVIVOR BENEFITS</b>
	<b>47</b>

- Some items affect all retired employee, spouse and survivor benefits. These include:
  - Annuity beginning dates;
  - Filing an application;
  - Filing for social security benefits;
  - Cost-of-living increases;
  - Income taxes;
  - Appeals;
  - Medicare;
  - Online and toll-free services.

## **Annuity Beginning Dates**

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- **Employee and spouse annuities effective first day of month after**
  - age 60 attained–30 years' service
  - age 62 attained–less than 30 years' service
- **Annuities effective first day of month full retirement age is attained**
  - less than 30 years' 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)

**48**

- 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 or remarried widow(er)s).
- 12-month retroactive limit on disability annuities for employees and widow(er)s; 6 months for disabled children.



Refer to  
Informational Conference Handbook  
Pages 54, 56, 57

January 2011



## **Filing an Application**

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- **File up to 3 months prior to annuity beginning date**
- **Contact RRB field office for appointment**
- **Can file in person or over the phone**
- **Need proof of age, marriage, divorce, military service, death**
- **Need information regarding checking/savings account for direct deposit enrollment**

**49**

- 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.
- Beneficiaries are automatically enrolled in Direct Deposit. Beginning May 2011, applicants without bank accounts will be enrolled in the U.S. Treasury's Direct Express program, which electronically transfers benefit payments to an individual's Direct Express-issued debit card. Enrollment waivers are available only under very limited conditions.
- Participants in the U.S. Treasury's Direct Deposit and Direct Express programs don't have to worry about the mail being late or a check being lost or stolen. Payments are available in the beneficiary's account the morning of the payment date.



## **Filing for Social Security Benefits**

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

**50**

- 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; or
  - A spouse has reached full retirement age.
- It is generally disadvantageous to file a claim with social security if the husband and wife are both railroad employees.

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



## **Cost-of-living Increases (COLAs)**

<b>Tier I</b>	<b>Same as social security COLAs based on Consumer Price Index</b>
<b>Tier II</b>	<b>32.5% of tier I increase</b>
<b>Vested Dual Benefit</b>	<b>Not increased</b>
<b>Supplemental Annuity</b>	<b>Not increased</b>

**COLAs GENERALLY PAYABLE IN JANUARY**

**51**

- No social security or railroad retirement cost-of-living increases payable in 2011.
- 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 the widow(er) is paid the 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**

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- **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, vested dual benefits and supplemental annuities are subject to Federal income tax**
  - **Treated like private pensions**

**52**

- 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*.
- Railroad retirement benefits are *not* subject to State or local income tax.
- The RRB issues tax statements each January and notifies the Internal Revenue Service and annuitant of amounts paid and withheld.



## **Appeals Process**

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- 1. Request 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**
- 3. Appeal to the three-member Board within 60 days**
- 4. Appeal to the U.S. Circuit Court of Appeals within one year if retirement/survivor appeal and within 90 days if unemployment/sickness appeal**

**53**

- Appeal to Bureau of Hearings and Appeals - may be decided on the basis of the written record or an oral hearing may be held. Hearing usually held near the claimant's home town so claimant doesn't incur large expenses. In some instances, videoconferencing or phone hearings are held.
- Appeal to Board - reviewed by the three-member Board on the basis of the written record which may be supplemented.
- 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.



## Medicare

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- **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**
- **Medicare Advantage Plans (Part C) combine Part A, Part B and sometimes Part D (prescription drug) coverage**

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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 automatic at 65 for people receiving an annuity but medical insurance may be declined. Coverage can begin earlier if person is totally disabled or has permanent kidney failure.
- If not receiving an annuity, contact RRB office before 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 reached.
- Hospital insurance financed by payroll tax on employees and employers - 1.45% of all earnings.
- Medical insurance financed by monthly premiums and Federal general revenue funds. Also has \$162 deductible in 2011.
- Depending on modified adjusted gross income, some beneficiaries pay Part B premium plus income-related monthly adjustment amount.
- Medicare provides basic health care coverage - doesn't cover all medical expenses and doesn't cover long-term care.



