

Program Letter

United States
Railroad Retirement Board



Office of Programs
Quality Reporting Service Center

Chicago, IL 60611-2092
(312) 751-4992

E-mail: qsrc@rrb.gov

CONTACT: Edward Roberts

No. 2004-06

PHONE: (312) 751-7139 x2159

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SUBJECT: Debt Collection Information under the Railroad Unemployment Insurance Act

This program letter supplements program letter 2003-05 from May 2003 and provides additional information about what railroad employers need to know regarding payment of debts under sections 2(f) and 12(o) of the Railroad Unemployment Insurance Act (RUIA). **Copies of this program letter should be provided to all claims department, labor relations and payroll department personnel involved in the processing and payment of claims for pay for time lost, guarantee pay and personal injury settlements.** Printable document versions of these program letters are available at RRB.gov.

General

Railroad employers are required under certain circumstances to reimburse the Railroad Retirement Board (RRB) for unemployment and sickness insurance benefits paid to their employees. Such reimbursements are required under sections 2(f) and 12(o) of the RUIA.

- **Section 2(f)** - Section 2(f) requires that employers reimburse the RRB for benefits paid to an employee for days for which salary, wages, pay for time lost or other remuneration is later determined to be payable. Reimbursements under section 2(f) generally result from the award of pay for time lost or the payment of guaranteed wages.
- **Section 12(o)** - Under section 12(o), the RRB is entitled to reimbursement of benefits paid for days of sickness resulting from any injury or infirmity for which the employee is paid a personal injury settlement or damages.

Here is a table listing important milestones in the reimbursement and debt collection process:

01/01	01/31	03/02	04/01	05/01	05/31	06/30	07/30
Date Settled or Date of Guaranteed Pay	Collection Due Date/ Debt Delinquent/ First Dunning Notice Released/ Interest Assessed	30 Days Delinquent/ Resolution Period/ Final Dunning Notice Released/ Interest Assessed	60 Days Delinquent/ Resolution Period/ Interest and Retroactive Penalties Assessed/ First Date for Referral to Treasury	90 Days Delinquent/ Resolution Period/ Interest and Penalties Assessed	120 Days Delinquent/ Resolution Period/ Interest and Penalties Assessed	150 Days Delinquent/ Resolution Period/ Interest and Penalties Assessed	180 Days Delinquent/ Referral to Treasury required/ Administrative Charges, Interest and Penalties Assessed

Interest Charges

The RRB charges interest on delinquent debts. The regulations of the RRB (20 CFR 340.16 (b)) require that railroad employers and other parties paying any sum or damages for personal injury reimburse the RRB for amounts due under section 12(o) of the RUIA **within 30 days of the date of settlement**. The RRB's notice of the lien amount is the initial notice of the amount due upon settlement. Billing statements are issued when the RRB is notified of a settlement.

Interest begins to accrue on the outstanding principal amount of a debt on the day of the final settlement or judgment and is charged to the delinquent account 30 days later. Thereafter, interest is charged every 30 days until the debt is paid in full. Interest is calculated according to the following formula:

$$\frac{\text{Interest Rate} \times \text{Interest Days} \times \text{Principal}}{\text{Days in the Year (365)}}$$

Penalty Charges

Debts that remain unpaid by the collection due date (30 days after the date of the billing statement) are considered delinquent. Debts which are delinquent for 90 days incur a penalty calculated at a rate of 6 percent per year assessed on the principal balance of the debt. Penalty charges continue to be assessed every 30 days until the debt is paid in full. Penalties are calculated using the following formula:

$$\frac{\text{Penalty Rate} \times \text{Penalty Days} \times \text{Principal}}{\text{Days in Year (365)}}$$

Referral of Delinquent Debts to Department of the Treasury

The RRB is required by the Debt Collection Improvement Act of 1996 to refer debts, delinquent for 180 days, to the Department of the Treasury for offset of any Federal government payments that may be due

to the debtor by any Federal agency or program and for cross-servicing of the debt. A debt becomes eligible for referral to Treasury when it is 60 days delinquent. Cross-servicing is an enforcement program in which debts are placed in collection programs such as referral to private collection agencies, referral to the Department of Justice, wage garnishment, etc. to enforce recovery of the debt. Charges may be added to debts referred for offset or cross-servicing by Treasury, private collection agencies, DOJ, etc.

