



RRB News

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Railroad Retirement Benefits Will See Increase in 2021

Most railroad retirement annuities, like social security benefits, will increase in January 2021 due to a rise in the Consumer Price Index (CPI) from the third quarter of 2019 to the corresponding period of the current year.

Cost-of-living increases are calculated in both the tier I and tier II benefits included in a railroad retirement annuity. Tier I benefits, like social security benefits, will increase by 1.3 percent, which is the percentage of the CPI rise. Tier II benefits will go up by 0.4 percent, which is 32.5 percent of the CPI increase. Vested dual benefit payments and supplemental annuities also paid by the Railroad Retirement Board (RRB) are not adjusted for the CPI change.

In January 2021, the average regular railroad retirement employee annuity will increase \$30 a month to \$2,936 and the average of combined benefits for an employee and spouse will increase \$42 a month to \$4,263. For those aged widow(er)s eligible for an increase, the average annuity will increase \$16 a month to \$1,453. However, widow(er)s whose annuities are being paid under the Railroad Retirement and Survivors' Improvement Act of 2001 will not receive annual cost-of-living adjustments until their annuity amount is exceeded by the amount that would have been paid under prior law, counting all interim cost-of-living increases otherwise payable. About 54 percent of the widow(er)s on the RRB's rolls are being paid under the 2001 law.

If a railroad retirement or survivor annuitant also receives a social security or other government benefit, such as a public service pension, any cost-of-living increase in that benefit will offset the increased tier I benefit. However, tier II cost-of-living increases are not reduced by increases in other government benefits. If a widow(er) whose annuity is being paid under the 2001 law is also entitled to an increased government benefit, her or his railroad retirement survivor annuity may decrease.

(More)

However, the total amount of the combined railroad retirement widow(er)'s annuity and other government benefits will not be less than the total payable before the cost-of-living increase and any increase in Medicare premium deductions.

The cost-of-living increase follows a tier I increase of 1.6 percent in January 2020 and 2.8 percent in January 2019, the latter of which had been the largest in 7 years. The Centers for Medicare and Medicaid Services will announce Medicare Part B premiums for 2021 later this year, and this information will be available then at **www.medicare.gov**.

In late December the RRB will mail notices to all annuitants providing a breakdown of the annuity rates payable to them in January 2021.

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