Refer to  
Informational Conference Handbook  
Pages 101-113

January 2011

## **Medicare Prescription Drug Coverage (Part D)**

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- **Available to everyone with Medicare**
- **Insurance companies and health plans work with Medicare to provide choice of drug plans**
  - **Variety of options with different coverage and different costs**
- **Enrollment is voluntary**

**55**

- Enrollment period generally starts 3 months before month person turns 65 and ends 3 months after that month.
  - Disabled enrollees may have different periods.
  - May be higher premium if person doesn't join when first eligible and doesn't already have drug coverage that, on average, is at least as good as the standard Medicare prescription drug coverage.
- Enrollees pay a monthly premium, varying by plan, a yearly deductible and part of the cost of prescriptions, including a copayment or coinsurance.
  - If enrollee has limited income and resources and qualifies for extra help, may not have to pay premium or deductible.
- Beginning in 2011, depending on modified adjusted gross income, some beneficiaries pay Part D premium plus income-related monthly adjustment amount.
- More information is available from Centers for Medicare & Medicaid Services (CMS) publications *Medicare and You* and *Your Guide to Medicare Prescription Drug Coverage*, available at [www.medicare.gov](http://www.medicare.gov) or by calling 1-800-MEDICARE (1-800-633-4227).
  - Free personalized information is available by contacting CMS or a State Health Insurance Assistance Program (SHIP).



## **RRB Online at [www.rrb.gov](http://www.rrb.gov)**

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- **The RRB's website can be used to:**
  - **Pay unemployment/sickness or retirement/survivor bills**
  - **Request a duplicate tax statement**
  - **Request a replacement Medicare card**
  - **Request proof of monthly annuity rate**
  - **Receive other services as described in notes to next slide**

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- [www.rrb.gov](http://www.rrb.gov) can also be accessed for viewing:
  - Addresses of Railroad Retirement Board field offices;
  - Benefit publications;
  - Press releases covering topics of general interest to the railroad community;
  - Reports, plans and inventories;
  - Links to helpful railroad union and government websites.
- Also visit the Labor Member's website at [www.rrb.gov/lmo/labor\\_info.asp](http://www.rrb.gov/lmo/labor_info.asp) for reporting information, jobs for railroad workers, and an Internet version of the Informational Conference slides.



Refer to  
Informational Conference Handbook  
Pages 26, 33, 55, 65, 87, 112,  
134, 135, 137, 156

*January 2011*



## **Establishing an Online Account**

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- **Must have online account in order to access certain services**
- **To begin, visit [www.rrb.gov](http://www.rrb.gov) and click on Benefit Online Services to request a Password Request Code (PRC)**
  - **Individuals must provide specific information including name, date of birth and address that matches RRB's records**
  - **PRC received in mail within 10 business days**
  - **Account established by visiting Benefit Online Services on the Internet and entering PRC, PIN (SSA#) and a password**

**57**

- Online account needed to:
  - View/request service and compensation history;
  - Request employee and spouse annuity rate estimates;
  - Apply for unemployment benefits;
  - Claim unemployment benefits;
  - Claim sickness benefits;
  - View an account statement listing unemployment/sickness benefit payments.



Refer to  
Informational Conference Handbook  
Pages 26, 33, 55, 65, 134

## **RRB Toll-Free Service 1-877-772-5772**

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- **Provides easy access to RRB field office representatives**
- **Also includes automated menus available 24 hours a day, 7 days a week**

**58**

- Automated menus can be used to obtain:
  - Statements of current monthly retirement benefit rate;
  - Replacement Medicare cards and tax statements;
  - Statements of creditable railroad service and compensation;
  - Field office addresses;
  - Information about unemployment/sickness claims.