Once a delinquent debt has been referred to Treasury, it is no longer in the RRB's jurisdiction. Thereafter, all inquiries regarding the debt or payments should be made directly to the U.S. Treasury. Their toll free number is (888) 826-3127. Any fees assessed after referral to Treasury must be paid. Treasury will contact the RRB if necessary to answer any debtor inquiries.

Questions and Answers

What are Employer Reporting Requirements?

Section 2(f) - Under the RRB's regulations (20 CFR 340.16), an employer paying remuneration for time lost, including guarantee pay, must remit the amount of reimbursement due under section 2(f) **within 30 days of the date of the payment of the remuneration**. The following information is always needed in order to determine the amounts due under section 2(f):

- the employee's name and social security number,
- the amount of the payment,
- the time period covered by a guarantee payment,
- the exact days paid in a pay for time lost claim.

Section 12(o) - When an employer makes a settlement or must satisfy a final judgment based on an injury for which the employee received benefits, the RRB's regulations (20 CFR 341.6) provide that the employer must notify the RRB in writing of the settlement or judgment. The notice must be made **within 5 days** of the date of the settlement or judgment, and include:

- the employee's name and social security number,
- the amount of the settlement or judgment,
- the date of settlement or final judgment, and
- the amount withheld from the settlement or judgment to satisfy the RRB's lien.

When should employers contact the RRB?

Railroad employers should contact the RRB's Sickness and Unemployment Benefits Section (SUBS) **prior to payment** of either pay for time lost in the form of wages or guarantee pay, or the payment of a personal injury settlement. SUBS will provide information about the amount of benefits to be deducted from the award for reimbursement under section 2(f) or settlement under section 12(o).

In order to ensure that your remittances are credited properly and timely, **you must notify the RRB’s Sickness and Unemployment Benefits Section before you send any payment.** The employee’s RUIA record must be adjusted before an account receivable and billing document (**Form G-145**) can be created. A remittance cannot be credited unless the RUIA record, maintained by SUBS, has been adjusted.

How should Employers request Information about amounts due under section 2(f) and 12(o)?

Whenever possible, employer requests should be made by facsimile using special forms (Forms ID-3S and ID-3U) developed by the RRB. Under normal circumstances, you will receive a reply to your request on the first business day following the RRB's receipt of your fax transmission. You may make fax requests Monday through Friday (except Federal holidays), 8:00 AM to 4:30 PM, Central Time. The fax number is (312) 751-7185.

Employers’ use of Forms ID-3S and ID-3U helps to ensure that all the information we need to respond to your request is provided. The forms along with detailed instructions for their completion may be obtained by contacting our Sickness and Unemployment Benefits Section. The telephone number is (312) 751-4825. Printable document versions of the forms are available at www.rrb.gov.

The completed fax form reply from the RRB is your confirmation of the amount due under section 2(f), or the amount of the RRB's lien under section 12(o). A confirmation letter will not be sent.

May employers use spreadsheets to request information about amounts due under section 2(f)?

Yes, to facilitate reporting of multiple payments at one time, spreadsheets may be emailed to Michael.Pawlak@rrb.gov in the Sickness and Unemployment Benefits Section. We suggest that the spreadsheet include the following column headers:

SSN	Name	No. of days Paid	Rate of pay	Protection payment Amount	Period Covered	Comments	RRB Recovery Amount
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SUBS will calculate and enter the “RRB Recovery Amount” and return the spreadsheet.

What are the time limits for employer reimbursements?

Section 2(f) - Payment of an amount due under section 2(f) is due at the RRB within 30 days of the date of the payment of the remuneration for time lost.

Section 12(o) - Payment of the amount of the RRB's lien is due at the RRB within 30 days after the date of the settlement or final judgment.

