

Spring 2021

PRE-RETIREMENT SEMINAR



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

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PROGRAM CONTENTS

	SUBJECT	PAGE
Slide 1	RETIRED EMPLOYEE AND SPOUSE BENEFITS	3
Slide 2	Retirement Benefits	4
Slide 3	Creditable Railroad Service	5
Slide 4	Military Service Creditable if...	6
Slide 5	Railroad Employee Taxes and Wage Bases	7
Slide 6	Form BA-6	8
Fact Sheet 1	What to Check on Form BA-6	9
Slides 7-8	Current Connection	11-12
Slide 9	TIER I	13
Slide 10	TIER II	14
Fact Sheet 2	Tier II Amounts	15
Fact Sheet 3	RRB/SSA Comparison Chart	16
Slide 11	Supplemental Annuities	17
Slide 12	Employees with less than 30 YEARS OF SERVICE	18
Fact Sheet 4	When Can I Retire? - Employee	19
Fact Sheet 5	Regular Age Annuities Summary	20
Slide 13	Employees with 30 YEARS OF SERVICE	21
Slide 14	Employee Disability Annuities	22
Slide 15	SPOUSE ANNUITIES	23
Slide 16	Spouse Annuity Requirements	24
Slide 17	Spouse Eligibility - less than 30 YEARS OF SERVICE	25
Slide 18	Spouse Eligibility - Child-in-Care Provisions	26
Fact Sheet 6	When Can I Retire? - Spouse	27
Slide 19	Spouse Eligibility - 30 YEARS OF SERVICE	29
Slide 20	Divorced Spouse Requirements	30
Slide 21	Property Settlements	31
Slide 22	Spouse Tier Components	32
Slide 23	WORKING AFTER RETIREMENT	33

PROGRAM CONTENTS

	SUBJECT	PAGE
Slide 24	Working after Retirement	34
Slide 25	TIER I Earnings Deductions	35
Slide 26	TIER II Earnings Deductions	36
Slide 27	Disability Work Restrictions	37
Slide 28	SURVIVOR BENEFITS	38
Slide 29	Insured Status	39
Slides 30-31	Survivor Annuities	40-41
Slide 32	Survivor Tier Components	42
Fact Sheet 7	When Can A Widow(er) Retire?	43
Fact Sheet 8	Widow(er)'s Initial Minimum Amount (WIMA)	44
Slide 33	Survivor Earnings Restrictions	45
Slide 34	Lump-Sum Death Benefit	46
Slide 35	ITEMS AFFECTING ALL RETIREMENT AND SURVIVOR BENEFITS	47
Slide 36	Annuity Beginning Dates	48
Slide 37	Filing an Application	49
Slide 38	Filing for Social Security Benefits	50
Slide 39	Cost-of-Living Adjustments (COLAs)	51
Slide 40	Income Taxes	52
Slide 41	Appeals Process	53
Slide 42	Retirement Health Insurance	54
Slide 43	Medicare	55
Slide 44	Self-Service Options	56
Slide 45	Protect Yourself From Fraud	57
Slide 46	RRB.gov	58
	Glossary	end pages



- 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**

2

- A railroad retirement benefit is called an annuity.
 - These are monthly payments.
 - Payable on the first business day of the month for the previous month.
 - Made up of one or more components called tiers.
- An annuitant must be alive the entire month in order for an annuity to be payable for that month.



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.

3

- 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.
 - In these cases, 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 a year. During a deemed service month, the employee must be:
 - In an employment relation with a covered employer (on approved leave of absence), **or**
 - An employee representative.
- Local lodge service is creditable if the compensation is at least \$25/month and the work was preceded by creditable service to a covered employer.
- If an employee does not meet the minimum service requirement, railroad retirement credits are transferred to the Social Security Administration at the time of his/her retirement or death.



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

4

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.
- Veterans encouraged to submit proof of military service to RRB well in advance of retirement.

