



# Debt Matters

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# RRB Strategic Goal #3

**Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources.**

▶ **Our Objective**

Ensure that Trust Fund Assets are Protected, Collected, Recorded and Reported Appropriately


*...RRB will apply its debt collection...policies in a fair and equitable manner. Debts... will be collected, either directly or through referral to Treasury.*



# Where Do Debts Come from?


Debts can occur when...

- ▶ Employer's Quarterly Report of Contributions (DC-1) are filed late or incorrectly,
- ▶ Annual Report of Creditable Compensation (BA-3) and the Employer Annual Railroad Retirement Tax Return (CT-1) do not agree,
- ▶ Annual Report of Creditable Compensation (BA-3) and the Employer's Quarterly Report of Contributions (DC-1) do not agree,
- ▶ Settlement under Section 12 (o) and 2(f) of the Railroad Unemployment Insurance Act (RUIA) is not reported timely,
- ▶ Employer Reports and Employee Earnings do not agree.



## Employer's Quarterly Report of Contributions (DC-1) Filed Late or Incorrectly

- ▶ When payments are not received timely, interest will be assessed.
- ▶ When the DC-1 and the payment are late, penalty of 5% per month for up to 5 months, plus 1% interest per month, will be assessed.
- ▶ The due dates filing and payment are
  - January 31<sup>st</sup>,
  - April 30<sup>th</sup>,
  - July 31<sup>st</sup>
  - October 31<sup>st</sup>




## **Report of Creditable Compensation (BA-3) and Employer's Quarterly Report of Contributions (DC-1) Do Not Agree**

- ▶ Annual Reconciliation of BA-3 to DC-1's for the Previous 2 Years
- ▶ Under Reporting on DC-1 Results in a Debt



## **Report of Creditable Compensation (BA-3) and Employer Annual Railroad Retirement Tax Return (CT-1) Do Not Agree**

- ▶ Annual Reconciliation of BA-3 to CT-1's for the Previous 2 Years
- ▶ Under Reporting on BA-3 or CT-1 Results in a Debt

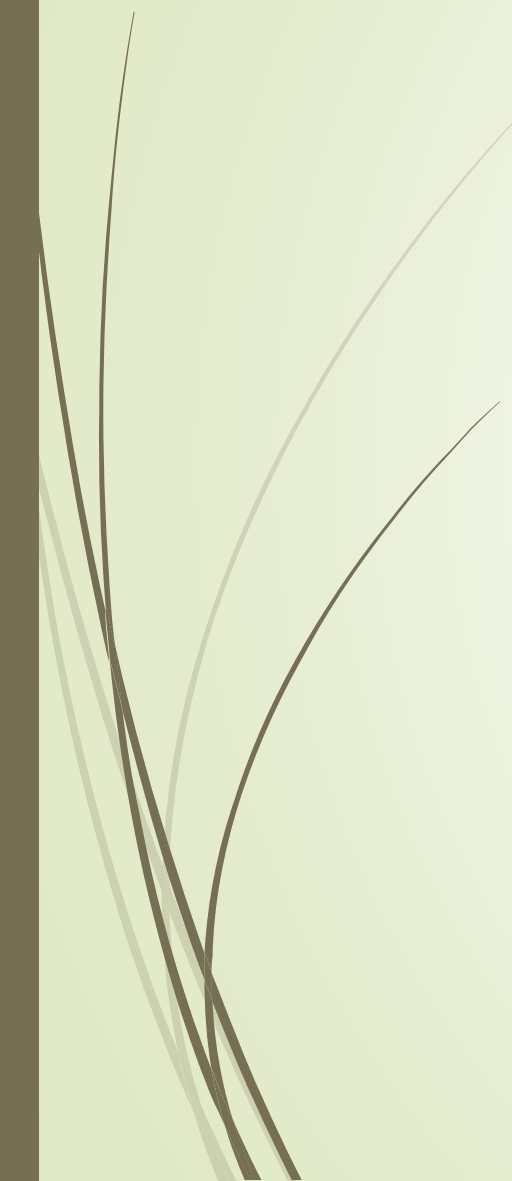


## Settlement under Section 12 (o) and 2(f) of the Railroad Unemployment Insurance Act (RUIA) Not Reported Timely

- ▶ 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.
  - ▶ Under the RRB's regulations, the employer must notify the RRB within 5 days in writing of the settlement or judgment and remit the amount of reimbursement within 30 days from the date of settlement
- ▶ Reimbursements under section 2(f) generally result from the award of pay for time lost or the payment of guaranteed wages.
  - ▶ Under the RRB's regulations, the employer must remit the amount of reimbursement within 30 days from the date of payment of the remuneration
- ▶ Failure or Delays in Reporting or Payment Result in a Debt, Plus Interest and Penalties