How should remittances be made?

Remittances may be made electronically through the RRBLINK system. RRBLINK is an electronic payment system designed specifically for railroad employers and is the recommended method.

RRBLINK payments can be initiated by a personal computer with a communications modem, a touch-tone telephone or a voice telephone. The system ensures that payments are credited properly and timely, and helps employers avoid interest and penalty charges. Additional information about RRBLINK and enrollment instructions can be obtained by contacting the agency's RRBLINK representative at (312) 751-4668 or U.S. Bank's system administrator at (888) 273-2265.

If the RRBLINK system is not used, remittances are to be mailed to the RRB's lockbox, which is operated by U.S. Bank. The lockbox address is:

U.S. Railroad Retirement Board
Debt Recovery Division - RUIA
P.O. Box 953492
St. Louis, Missouri 63195-3492

What information should be included with remittances?

Aside from failing to inform the RRB before making remittances, failing to include necessary information with payments is the biggest source of collection problems.

Include the following information on the check or on the remittance document:

- Your payor code,
- The employee(s) Social Security number(s),
- The billing document ID number,
- Whether the remittance is for reimbursement of unemployment (UI) or sickness (SI) benefits, and
- The date of the injury or the period of time for which reimbursement is being made.

Your payor code and the billing document ID are shown on the RRB's response to your Form ID-3S or Form ID-3U if you indicated on the form that the employee's claim has been settled, i.e. your Form ID-3S or Form ID-3U request was not for informational purposes only.

Payor codes and billing document ID numbers are also shown on the billing statements (**Form G-145**) issued by the RRB

If you do not know your payor code or the billing document ID number, then show on your remittance the employee's name, the employee's social security number and the date of the injury or the period of time for which reimbursement is being made.

What should employers do if they receive an erroneous dunning notice?

Although we make every effort to credit remittances to the correct account, if a remittance cannot be properly matched with the accounts receivable, a second billing notice may be issued on the debt. If you receive notice of a debt after submitting a reimbursement, contact the Debt Recovery Division by phone

(312) 751-4848, FAX (312) 751-3364, or e-mail drd@rrb.gov to ensure that the remittance has been received and properly credited. Please be ready to provide the date of the payment and the amount of the remittance.

What should employers do about an incorrect billing statement?

Occasionally, the RRB receives premature information that a settlement has been made and we issue a billing statement on the basis of that information. If you receive a billing statement on a case that has not yet been settled, contact our Sickness and Unemployment Benefits Section immediately by telephone or fax. The telephone number is (312) 751-4825. The billing document will be canceled and your account will be adjusted accordingly.

What should employers do if they make an incorrect payment and require a refund?

Under certain circumstances, railroads are entitled to refunds of amounts remitted to the RRB. Refunds of amounts that were improperly paid or are no longer due the RRB can be obtained by writing to U.S. Railroad Retirement Board, Bureau of Fiscal Operations - Debt Recovery Division, 844 N. Rush Street, Chicago, Illinois 60611-2092. You may fax your requests to (312) 751-3364 or e-mail your requests to drd@rrb.gov. Provide the name and social security number of the individual for whom an incorrect remittance was made, the amount to be refunded and the reason for the refund request.

Railroad employers cannot take credit for overpaid amounts on remittances that are due on other employee accounts. Refunds of amounts incorrectly paid can only be obtained by writing to the Bureau of Fiscal Operations - Debt Recovery Division.

Who should employers contact with questions?

Questions and inquiries concerning debts under sections 2(f) and 12(o) of the Railroad Unemployment Insurance Act should be directed as follows:

Questions concerning Forms ID-3S and ID-3U, and requests for information about amounts due under section 2(f) or section 12(o):

Sickness and Unemployment Benefits Section

Email: Michael.Pawlak@rrb.gov

(312) 751-4825

Fax: (312) 751-7185

Inquiries about billing statements, interest and penalty charges:

Bureau of Fiscal Operations - Debt Recovery Division

Email: drd@rrb.gov

(312) 751-4848

Fax: (312) 751-3364