**RAILROAD EMPLOYEE TAXES AND WAGE BASES FOR 2021**

	<u>TIER I</u>		
	RAILROAD RETIREMENT	MEDICARE HOSPITAL INSURANCE	<u>TIER II</u>
TAX RATE	6.20%	1.45%	4.90%
WAGE BASE	\$142,800	NO CAP	\$106,200

2021 tax on employee earning \$142,800 is \$16,128.00

5

- 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 2021 employer pays tier II tax of 13.10% on \$106,200 base. The 2021 employer tax on an employee earning \$142,800 is \$24,836.40.
- 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.
 - Claim credit for excess **tier I taxes** with **IRS Form 1040**.
 - Claim credit for excess **tier II taxes** using **IRS Form 843**.
 - See IRS publication 505, *Tax Withholding and Estimated Tax* (**IRS.gov**).



FORM BA-6

- Issued every June 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

6

- Form BA-6 also shows deemed service months and miscellaneous compensation, such as taxable sickness payments.
 - 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 previously reported to the RRB.
- If an employee disagrees with any information on Form BA-6, they should notify the RRB as early as possible. An employee has 4 years to protest any discrepancies in the record.
 - Correspondence reporting inaccuracies must include employee's social security number and any supporting documentation (copies of pay stubs). Mail to RRB headquarters: Protest Unit – CESC, 844 North Rush Street, Chicago, IL 60611-1275



U.S. RAILROAD RETIREMENT BOARD
ERHARD CHORLÉ, JOHN BRAGG, THOMAS JAYNE
MEMBERS

CERTIFIED 06-01-2020

2019 CERTIFICATE OF SERVICE
MONTHS AND COMPENSATION

SERVICE AND COMPENSATION REPORTED
 FOR PERIOD ENDING DECEMBER 31, 2019

BA 9999 8282① **JB HARRIS**

123 MIDDLE AVE
 CENTRAL CITY, IL 60000-0000

② BIRTH DATE	③ SEX
08-1970	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	
2019	95,600.00			1	1	1	1	1	1	1	1	1	1	1	1	12
2018	91,400.00			1	1	1	1	1	1	D	D	1	1	1	1	12
2017	82,700.00			1	1	1	1	1	1	1	1	1	1	1	0	11
2016	23,500.00			0	0	0	0	0	0	0	1	0	1	1	1	04

*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	
908,100.00			204	2	12	218	34,200.00

⑥ **YOUR 2019 REPORTING EMPLOYER(S)**

The service and compensation shown on this form for 2019 were gathered from a report(s) received from the following employer(s): **MIDWESTERN RAILROAD COMPANY**

⑦ **RRB OFFICE SERVING YOUR AREA**

123 FRONT STREET
 WINDY 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

7

- 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

8

- 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 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

9

- **Social security credits are 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

- Paid in addition to tier I benefit
- Considers railroad work only
 - Computed under a separate formula
 - Comparable to an industrial pension
 - Reduced for age, if required
- Based on:
 - 60 months of highest earnings (up to tier II maximum)
 - AND -
 - Total years of railroad service

10

ELIGIBILITY:

- » Employees with 10 years (120 months) of railroad service;
 - » Employees with 5 years (60 months) of railroad service after 1995 but less than 10 years also eligible if at least age 62.
- Tier II is subject to garnishment and is also divisible as property if the RRB receives a court order (divorce decree, legal separation, or annulment) that complies with certain regulations.