Refer to  
Informational Conference Handbook  
Pages 65, 137

## January 2011 Changes to the Informational Conference Program Book

- Slide #3                   **“How Much Do I Get?”**  
Amount after tax reduction updated in slide and notes; reduction amount and tax rate updated in notes.
- Slide #5                   **“Waiting Period”**  
No change to slide; amount updated in last sentence of notes.
- Slide #6                   **“Claiming Unemployment Benefits”**  
The words “or made available online” added to slide. Third bullet of notes revised.
- Slide #9                   **“Claiming Sickness Benefits”**  
The words “also available for completion online” added to slide. The words “or made available online” added to second bullet of notes; last two bullets of notes revised.
- Slide #15                  **“Railroad Employee Taxes and Wage Bases for 2011”**  
Year, tier I tax rate, and total tax amount updated in slide; first two bullets of notes revised.
- Slide #21                  **“Tier II Calculation”**  
No change to slide; 2011 amount added to second bullet of notes, and average monthly compensation amount revised.
- Page 29                   **“Additional Service May Provide Higher Tier II Amount”**  
Amounts updated.
- Page 30                   **“RRB/SSA Comparison Chart”**  
Amounts updated.
- Slide #27                  **“Spouse Annuities For Wives And Husbands”**  
No change to slide; year and amounts updated in second bullet of notes.
- Slide #33                  **“Spouse Tier Components”**  
Last bullet under “Tier II” in notes deleted.
- Slide #35                  **“Working After Retirement – Earnings Deductions”**  
No change to slide; year updated in notes; the words “court-ordered” added to last bullet of notes.
- Slide #37                  **“Working After Retirement – Disability”**  
Year updated on slide and notes.
- Slide #44                  **“Widow(er)’s Initial Minimum Amount—Continued”**  
No change to slide; years updated in notes and last bullet revised.
- Slide #45                  **“Survivor Earnings Restrictions”**  
No change to slide; year updated in notes.

*(More)*

- Slide #46                   **“Lump-sum Death Benefit”**  
No change to slide; amount updated in second bullet of notes.
- Slide #49                   **“Filing an application”**  
No change to slide; last two bullets of notes revised.
- Slide #51                   **“Cost-of-living Increases (COLAs)”**  
No change to slide; year updated in first bullet of notes; the words “When a cost-of-living increase is payable,” added to second bullet of notes.
- Slide #54                   **“Medicare”**  
No change to slide; deductible amount updated in notes and new bullet added before the last bullet.
- Slide #55                   **“Medicare Prescription Drug Coverage (Part D)”**  
No change to slide; new bullet added before the last bullet in notes.
- Slide #57                   **“Establishing an Online Account”**  
No change to slide; the words “Claim sickness benefits” added to items listed under bullet in notes.

***This booklet is issued for the purpose of general information. Certain limitations, exceptions, and special cases are not covered. Specific inquiries should be directed to a Railroad Retirement Board field office.***

# Glossary

**Accelerated Unemployment or Sickness Insurance Benefits**

Payable if employee with 10 years of service does not have sufficient earnings to qualify for unemployment-sickness insurance 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 made in the computation of a retirement or survivor annuity if an individual chooses to receive benefits prior to the age required for a full unreduced annuity. Does not apply to those retiring at 60 after 2001 with 30 years of service.

**Annuity**

Monthly railroad retirement benefit payment.

**BA-6 Form**

Yearly statement providing current and cumulative record of employee's railroad service and compensation.

**Base Year**

Calendar year from which earnings and service months are used to determine eligibility for Railroad Unemployment Insurance Act (unemployment and sickness) benefits.

**Benefit Year**

The 12-month period usually beginning July 1 of any year and ending June 30 of the next year. Pertains to unemployment and sickness insurance benefits.

**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 the employee's railroad retirement annuity beginning date or death. If an employee does not qualify on this basis, but has 12 months' service in an earlier 30-month period, he or she may still meet the current connection requirement. A current connection is required for survivor, supplemental and occupational disability annuities. It is not required for annuities based on age and service or total disability.

**Deemed Service Months**

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

**Direct Deposit**

Electronic deposits of payments directly to beneficiary's checking or savings account.

**Direct Express**

U.S. Treasury program for electronically issuing payments to individuals without checking or savings accounts. Payments are transferred to a beneficiary's Direct Express-issued debit card.

