

INFORMATIONAL CONFERENCE PROGRAM

JANUARY
2018



A union officer's guide to railroad retirement benefits

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

I'm pleased to welcome you to our 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 presentation 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.

The Informational Kit you received today contains our *Informational Conference Handbook* as well as other helpful publications and handouts. 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. For your convenience, everything in the kit is also available online. Go to **RRB.gov** and click on **Our Agency** from the main menu, then **Office of the Labor Member**. This program booklet, the handbook, and a copy of the order form are posted to the **Informational Conference Program** webpage, and all other items in the kit are available on our **Educational Materials** webpage. We update these materials often, and 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 black ink, appearing to read "Walter A. Barrows". The signature is fluid and cursive, with the first name "Walter" being more prominent.

Walter A. Barrows
Labor Member

2018 INFORMATIONAL CONFERENCE PROGRAM

A G E N D A

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.	Retired Employee and Spouse Benefits
10:15 a.m.	Break
10:30 a.m.	Retired Employee and Spouse Benefits (Continued)
11:45 a.m.	Survivor Benefits and Items Affecting All Benefits
12:15 p.m.	Closing Remarks

- Conference team members will be available after the closing remarks for any unanswered questions.
- Please complete the evaluation and order forms before leaving.
- Please provide full contact information (including email address) on evaluation form or to RRB staff.

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Unemployment and Sickness Benefits

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	UNEMPLOYMENT AND SICKNESS BENEFITS
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- Qualified railroad employees are provided these benefits to restore part of the wage loss arising from unemployment or sickness (including conditions related to pregnancy/maternity).



Qualifying Conditions and Base Year Earnings

- **Current benefit year began July 1, 2017**
 - **Ends June 30, 2018**
- **Need earnings of \$3,637.50 in calendar year 2016 to qualify**
 - **Counting earnings of no more than \$1,455 per month**
- **New employee needs 5 months of creditable service if base year (2016) is first year as railroad employee**

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- For benefit year beginning July 1, 2018, need earnings of \$3,862.50 in 2017, counting no more than \$1,545 per month.
- If railroad employee's first year of railroad service was 2017, he/she is not eligible for unemployment or sickness benefits until July 1, 2018. Must have 5 months of creditable service in 2017.



How Much Do I Get?

- **Most claimants receive \$72 per day (\$67.25 under sequestration)**
- **Generally for 2-week period**
 - **Unemployment benefits \$720 (\$672.48 under sequestration)**
 - **Sickness benefits resulting from on-the-job injury \$720 (\$672.48 under sequestration)**
 - **Other sickness benefits reduced to \$664.92 for tier I tax for first 6 months (\$621.04 under sequestration)**

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- Under provisions of the Budget Control Act of 2011 and subsequent sequestration order, railroad unemployment and sickness insurance benefits are being reduced by 6.6%. As this publication went to press, the reduction was to remain in effect through September 30, 2018, the end of the fiscal year. Reductions in future fiscal years, should they occur, will be calculated based on applicable law.
- Up to a total of \$9,360 of normal benefits payable in benefit year but no more than base-year earnings, counting earnings up to \$1,879 per month in calendar year 2016.
- First 6 months of sickness benefits not resulting from on-the-job injuries credited as tier I compensation but not as service months.
- \$720 biweekly sickness payment subject to tier I and Medicare tax totaling 7.65%.

Maximum net payment is \$664.92

\$720.00
<u>- 55.08 (7.65%)</u>
\$664.92

**Maximum net payment
under sequestration is \$621.04**

\$672.48
<u>- 51.44 (7.65%)</u>
\$621.04

- These payments are reported on Form BA-6 as miscellaneous compensation.
- Daily benefit rate rises to \$77 beginning July 2018, and to \$78 beginning July 2019.
- Current projections estimate daily benefit rate will increase in increments to \$105 by 2027.



Refer to
Informational Conference Handbook
Pages 120, 125, 137

How Long Can I Get Benefits?

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

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- 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 benefit 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 benefit year, but will qualify in next benefit year (July 2018);
 - Has 14 or more consecutive days of unemployment or sickness.



Waiting Period

- **Normally, first claim for unemployment or sickness in benefit year has a waiting period**
 - often referred to as **7-day waiting period**, *but*
 - as few as 5 days of unemployment 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**

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- 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 \$504 (\$470.74 under sequestration) payable for unemployment claim or sickness claim with on-the-job injury. For sickness claim without on-the-job injury, maximum of \$465.44 (\$434.72 under sequestration) payable in waiting period claim.



Eligibility for Unemployment Benefits

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

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

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

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



How to Get Unemployment Benefits

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

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- Claims should not be signed or filed before last day of claim.
- Most claimants will receive first benefit payment in about 3 weeks.
- Claimants required to enroll in Direct Deposit.
- No benefits are payable for late claims without good cause.
- Railroad employers are notified of applications and claims; employer may respond to RRB with information relating to eligibility.
- Claimant should be sure to claim rest days.
- Only file one application (UI-1) per benefit year even if multiple periods of unemployment.
- Once an employee submits a claim online, all subsequent claim forms will be made available online only, and will no longer be mailed.
- The RRB will provide biweekly claim forms as long as the employee remains unemployed and eligible for benefits.
- Employees can use **Benefit Online Services** (the RRB's web-based customer service application) to conduct business related to unemployment/sickness benefits. See page 13 to learn how to establish an online account.