TIER II FORMULA:

AVERAGE MONTHLY COMPENSATION X YEARS OF SERVICE X .007

» Maximum tier II creditable compensation:

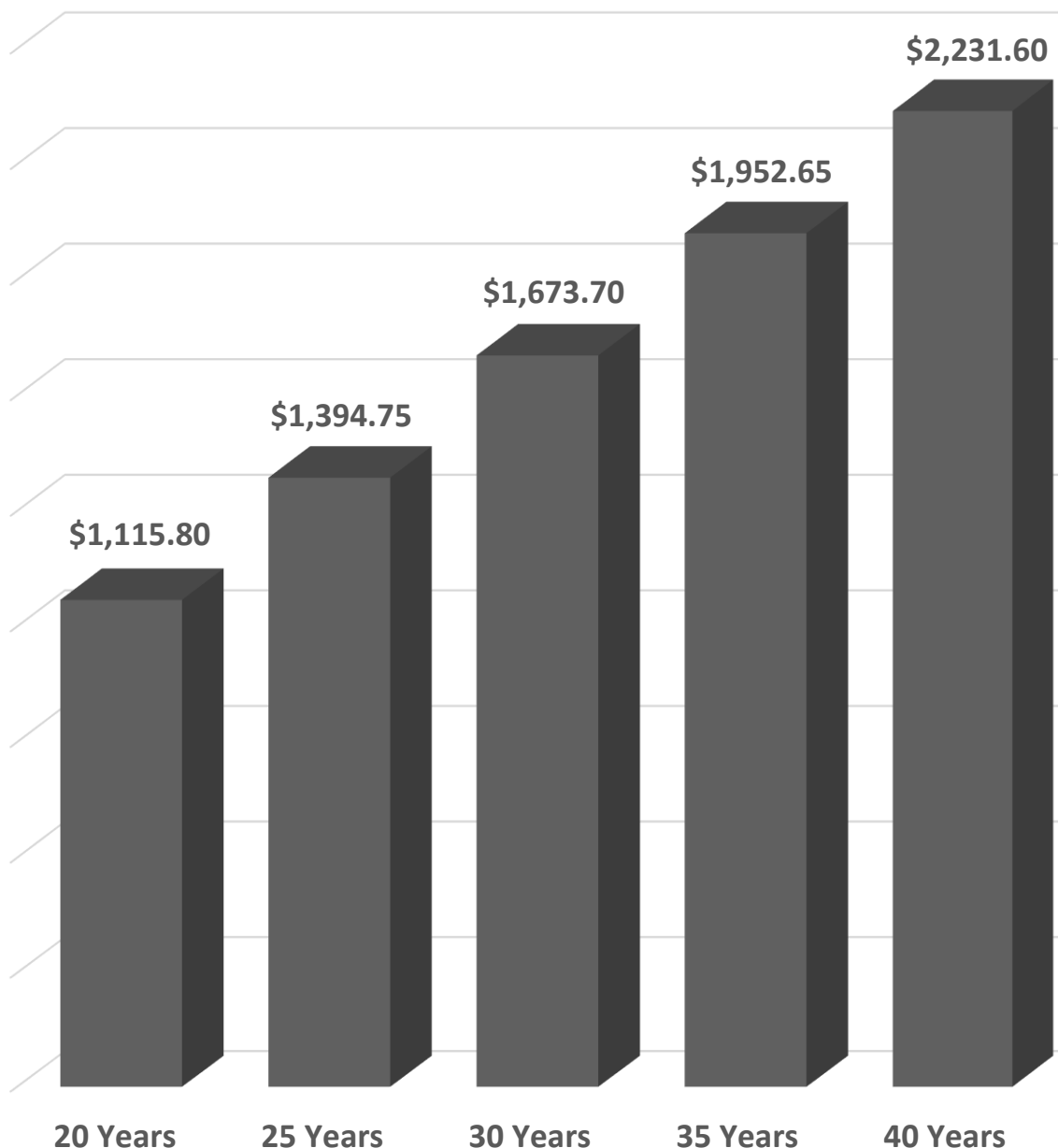
- 2017	\$94,500
- 2018	\$95,400
- 2019	\$98,700
- 2020	\$102,300
- 2021	\$106,200

This provides average monthly compensation (AMC) of \$8,285.

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 2020. Even if an employee earns less than the maximum, additional service would still increase the annuity proportionately.