**Earnings**

Income from work performed for another person or company, or from self-employment. Does not include investments, interest income, etc.

**Employer**

An interstate railroad or affiliate engaged in railroad-connected operations. Employer associations and national railroad labor organizations and subordinate units are also railroad employers.

**Extended Unemployment or Sickness Insurance Benefits**

Thirteen consecutive weeks of payments available if employee has 10 years of service and has exhausted normal benefits or is not qualified for normal benefits in current benefit year but was in the previous benefit year.

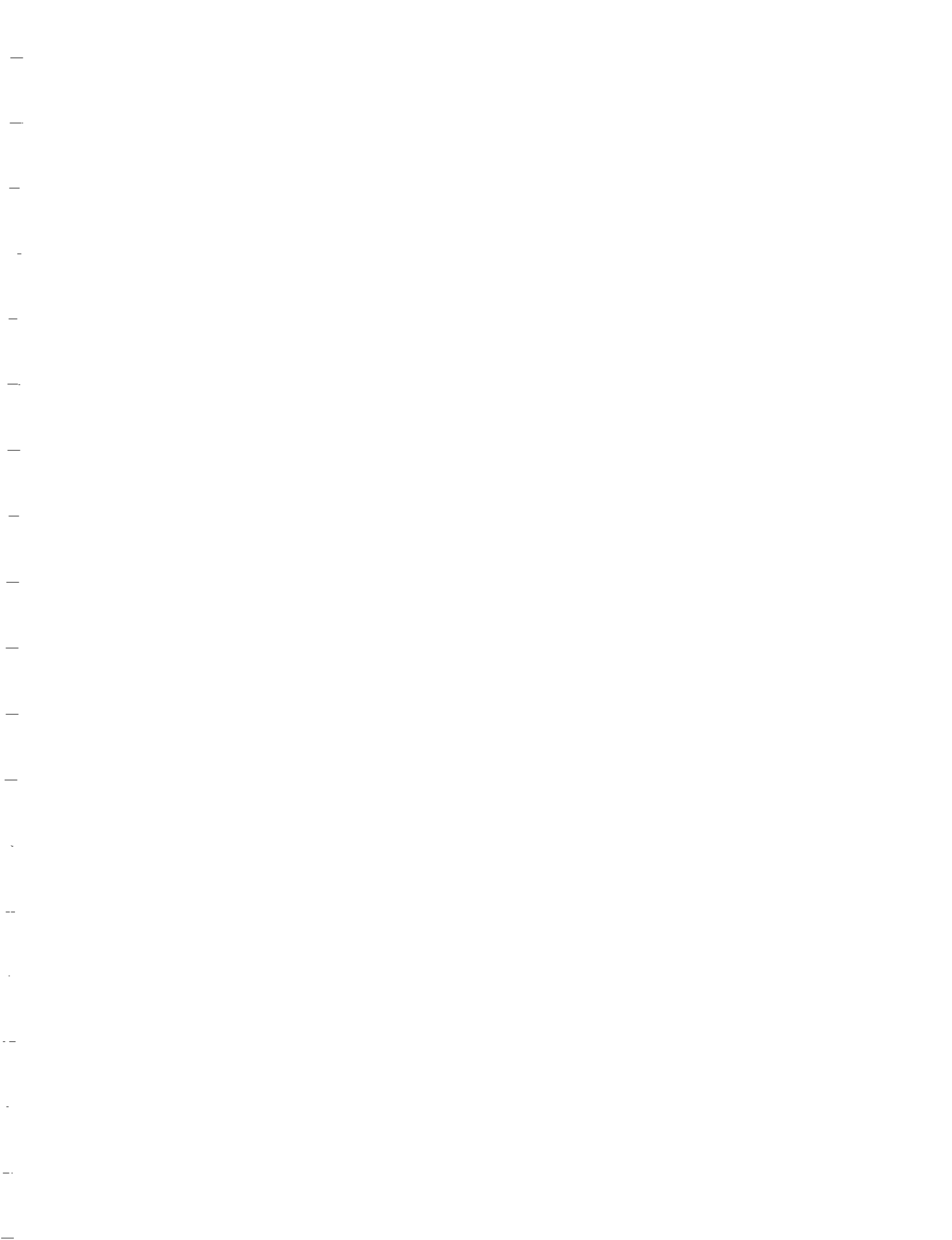
**Full Retirement Age**

Age at which full retirement annuity payable gradually increasing from 65 to 67, depending on year of birth. Unreduced annuity is payable to those age 60 with 30 years of service but work deductions still apply while under full retirement age.