Earnings Test

- **Earnings test applies only to unemployment insurance benefits**
- **No benefits payable for any day of unemployment if gross earnings of \$1,455 or more in any 14-day claim period**

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- Earnings include both railroad and nonrailroad pay.
- Benefits are payable for days of unemployment if gross earnings are less than \$1,455 in a claim period.
- This amount is equivalent to the monthly compensation base.
 - The monthly compensation base is indexed and the earnings limit will rise to \$1,545 for the benefit year that begins July 2018.
- If employee has earnings of \$1,455 or more during first claim in benefit year, and the earnings prevent payment of that claim, waiting period is still satisfied.



Eligibility for Sickness Benefits

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

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

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

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



How to Get Sickness Benefits

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

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- Applications received after 10 days but within 30 days of first day for which employee wishes to claim benefits are generally considered timely filed if there is a good reason for the delay.
- Initial sickness claim must begin with 4 consecutive days of sickness and contain at least 5 days of sickness in order to satisfy waiting period.
- After initial application, biweekly claim forms are provided to employee as long as he/she is eligible for benefits and remains unable to work due to illness or injury.
- Once an employee submits a claim online, all subsequent claim forms will be made available online only, and will no longer be mailed.
- See page 13 to learn how to establish a **Benefit Online Services** account.
- Most delays in sickness benefit payments occur because doctors do not promptly complete and submit SI-1b, or because employee files his/her subsequent claims late.
- Claimants required to enroll in Direct Deposit.
- SI-1a must be submitted by mail; SI-1b can be submitted by mail with SI-1a or faxed directly from doctor's office to RRB: 312-751-7185 (must include fax cover sheet from doctor's office).
- Employees who return to work and stop claiming benefits but become sick or injured again the same benefit year must file new SI-1a and SI-1b.



Taxation of Unemployment-Sickness Benefits

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

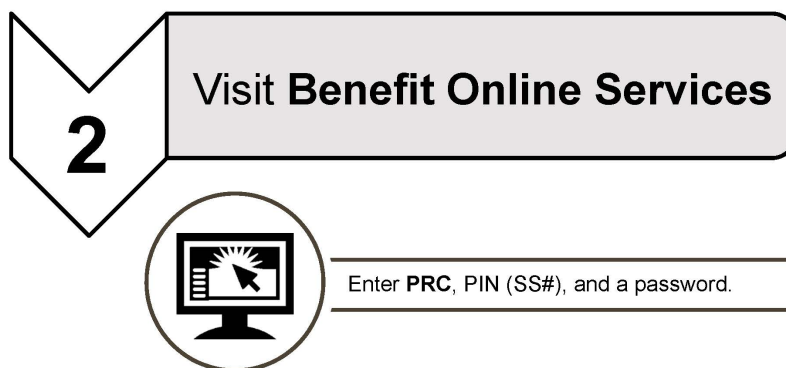
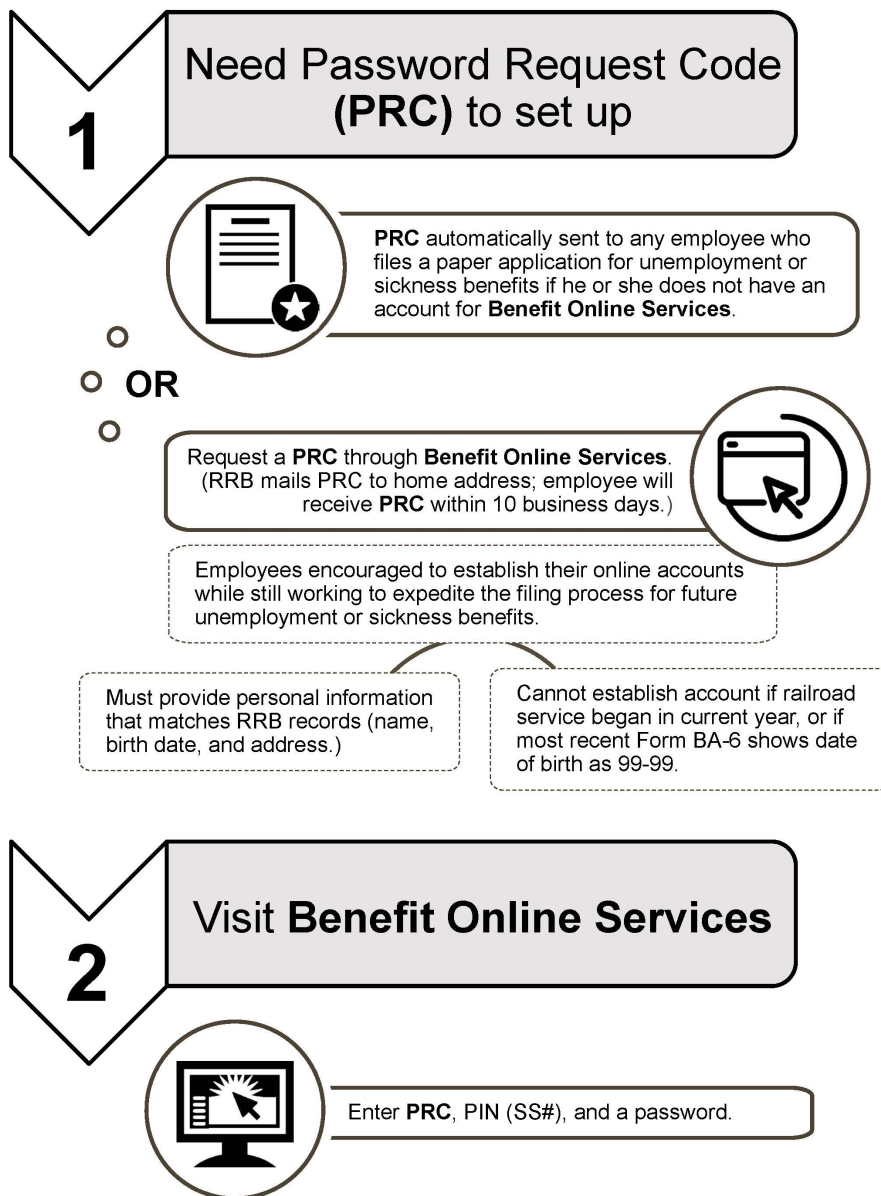
11