MONTHLY TIER II EQUALS:



RRB/SSA Comparison Chart

Annual Amounts

	RRB		SSA	
	MONTHLY	ANNUAL	MONTHLY	ANNUAL
Employee Age Annuity Being Paid*	\$3,735	\$44,820	\$1,505	\$18,060
Spouse Annuity Being Paid	\$1,090	\$13,080	\$765	\$9,180
Employee Age Annuity Awarded*	\$4,370	\$52,440	\$2,070	\$24,840
Spouse Annuity Awarded*	\$1,660	\$19,920	\$1,035	\$12,420
Disability Annuity Awarded	\$3,160	\$37,920	\$1,415	\$16,980
Occupational Disability Annuity?	YES	YES	NO	NO
Full Annuity at 60 with 30 Years?	YES	YES	NO	NO
Widow(er) Annuity Being Paid	\$1,825	\$21,900	\$1,380	\$16,560
Widow(er) Annuity Awarded	\$2,340	\$28,080	\$1,355	\$16,260

*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: Annuity Being Paid reflects the average amount being paid to all individuals in that particular category as of the end of fiscal year 2020.

Annuity Awarded reflects the average amount paid to individuals who were newly awarded annuities in that particular category during fiscal year 2020.



SUPPLEMENTAL ANNUITIES

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

11

- 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.
- Supplemental annuities are subject to division as property if the RRB receives a court document (such as a divorce decree, legal separation, or annulment) that complies with certain regulations.



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 66 to 67, depending on year of birth

12

- 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.
- The next page covers age reductions for employees who retire with less than 30 years of service.



WHEN CAN I RETIRE?

I'm an employee with less than 30 years of service.

AN EMPLOYEE BORN IN*	AT AGE 62, ANNUITY REDUCED BY	OR	NO ANNUITY REDUCTION IF RETIREMENT AGE IS AT LEAST**
1943 through 1954	25.00%		66
1955	25.833%		66 and 2 months
1956	26.667%		66 and 4 months
1957	27.50%		66 and 6 months
1958	28.333%		66 and 8 months
1959	29.167%		66 and 10 months
1960 or later	30.00%		67

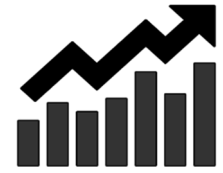
*A person attains a given age the day before his or her birthday, and those born on the first or second day of a month are eligible for an annuity beginning date on the first of that month.

****For an employee with less than 10 years of railroad service** - If he/she is already entitled to an age-reduced social security benefit, the age reduction applied to his/her tier I will be based on the age reduction applicable on beginning date of his/her social security benefit, even if he/she is already of full retirement age on beginning date of his/her railroad retirement annuity.

NOTE - Employees with any railroad service before August 12, 1983: Tier II reduction remains 20% and full retirement age remains 65 for tier II purposes.

REGULAR AGE ANNUITIES

SUMMARY



YEARS OF SERVICE



REDUCED ANNUITY



FULL ANNUITY

5 AFTER 1995

AGES 62-66*

AGES 66-67*

10 - 29

AGES 62-66*

AGES 66-67*

30+

NONE

AGE 60

*Depending on the year of the employee's birth. For those with less than 10 years of railroad service who are already entitled to an age-reduced social security benefit, tier I age reduction is based on the 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
- **Commonly referred to as 60/30**

13

- 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.



EMPLOYEE DISABILITY ANNUITIES

TYPE OF DISABILITY	AGE	YEARS OF SERVICE	CURRENT CONNECTION
TOTAL	Under full retirement age	10 or 5 after 1995	NO
OCCUPATIONAL	Under 60	20	YES
	60 to full retirement age	10	YES

14

TOTAL DISABILITY means a physical or mental impairment that prevents *any* regular employment.

- May qualify for early Medicare coverage and lower Federal income tax on annuity.

OCCUPATIONAL DISABILITY means a physical or mental impairment preventing the employee from being able to work his or her *regular railroad occupation* and the condition is expected to last at least 12 months or longer.

