

PAUL C. THOMPSON
International President

RICK L. MARCEAU
Assistant President

DAN E. JOHNSON
General Secretary and Treasurer



14600 DETROIT AVENUE
CLEVELAND, OHIO 44107-4250
PHONE: 216-228-9400
FAX: 216-228-5755
www.utu.org

December 7, 2004

To: All Rail General Committee Chairpersons,
and State Legislative Directors; United States;
Secretaries, Rail General Committees;
and State Legislative Boards, United States

Re: Railroad Retirement Tax Changes - 2005

To All Concerned:

In 2005, the Railroad Retirement Tier I Tax rate remains at 7.65% for employers and employees. Tier I, as you know, is the combination of the social security rate of **6.2%** and **1.45%** for Medicare Hospital Insurance. The maximum amount of an employee's compensation subject to Tier I tax **increases** to the social security maximum of **\$90,000 per year**. There is no maximum on earnings subject to the 1.45% Medicare rate.

The Tier II Tax rate on employers is changed to **12.60%**, and to **4.40%** for employees. The maximum amount of compensation subject to the Tier II tax will **increase to \$66,900 per year**.

The Railroad Unemployment Insurance rate remains at **2.15%**, and will apply to the first **\$1,150 paid each month** in 2005.

Be advised the locals have been informed of their tax liability under separate cover. Therefore, please refrain from sending copies of this letter to the locals, because local tax requirements do not include railroad unemployment contributions.

If you have any questions concerning this matter, please contact Elaine Clark or me at (216) 228-9400.

Fraternally yours,

A handwritten signature in black ink that reads "David Pfeiffer".

David Pfeiffer
Director of External Reporting

Cc: International Officers
International Auditors