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



BENEFIT ONLINE SERVICES

establishing an account at **RRB.gov**



- Employees can create an account to use features associated with unemployment and sickness benefits, service/earnings records, and retirement planning.
- Additional features available through **Benefit Online Services** *do not require* an account (see page 72).
- Questions about **PRCs** and passwords should be directed to the **System Administrator** within the **Benefit Online Services** application. (Click on **System Administrator** to access contact page for help.)
- If employee records in **Benefit Online Services** show wrong information, report to local field office.

Retired Employee and Spouse Benefits

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Retired Employee and Spouse Benefits

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



Retirement Benefits

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

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- A railroad retirement benefit is called an annuity. These are monthly payments.
- Annuities are payable on the first business day 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.



Creditable Railroad Service

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

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- Compensation can include earnings, vacation pay, pay for time lost, etc.
- Can receive credit in personal injury settlements, or other pay for time lost situations, if allocated to specific months.
- 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. The employee must be in an employment relation (on an approved leave of absence) with a covered railroad employer, or be an employee representative, during a deemed service month.
- No credit is given for local lodge service totaling less than \$25 per month.
- Work for a local lodge must be preceded by creditable railroad service to a rail employer.



Military Service Creditable If...

- **Active duty is preceded by rail service in same or preceding year,**

– AND –
- **Employee entered involuntarily or during war or national emergency.**
- **If used by the RRB, cannot be used as quarters of coverage to qualify under social security**

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WAR AND NATIONAL EMERGENCY PERIODS
Persian Gulf/Current Conflict- August 2, 1990 to date not yet determined
Korea/Vietnam- December 16, 1950 to September 14, 1978
World War II- September 8, 1939 to June 14, 1948

- **Compensation credited:**

– Years after 1974	Up to social security maximum
– 1968 – 1974	\$260 per month
– 1937 – 1967	\$160 per month
- **Creditable military service can be used to meet minimum service requirements – 10 years, or 5 years performed after 1995.**



Railroad Employee Taxes and Wage Bases for 2018

	TIER I		
	RAILROAD RETIREMENT	MEDICARE (HOSPITAL INSURANCE)	TIER II
TAX RATE	6.20%	1.45%	4.90%
WAGE BASE	\$128,400	NO CAP	\$95,400

2018 tax on employee earning \$128,400 is \$14,497.20

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- Tier I tax rate and wage base same as under social security.
- An additional 0.9% in hospital insurance taxes (2.35% in total) applies to an individual's income exceeding \$200,000, or \$250,000 for a married couple filing a joint tax return. While employers will begin withholding the additional Medicare tax as soon as an individual's wages exceed the \$200,000 threshold, the final amount owed or refunded will be calculated as part of the individual's Federal income tax return.
- Employer tier I tax rate and wage base same as for employee. However, in 2018 employer pays tier II tax of 13.10% on \$95,400 base. The 2018 employer tax on an employee earning \$128,400 is \$22,320.
- 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* (IRS.gov).



Form BA-6

- **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**
- **If employee's address changes, he/she should always notify the RRB and their employer**

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- Form BA-6 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.
- Form BA-6 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 Form BA-6, they should contact their local field office. An employee has 4 years to protest any discrepancies in the record.