- Generally, the job the employee worked the longest in the last 5 years.
- Employees filing for disability are required to submit medical evidence supporting their claim.
- 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.
- 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.
- 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.
 - There is no tier I age reduction for those with less than 10 years of service; however, a tier II benefit is not payable until the employee attains age 62, and it is reduced for early retirement.
- 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.



- Spouses can be male or female.
- As of September 30, 2020, the RRB was paying spouse benefits* to 8,306 males (6%) and 139,106 females (94%).
**including divorced spouses.*
- Benefits can be paid to eligible spouses in same-sex marriages.
- The spouse of an employee is not eligible for railroad retirement benefits solely on the spouse's own disability.



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 any railroad employment

16

- Exceptions 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*
 - 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.



SPOUSE ELIGIBILITY (LESS THAN 30 YEARS OF SERVICE)

- **Spouse of employee who retired at 62 or older with less than 30 years of service**
 - Receives reduced annuity at 62
 - OR -
- **Unreduced annuity at full retirement age (66-67*), or any age with child in care**
 - *depending on the spouse's date of birth

17

- 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.
 - A child in care does not receive his or her own payment.
- The chart on page 27 illustrates spouse's age reduction if employee retires with less than 30 years of service.
- 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 ELIGIBILITY CHILD-IN-CARE PROVISIONS

- For a spouse to be eligible based on child-in-care, the child must be:
 - Natural or adopted child (or stepchild) of the employee; *and*
 - Dependent on the employee; *and*
 - Unmarried; *and*
 - Under age 18, or totally disabled before age 22

18

- 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.
 - A child in care does not receive his or her own payment.



WHEN CAN I RETIRE?

I'm the spouse of an employee retiring
with less than 30 years of service.

A SPOUSE BORN IN*	AT AGE 62, ANNUITY REDUCED BY**	OR	NO ANNUITY REDUCTION IF RETIREMENT AGE IS AT LEAST
1943 through 1954	30.00%		66
1955	30.833%		66 and 2 months
1956	31.667%		66 and 4 months
1957	32.50%		66 and 6 months
1958	33.333%		66 and 8 months
1959	34.167%		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, and those born on the first or second day of a month are eligible for an annuity beginning date on the first of that month.

****For the spouse of an employee who has less than 10 years of railroad service** - If the spouse is already entitled to an age-reduced social security benefit, the age reduction in her/his tier I will be based on the age reduction applicable on beginning date of her/his social security benefit, even if she/he is already of full retirement age on beginning date of her/his railroad retirement annuity.

NOTE - If the employee had any rail service before August 12, 1983, the spouse's tier II reduction remains 25% and her/his full retirement age remains 65 for tier II purposes.



SPOUSE ELIGIBILITY (30 YEARS OF SERVICE)

- **FOR SPOUSE OF 60/30 EMPLOYEE**
 - If the employee's annuity began after 2001, spouse can receive full annuity at 60 or any age with minor or disabled child in care

19

- 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.
 - A child in care does not receive his or her own payment.
- 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.



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

20

- 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

21

- 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**).
- 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

22

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.



- The amount of benefits payable to a retiree may be affected by work/earnings.
Factors to consider include:
 - earnings deductions (tier I and tier II); and
 - work restrictions for disabled annuitants.



WORKING AFTER RETIREMENT

- Annuity not payable if employee or spouse is working for railroad or rail union
- 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

24

- 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.

EMPLOYEE/SPOUSE BIRTH YEAR*	FULL RETIREMENT AGE IS...
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.



TIER I EARNINGS DEDUCTIONS

- **Prior to full retirement age, some or all of tier I will be reduced if earnings are over certain amounts**
 - Reduction eliminated once full retirement age attained
- **Prior to year full retirement age attained:**
 - Deduction of \$1 for every \$2 earned over annual exempt amount (\$18,960 in 2021)
- **In year full retirement age is attained:**
 - Deduction of \$1 for every \$3 earned over annual exempt amount (\$50,520 in 2021)
 - However, earnings only considered through month before full retirement age attained

25

- 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.
- No deduction once full retirement age attained.
- 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.