## Employer Reports and Employee Earnings Do Not Agree

- ▶ RRB conducts an audit of the Railroad
  - ▶ Compare Employer BA-3's to Actual Reported Employee Earnings
  - ▶ Under Reporting Results in a Debt under any of the Reporting Requirements
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## Tips for Avoiding RUIA/RRTA Debts

- ▶ Annual IRS Form CT-1/ RRB Form BA-3 Process:
- ▶ Complete annual RRB Form BA-3 (Annual Report of Creditable Compensation) and IRS Form CT-1 (Employer's Annual Railroad Retirement Tax Return).
- ▶ Compare both forms to ensure total reported amounts are the same.
  - ▶ If there are differences, work to resolve. In most instances, adjustments were made to an individual's record with only one agency.
- ▶ If the totals are the same, it is safe to say you've successfully completed the RRTA (Railroad Retirement Tax Act) filing requirements

## Delinquent Debts

- By Law, the Railroad Retirement Board is required to refer all delinquent debts to the Department of the Treasury for enforced collection after 120 days.





## Tips for Avoiding RUIA/RRTA Debts

- ▶ If you receive a reconciliation letter from either the IRS or RRB:
  - ▶ Read the letter in its entirety.
  - ▶ Compare the totals on the letter with records filed for that year. *(Reconciliation occurs 2 years after forms have been filed).*
  - ▶ If after reviewing records, you feel the letter is incorrect, contact the individual listed on the letter for further assistance.
  - ▶ If after reviewing records, you realize T1 and T2 amounts or adjustments were not reported to one entity, but reported to the other, it is your responsibility to correct employee records. *(In most cases, this can be done by completion of IRS form CT-1x or RRB Form BA-4).*



## Tips for Avoiding Settlement Debts

- ▶ Requests for information about amounts due under sections 2(f) and 12(o) may be made on Forms ID-3S, Request for Lien Information – Report of Settlement and ID-3U,
- ▶ Request for Section 2(f) Information, via ERSNet or fax to the RRB's Sickness and Unemployment Benefits Section (SUBS) at (312) 751- 7185.
- ▶ You should receive a reply on the first business day following the RRB's receipt of your request.
- ▶ Forms ID-3S or ID-3U may also be used for inquiries about RUIA benefit amounts paid to employees prior to any settlement or guarantee payments. Mark such forms "For Informational Purposes Only"
- ▶ Information about these forms can be found on [www.rrb.gov](http://www.rrb.gov).



## Tips for Avoiding Settlement Debts

- ▶ Do not send a remittance before a debt is established!
- ▶ Wait for the designated contact official of your company to receive an email notification from Pay.gov or a mailed bill to notify you that it is available to be paid.
- ▶ Remittances to the RRB for recoverable RUIA debts should be made through Pay.gov. You may access Pay.gov through [www.RRB.gov](http://www.RRB.gov).
- ▶ Employers not currently registered to make on line payments for 2(f) and 12(o) debts should send a request to the RRB's Bureau of Fiscal Operations – Financial Systems Section at [Dist.BFO-FINSYS@rrb.gov](mailto:Dist.BFO-FINSYS@rrb.gov) to acquire a user name and password for the system.



## Tips for Avoiding Settlement Debts

- ▶ If not using Pay.gov, remittances can be mailed to the RRB's lockbox:

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

- ▶ Include the following information on the check:
  - ▶ Payor Code
  - ▶ Billing Document ID Number
  - ▶ Your payor code and billing Doc ID will be shown on the RRB's response to your Form ID-3S or ID-3U and/or on your billing statement.
- ▶ The RRB charges interest and penalties on delinquent debts.



## Inquiries

- ▶ Inquiries about Form ID-30B, and requests for information about amounts due under section 2(f) and 12(o)  
Sickness and Unemployment Benefit Section  
Phone: (312) 751-4825  
Fax: (312) 751-7185
- ▶ Inquiries about settlement debt billing statements, interest and penalty charges:  
Bureau of Fiscal Operations – Debt Recovery Section  
Phone: (312) 751- 4848  
Fax: (312) 751-3364
- ▶ Inquiries about DC-1 or Reconciliations should be directed to the RRB Representative issuing the letter.