U.S. RAILROAD RETIREMENT BOARD
W. A. BARROWS, S. J. ANTHONY
MEMBERS

BA 9999 8282

CERTIFIED 06-01-2017

2016 CERTIFICATE OF SERVICE
MONTHS AND COMPENSATION
SERVICE AND COMPENSATION REPORTED
FOR PERIOD ENDING DECEMBER 31, 2016

① PK JONES

123 CENTRAL AV
 CENTRAL CITY, IL 60000-0000

② BIRTH DATE	③ SEX
06-1978	F

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

YEAR	CREDITABLE COMPENSATION	SEPARATION ALLOWANCE/ SEVERANCE PAYMENT		SERVICE MONTHS PROFILE*												TOTAL
		TAXABLE AMOUNT	COMPENSATION AMOUNT	J	F	M	A	M	J	J	A	S	O	N	D	
2016	89,300.00			1	1	1	1	1	1	1	1	1	1	1	1	12
2015	85,700.00			1	1	1	1	1	1	D	D	1	1	1	1	12
2014	70,600.00			1	1	1	1	1	1	1	1	1	1	0	0	10
2013	16,450.00			0	0	0	0	0	0	0	0	0	1	1	1	03

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

⑤ **CAREER TOTAL RETIREMENT RECORD**

CREDITABLE COMPENSATION	SEPARATION ALLOWANCE/ SEVERANCE PAYMENT		SERVICE MONTHS				EMPLOYEE CONTRIBUTIONS
	TAXABLE AMOUNT	COMPENSATION AMOUNT	REPORTED	DEEMED	MILITARY	TOTAL	
899,750.00			202	2	12	216	33,100.00

⑥ **YOUR 2016 REPORTING EMPLOYER(S)**

The service and compensation shown on this form for 2016 were gathered from a report(s) received from the following employer(s): **MIDWESTERN RAILROAD COMPANY**

⑦ **RRB OFFICE SERVING YOUR AREA**

852 MAIN STREET
 CENTRAL CITY, IL 60000-0000

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

Current Connection

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

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



Current Connection (Continued)

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

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



Tier I

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

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- 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 full retirement age, may be reduced for workers' compensation or public disability benefits.
- Tier I is subject to garnishment for court-ordered child support or spousal maintenance.



Tier II Eligibility

- **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**

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Tier II Calculation

- **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**

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- 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:

– 2014	\$87,000
– 2015	\$88,200
– 2016	\$88,200
– 2017	\$94,500
– 2018	\$95,400

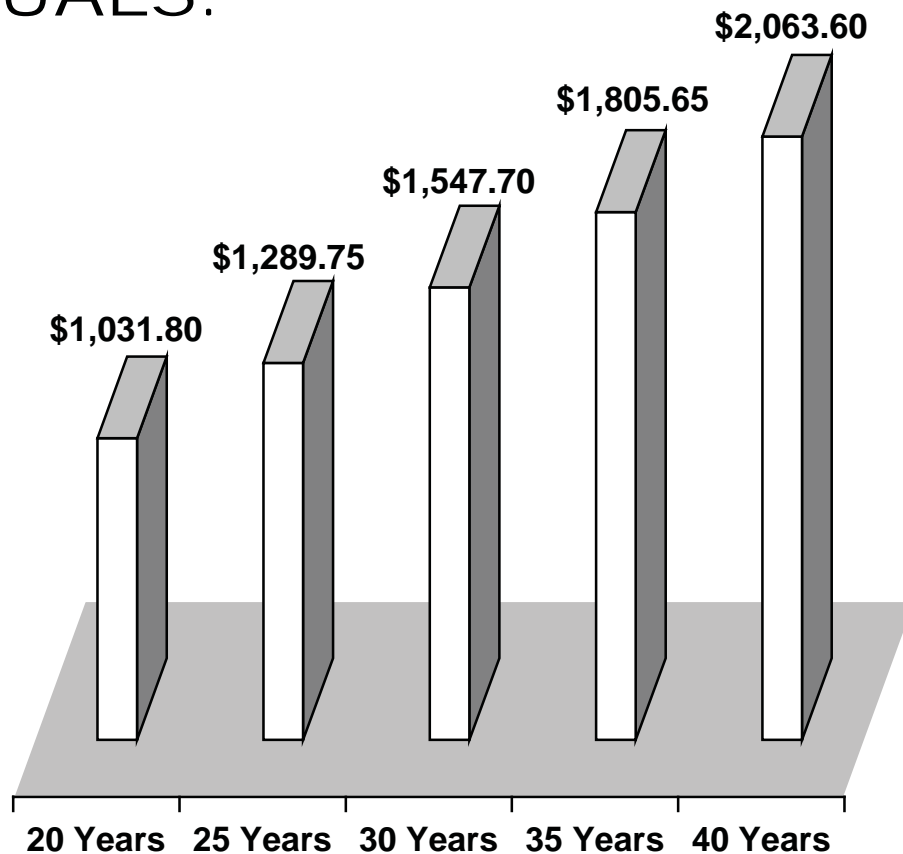
This provides average monthly compensation (AMC) of \$7,555.