TIER II EARNINGS DEDUCTIONS

- If employee or spouse continues work for their last pre-retirement nonrailroad employer (LPE):
 - Tier I subject to deductions as explained on previous slide
 - 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
 - Unlike tier I, tier II deductions continue after full retirement age

26

- Self-employment, and work that begins on 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.



DISABILITY WORK RESTRICTIONS

- Work by disability annuitant must be consistent with disabled status
- Disability annuity not payable for any month with earnings over \$1,020 in 2021, exclusive of disability-related work expenses
- All work activity must be reported
- Work restrictions apply to both total and occupational disability annuities

27

- Withheld payments restored if earnings for 2021 less than \$12,750.
- 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 include monthly benefits and lump-sum payments.



INSURED STATUS

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

29

- 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 the employee's minor or disabled child

30

WIDOW(ER): must be unmarried, unless the individual remarried under the conditions outlined below.* Generally, must have been married to employee for 9 months prior to employee's death. Widow(er) can receive an annuity if caring for the 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 43.

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.

REMARIED WIDOW(ER)*, SURVIVING DIVORCED SPOUSE, AND SURVIVING DIVORCED MOTHER (FATHER): receive tier I only, but payment of a partition amount to a former spouse as part of a property distribution can be made after employee's death.

- **Remarried widow(er) must have remarried**
 - after age 60, or
 - before age 60 but currently unmarried, or
 - after age 50 and was entitled to a disabled widow(er) annuity before remarriage.
- **Surviving divorced spouse must**
 - be unmarried unless the remarriage was after age 60, or age 50 if disabled.
 - 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.
 - generally must be unmarried at the time of entitlement. In this case, 10-year marriage requirement does not apply.



SURVIVOR ANNUITIES (CONT)

- **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

31

- 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

32

- 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 the next page, full retirement age is increasing and reductions at age 60 will range from 19.00% to 20.36% depending on the widow(er)'s year of birth.
- 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.
- 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.



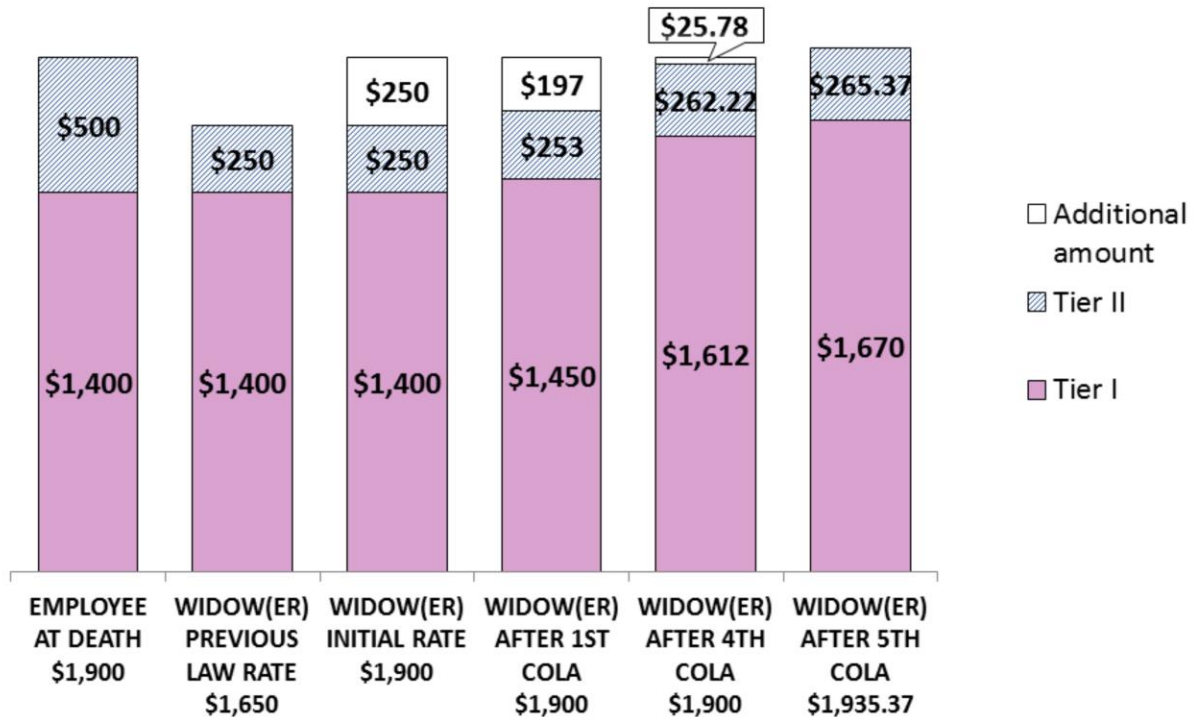
WHEN CAN A WIDOW(ER) RETIRE?