<b>Lump-sum Death Payment</b>	An amount payable to certain survivors of an employee with 10 years of railroad service, or, if less than 10 years of service, at least 5 years after 1995, and a current connection if there is no survivor immediately eligible for an annuity upon the employee's death.
<b>Medicare Hospital Insurance (Part A)</b>	Helps pay for medically necessary inpatient care in a hospital, skilled nursing facility or psychiatric hospital, and for hospice and home health care.
<b>Medicare Medical Insurance (Part B)</b>	Helps pay for medically necessary physician services and many other medical services and supplies not covered by Part A.
<b>Medicare Advantage Plans (Part C)</b>	Plans (offered by private companies approved by Medicare) which combine Part A and Part B and, in some cases, Part D coverage.
<b>Medicare Prescription Drug Coverage (Part D)</b>	Voluntary prescription drug coverage that helps pay for brand name and generic drugs. Drug plan costs and coverage vary from plan to plan.
<b>Normal Unemployment or Sickness Insurance Benefits</b>	Payable for up to 130 days in a benefit year to qualified employees. Days of unemployment or sickness do not have to be consecutive.
<b>Occupational Disability Annuity</b>	Annuity payable when an employee meets certain age and service requirements with a current connection and is permanently disabled for his or her regular railroad occupation.
<b>Service Month</b>	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. Special rules apply if service months are allocated as a result of a personal injury settlement.
<b>Sickness Benefits</b>	To be eligible, employee must be unable to work because of pregnancy, sickness or injury and have earned qualifying creditable compensation in a base year.
<b>Spouse Annuity</b>	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.

<b>Supplemental Annuity</b>	Additional amount payable if employee has at least 25 years of railroad service beginning before 10-1-81 and a current connection.
<b>Survivor Benefits</b>	Monthly benefits payable to surviving widows and widowers, children and certain dependents if employee met service requirements and had a current connection.
<b>Tier I Benefit</b>	A component of a railroad retirement annuity which approximates a social security benefit. Based on railroad and social security earnings.
<b>Tier II Benefit</b>	A component of a railroad retirement annuity which is paid in addition to a tier I benefit. Based solely on railroad work.
<b>Total and Permanent Disability Annuity</b>	Annuity payable when employee meets certain age and service requirements and is unable to engage in any substantial gainful employment due to a permanent medical condition. Also payable to disabled widow(er)s ages 50-59 and unmarried, disabled children over age 18 who became totally and permanently disabled before age 22.
<b>Unemployment Benefits</b>	To be eligible, employee must be able to work and available for work and have earned qualifying creditable compensation in the base year.
<b>Vested Dual Benefit</b>	Additional amount payable if employee qualified for both railroad retirement and social security benefits before 1975 and met certain vesting requirements.
<b>Widow(er)'s Initial Minimum Amount</b>	Widow(er)'s annuity generally equal to tier I and tier II employee would have received when widow(er)'s annuity awarded, minus any applicable reductions.
<b>Work Restrictions</b>	Annuity not payable if working for railroad or rail union. Employee and spouse tier I, vested dual benefits and survivor benefits reduced if earnings over certain limits unless full retirement age has been reached. Work performed for retired railroad employee's or spouse's last pre-retirement nonrailroad employer reduces tier II and supplemental benefits.







**U.S. RAILROAD RETIREMENT BOARD**  
Office of the Labor Member  
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RRB web site: [www.rrb.gov](http://www.rrb.gov)