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 2017. 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>	
	<u>Monthly</u>	<u>Annual</u>	<u>Monthly</u>	<u>Annual</u>
Average Employee Age Annuity on the Rolls *	\$3,415	\$40,980	\$1,370	\$16,440
Average Spouse Annuity on the Rolls	\$1,010	\$12,120	\$695	\$8,340
Average Employee Age Annuity Awarded in 2017 *	\$4,030	\$48,360	\$1,855	\$22,260
Average Spouse Annuity Awarded in 2017 *	\$1,485	\$17,820	\$930	\$11,160
Average Disability Annuity Awarded in 2017	\$2,920	\$35,040	\$1,295	\$15,540
Occupational Disability Annuity?	Yes	Yes	No	No
Full Annuity at 60 with 30 Years?	Yes	Yes	No	No
Average Widow(er) Annuity on the Rolls	\$1,650	\$19,800	\$1,270	\$15,240
Average Widow(er) Annuity Awarded in 2017	\$2,060	\$24,720	\$1,225	\$14,700

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

Note.—Amounts shown are as of the close of fiscal year ending September 30, 2017.

Supplemental Annuities

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

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- Supplemental annuity payable at:
 - Age 60 if 30 years of service;
 - otherwise age 65.
- Maximum monthly supplemental annuity is \$43.
- If employee also receives private pension paid for entirely or in part by a railroad, supplemental annuity subject to reduction.
- Private pensions paid by railway labor organizations will not cause a reduction in supplemental annuities.



Employees with Less Than 30 Years of Service

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

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

<u>YEARS OF SERVICE</u>	<u>REDUCED ANNUITY</u>	<u>FULL ANNUITY</u>
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 is based on reduction applicable on beginning date of social security benefit, even if employee is already of full retirement age on beginning date of railroad retirement annuity.

AGE REDUCTIONS ARE PERMANENT.

Employees with 30 Years of Service

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

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



Disability Annuities

	<u>AGE</u>	<u>SERVICE</u>	<u>CURRENT CONNECTION</u>
TOTAL DISABILITY	Under full retirement age	10 years (or 5 years after 1995)	no
OCCUPATIONAL DISABILITY	Under 60	20 years	yes
	60 to full retirement age	10 years	yes

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- For those with less than 10 years of railroad service, the employee must meet social security's insured status and generally have 20 quarters of coverage (railroad and/or social security) in the last 40 quarters preceding disability in order to receive a benefit.
- No age reduction if employee has at least 10 years of service.
- For those with less than 10 years of service, there is no tier I age reduction. However, a tier II benefit is not payable until the employee attains age 62, and it 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 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 disabled for his or her regular railroad occupation (generally, the job employee worked the longest in the last 5 years) and the condition is expected to last at least 12 months or longer.
- Employee can be in compensated service while filing a disability application as long as the service terminates within 90 days from date of filing and is not active service.
- 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.



	SPOUSE ANNUITIES
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- Spouses can be male or female.
- As of September 30, 2017, there were 8,182 male spouses (6%) and 138,668 female spouses (94%) on the RRB's rolls. These numbers include divorced spouses.
- Benefits can be paid to eligible spouses in same-sex marriages.



Spouse Annuity Requirements

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

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- 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.
- Marriage does not have to take place before retirement or leaving railroad work in order for spouse annuity to be payable.
- If the employee retired on a disability annuity, the spouse becomes eligible for benefits when the employee reaches his or her regular retirement age. In addition, the spouse must meet the age requirement or have the employee's minor or disabled child in care.
- An employee disability annuitant under full retirement age must relinquish rights to return to work for any rail employer before a spouse annuity may be paid.
- Under child-in-care provisions, the employee's spouse may also qualify for a spouse annuity if he/she is caring for a dependent grandchild of the employee, and both of the grandchild's parents are deceased or disabled.



Spouse Eligibility Provisions – Less Than 30 Years of Service

- **Spouse of employee who retired at 62 or over with less than 30 years of service**
 - **Receives reduced annuity at 62**
 - OR -**
 - **Unreduced annuity at full retirement age (65-67*), or any age with child in care**

***depending on the spouse's date of birth**

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- 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.





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.			

* 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 the spouse is already entitled to an age-reduced social security benefit, the age reduction in his or her tier I will be based on the age reduction applicable on beginning date of the spouse's social security benefit, even if the spouse is already of full retirement age on beginning date of his or her 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.

Spouse Eligibility Provisions – 30 Years of 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**

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- In order for a spouse to qualify for benefits based on caring for a child, the child must be under 18 or have become disabled before age 22. 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**

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



Property Settlements

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

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



Spouse Tier Components

- **TIER I**
 - 50% of employee tier I
 - May be reduced for age or early retirement
 - Reduced for social security benefit or other railroad retirement annuity
 - May be reduced for public service pension based on own earnings
 - **TIER II**
 - 45% of employee tier II
 - Not payable to divorced spouses
 - May be reduced for age or early retirement
- 33**

TIER I

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

TIER II

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



Working After Retirement

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

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

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.



