



RRB News

U.S. Railroad Retirement Board

844 North Rush Street Chicago, Illinois 60611-1275

www.rrb.gov
877-772-5772 general information

Public Affairs
312-751-4777
opa@rrb.gov media inquiries

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Railroad Unemployment and Sickness Benefits Will See Slight Decrease in New Sequestration Reduction Rate

Under the Budget Control Act of 2011, and a subsequent sequestration order to implement mandated cuts, railroad unemployment and sickness insurance benefits are reduced by a set percentage that is subject to revision at the beginning of each fiscal year.

Starting October 1, 2020, the U.S. Railroad Retirement Board (RRB) will reduce railroad unemployment and sickness insurance benefits by 5.7 percent, down from the current 5.9 percent reduction, as required by law. The adjusted reduction amount is based on revised projections of benefit claims and payments under the Railroad Unemployment Insurance Act and will remain in effect through September 30, 2021, the end of the fiscal year. Reductions in future fiscal years, should they occur, will be calculated based on applicable law.

The current daily benefit rate for both unemployment and sickness is \$80.00. Applying the sequestration rate of 5.7 percent, the maximum amount payable in a 2-week period will be reduced from \$800.00 to \$754.40. Sickness benefits paid to an employee within six months from the date last worked for a reason other than an on-the-job injury are also subject to regular tier I railroad retirement taxes, resulting in a further reduction of 7.65 percent. Applying the 5.7 percent reduction to these sickness benefits will result in a maximum 2-week total of \$696.69.

In fiscal year 2019, the RRB paid about \$13 billion in retirement and survivor benefits to about 535,000 beneficiaries, and net unemployment-sickness benefits of about \$93.4 million to approximately 23,000 claimants.

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