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**

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- Work deductions apply to all employees and spouses under full retirement age regardless of the employee's years of service. 60/30 annuitants are subject to work deductions until they reach full retirement age.
- Prior to year full retirement age attained:
 - There is a deduction of \$1 for every \$2 earned over annual exempt amount (\$17,040 in 2018).
- In year full retirement age attained:
 - Deduction is \$1 for every \$3 earned over annual exempt amount (\$45,360 in 2018).
 - However, earnings only considered through month before full retirement age attained.
- No deduction once full retirement age attained. However, work for last pre-retirement nonrailroad employer is subject to work deductions, regardless of age (see next slide).
- 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

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



Working After Retirement – Disability

- **Work by disability annuitant must be consistent with disabled status**
- **Disability annuity not payable for any month with earnings over \$920 in 2018, exclusive of disability-related work expenses**
- **All work activity must be reported**
- **Work restrictions apply to both total and occupational disability annuities**

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- Withheld payments restored if earnings for 2018 less than \$11,500.
- 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

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	<div>SURVIVOR BENEFITS</div>
	<div>38</div>

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



Insured Status

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

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



Survivor Annuities

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

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- **WIDOW(ER):** 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 for 9 months prior to employee's death.
 - Widow(er) can receive an annuity if caring for employee's child who is under age 18 or disabled.
 - Age reductions applied to tier I and tier II portions of widow(er)s' annuities awarded before full retirement age. See chart on page 59.
- **DISABLED WIDOW(ER):** must be totally disabled and unable to work in any regular employment. Disability must have begun within 7 years after death of employee or within 7 years after termination of annuity based on caring for employee's child. Generally, a 9-month marriage requirement applies.
- **REMARRIED WIDOW(ER), SURVIVING DIVORCED SPOUSE, AND SURVIVING DIVORCED MOTHER (FATHER):** Receive tier I only. However, payment of a partition amount to a former spouse as part of a property distribution can be made after employee's death.
 - 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 a period of at least 10 years immediately before the date the divorce became final.
 - Surviving divorced mother (father) can receive an annuity if caring for employee's child who is under age 16 or disabled.
 - 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**

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



Survivor Tier Components

- **TIER I**
 - **Amount social security would generally pay, less any social security benefit**
- **TIER II**
 - **Based on percentage of employee's tier II**

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- 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 next page, 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.





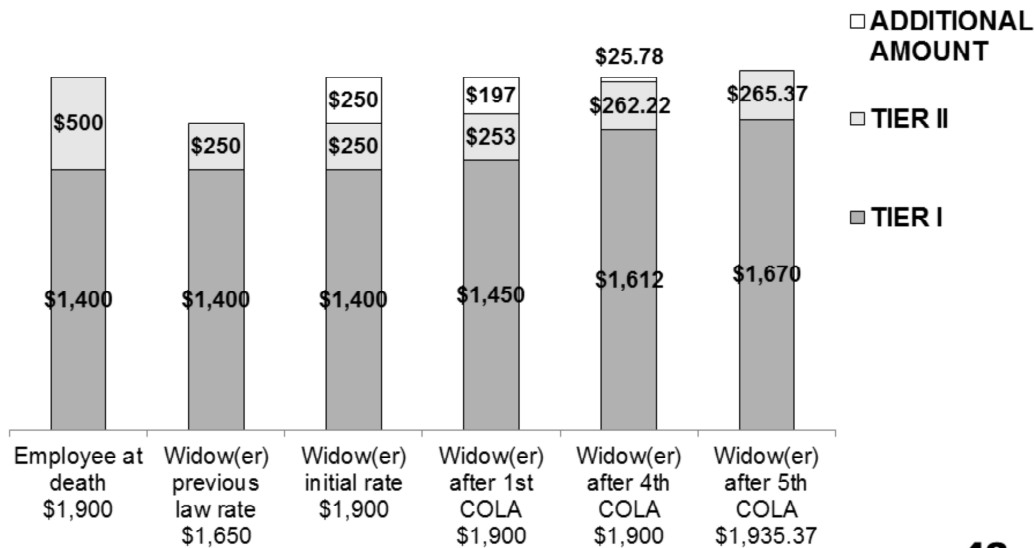
WIDOW(ER) FULL RETIREMENT AGE

IF WIDOW(ER) BORN IN*	AT AGE 60 WIDOW(ER) WILL BE DEEMED TO BE AGE 62 AND ANNUITY WILL BE REDUCED BY	OR	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

* 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.

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%.

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



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

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

The following information relates to the chart above. All figures used are for example only.

- Assumes employee died in 2017.
- Assumes first cost-of-living adjustment (COLA) of 3.6% tier I and 1.2% tier II. Assumes future COLAs to also be 3.6% tier I and 1.2% tier II.
- The \$250 additional amount is reduced each year by the dollar amount of the increases applied to tier I and tier II. For example, if tier I increases by \$50 (3.6% cost-of-living) to \$1,450 and tier II increases by \$3 (1.2% cost-of-living) to \$253, the additional amount will decrease by \$53 to \$197. The total amount payable of \$1,900 will not change. The annuity payable will increase only when the tier I and tier II amounts with their subsequent cost-of-living increases exceed \$1,900.
- Assumes no reductions of any kind. If there are Medicare premiums, for example, total amount is lowered for amount of premium. If premium increases from year to year, total amount payable will be reduced by the increase in the premium.



Survivor Earnings Restrictions

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

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- Earnings deductions apply to entire survivor annuity. However, there are no special restrictions on last pre-retirement nonrailroad employer.
- Limitations do not apply to beneficiaries full retirement age or older.
- Prior to year full retirement age attained:
 - Deduction is \$1 for every \$2 earned over annual exempt amount (\$17,040 in 2018).
- In year full retirement age attained:
 - Deduction is \$1 for every \$3 earned over annual exempt amount (\$45,360 in 2018).
 - However, earnings only considered through month before full retirement age attained.
- Deduction eliminated once full retirement age attained.
- In cases where the survivor is also a social security recipient, excess earnings deductions are coordinated between RRB and the Social Security Administration so that there is no double deduction.



Lump-Sum Death Benefit

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

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- If monthly benefits immediately payable, no lump-sum benefit can be paid.
- If employee had at least 10 years of service on December 31, 1974, payable to living-with widow(er) or payer of funeral expenses--\$1,010 average.
- Unlike social security, not payable if annuity payable.
- The \$255 amount same as under social security.



	ITEMS AFFECTING ALL RETIREMENT AND SURVIVOR BENEFITS
	<div>46</div>

- 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;
- Customer service options.

Annuity Beginning Dates

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

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



Filing an Application

- **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, and death**
- **Personal checking or savings account information required to enroll in Direct Deposit program**

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- Employees are encouraged to submit proof of age and military service well in advance of retirement in order to expedite the application process. Proof of age is needed before application can be processed.
- All proofs must be originals, certified copies, or faxes sent directly to the RRB from the official custodian of the document.
- Medical evidence of disability is required.
- The first payment an annuitant receives from the RRB may be a partial payment. Annuitant will continue to receive this amount until the final rate is awarded. Once final rate certified, annuitant will receive all back payments due.
- Beneficiaries are required to enroll in either the Direct Deposit program, which electronically transfers payments into an individual's checking or savings account, or the U.S. Department of the Treasury's Direct Express program, which electronically transfers Federal benefit payments to an individual's Direct Express-issued Debit MasterCard®. Enrollment waivers are available only under very limited conditions.
- Participants in the 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

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

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- A major cause of overpayments is a lack of information about the coordination between railroad retirement and social security benefits.
- It may be advantageous to file a claim with social security if:
 - an employee has minor or disabled children;
 - an employee is still working for a railroad and has attained full retirement age; or
 - a spouse has reached full retirement age.
 - SSA benefit amount exceeds/is greater than the tier I amount.
- It is generally disadvantageous to file a claim with social security if the employee and spouse are both railroad employees.

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



Cost-of-Living Adjustments (COLAs)

TIER I **Same as social security;
COLAs based on
Consumer Price Index**

TIER II **32.5% of tier I increase**

**Vested Dual
Benefit** **Not increased**

**Supplemental
Annuity** **Not increased**

COLAs GENERALLY PAYABLE IN JANUARY

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- Tier I cost-of-living increases, like social security cost-of-living increases, were 2.0% in January 2018. Tier II cost-of-living increases were 0.7%.
- When a cost-of living increase is payable, if annuitant also receives social security benefits, the increased tier I portion is reduced by the increased social security benefit.
- If a widow(er) is paid an initial minimum amount, the monthly payment will not increase until the amount payable under previous law plus cost-of-living increases is higher than the initial minimum amount.



Income Taxes

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

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



Appeals Process

- 1. Request reconsideration of an initial agency decision, or reconsideration or waiver of an overpayment, in writing, from an RRB office within 60 days**
- 2. Appeal to Bureau of Hearings and Appeals within 60 days**
- 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**
 - 90 days if unemployment/sickness appeal**

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- Appeal to Bureau of Hearings and Appeals - may be decided on the basis of the written record or a hearing may be held by telephone, videoconference, or in person. When held in person, the hearing is usually held near the claimant's home town so claimant doesn't incur large expenses.
- 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

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

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- Medicare available at age 65 even though full retirement age is increasing from age 65 to age 67 for retirement and survivor benefits.
- Enrollment for both hospital and medical insurance is automatic at age 65 for people receiving an annuity, but medical insurance may be declined. Coverage can begin earlier if person is totally disabled, has permanent kidney failure, or has Amyotrophic Lateral Sclerosis (ALS).
- If not receiving an annuity, contact RRB office before age 65 to apply. Best time to apply is during 3 months before the month age 65 is reached. Coverage will begin with month age 65 is reached.
- Hospital insurance financed by payroll tax on employees and employers - 1.45% of all earnings. An additional 0.9 percent in hospital insurance taxes is withheld from employees on earnings above \$200,000.
- Medical insurance financed by monthly premiums and Federal general revenue funds. Also has \$183 deductible in 2018.
- Depending on modified adjusted gross income, some beneficiaries pay Part B and/or Part D premiums plus income-related monthly adjustment amounts.
- Enrollment in prescription drug coverage is voluntary. Variety of options available with different coverage and costs.
- In addition to a monthly premium, Part D enrollees pay a yearly deductible and part of the cost of prescriptions, including a copayment or coinsurance.
- Medicare provides basic health care coverage – doesn't cover all medical expenses and doesn't cover long-term care.



RRB.gov

Re-designed website launched June 2017

- **Streamlined main menu for easy navigation**

- **Our Agency:** RRB offices and organization details
- **Benefits:** publications and forms separated by benefit type
- **Employers:** reporting instructions, publications, ERSNet
- **Resources:** railroad jobs, legal information, appeals
- **Financial & Reporting:** agency operations, benefit data, NRRIT
- **News Room:** news releases; monthly Q&A
- **Field Office Locator:** find RRB offices, send secure message
- **Benefit Online Services:** web-based customer service application

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- Enhancements include modern/clean presentation, mobile device flexibility, and improved organization to provide an efficient, user-friendly online experience.
- Office of the Labor Member webpage: **RRB.gov/OurAgency/LaborMember**
 - Staff directory;
 - Informational Conference Program - (2018 handbook, program booklet, and order form available);
 - Pre-Retirement Seminars;
 - Educational Materials - kit materials and extra resources available to view, download, and print;
 - Monthly Questions & Answers.
- Links to helpful railroad union and government websites: **RRB.gov/ExternalLinks**
- **Benefit Online Services**
 - *Don't need an account for using features to request:*
 - Duplicate tax statement;
 - Replacement Medicare card;
 - History of service and compensation;
 - Monthly rate verification letter;
 - or to access Online Bill Payment (**PAY.gov**) to pay RRB benefit bills.
 - *Employees are required to create an account to use features associated with retirement planning, service/compensation records, and sickness/unemployment benefits* (see page 13).



Refer to
Informational Conference Handbook
Pages 26-27, 33, 55, 65, 87, 102, 131,
132-133, 136, 153

January 2018

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

- **Convenient, self-serve automated menus are available 24 hours a day, 7 days a week**
- **Also provides easy access to RRB field office representatives**
- **TTY: 312-751-4701**

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



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.

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 of 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 relationship with a covered railroad employer, or be an employee representative, during a deemed service month.

Direct Deposit

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

Direct Express

U.S. Treasury program that issues payments to individuals without checking or savings accounts; payments are transferred to a beneficiary's Direct Express-issued Debit MasterCard®.

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.

Form BA-6

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

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.

Lump-Sum Death Payment

An amount payable to certain survivors of employee with 10 years of railroad service (or at least 5 years of service after 1995) and a current connection if there is no survivor immediately eligible for an annuity upon the employee's death.

**Medicare Hospital Insurance
(Part A)**

Helps pay for medically necessary inpatient care in a hospital, skilled nursing facility, or psychiatric hospital, and for hospice and home health care.

**Medicare Medical Insurance
(Part B)**

Helps pay for medically necessary physician services and many other medical services and supplies not covered by Part A.

**Medicare Advantage Plans
(Part C)**

Plans (offered by Medicare-approved private companies) which combine Part A and Part B and, in some cases, Part D coverage.

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

Voluntary prescription drug coverage that helps pay for brand name and generic drugs. Drug plan costs and coverage vary from plan to plan.

**Normal Unemployment or Sickness
Insurance Benefits**

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

Occupational Disability Annuity

Annuity payable when an employee meets certain age and service requirements and is disabled for his or her regular railroad occupation and the condition is expected to last at least 12 months or longer; current connection required.

Service Month

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

Sickness Benefits

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.

Spouse Annuity

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

Supplemental Annuity

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

Survivor Benefits

Monthly benefits payable to surviving widow(er)s, children, and certain dependents if employee met service requirements and had a current connection.

Tier I Benefit

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

Tier II Benefit

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

Total Disability Annuity

Annuity payable when employee meets certain age and service requirements and has a physical or mental condition that prevents *any* regular gainful employment; medical evidence required. Also payable to disabled widow(er)s ages 50-59 and unmarried disabled children over age 18 who became totally disabled before age 22.

Unemployment Benefits

To be eligible, employee must be able to work, available for work, and have earned qualifying creditable compensation in the base year.

Vested Dual Benefit

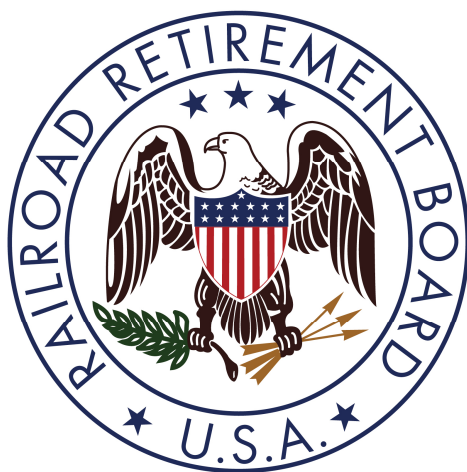
Additional amount payable if employee qualified for both railroad retirement and social security benefits before 1975 and met certain vesting requirements.

Widow(er)'s Initial Minimum Amount

Widow(er)'s annuity generally equal to tier I and tier II amounts employee would have received when widow(er)'s annuity awarded, minus any applicable reductions.

Work Restrictions

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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