A WIDOW(ER) BORN IN*	AT AGE 60, DEEMED TO BE AGE 62. ANNUITY WILL BE REDUCED BY	OR	NO ANNUITY REDUCTION IF RETIREMENT AGE IS AT LEAST
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, and a widow(er) born on the first day of a month may be eligible for an annuity beginning date on the first of the month before his/her birth month.

NOTE – The maximum age reduction for remarried widow(er)s and surviving divorced spouses is 28.50% at age 60. The maximum age reduction for disabled surviving divorced spouses, disabled widow(er)s, and disabled remarried widow(er)s is also 28.50%.

WIDOW(ER)'S INITIAL MINIMUM AMOUNT (WIMA)



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 2020
 - first cost-of-living adjustment (COLA) of 3.6% tier I and 1.2% tier II
 - 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, and 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 are 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

33

- 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 (\$18,960 in 2021).
- In year full retirement age attained:
 - Deduction is \$1 for every \$3 earned over annual exempt amount (\$50,520 in 2021).
 - 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

34

- 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--\$1,030 average.
- Unlike social security, not payable if annuity payable.
- The \$255 amount same as under social security.



Aspects concerning employee, spouse, and survivor retirement benefits:

- Annuity beginning dates
- Filing an application
- Filing for social security benefits
- Cost-of-living increases
- Income taxes
- Appeals
- Health care (private insurance and Medicare)
- Self-service options
- Protecting personal information



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)

36

- 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/remarried widow(er)s
- Disability annuities for employees and widow(er)s have 12-month retroactive limit; 6 months for disabled children.



FILING AN APPLICATION

- **When?**
 - Up to 3 months prior to annuity beginning date
- **How?**
 - In person or over the phone
 - Contact RRB to schedule an appointment
- **What's needed?**
 - Proof of age, marriage, divorce, military service, and death
 - Personal checking or savings account information for Direct Deposit

37

- 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.
- To receive benefit payments, beneficiaries are required to enroll in either:
 - **Direct Deposit** –transfers payments to checking/savings account.
 - **Direct Express** –transfers payments to a Direct Express-issued Debit MasterCard®.
 - Enrollment waivers are available only under very limited conditions.
- Benefits of participating in Direct Deposit or Direct Express:
 - Participants don't have to worry about the mail being late, or a check being lost/stolen.
 - Payments are available 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

38

- 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;
 - a spouse has reached full retirement age; or
 - SSA benefit amount exceeds/is greater than the tier I amount.
- It is generally not advantageous 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**
- **Supplemental Annuity - Not increased**

COLAs GENERALLY PAYABLE IN JANUARY

39

- Tier I cost-of-living increases, like social security cost-of-living increases, were 1.3% in January 2021. Tier II cost-of-living increases were 0.4%.
- 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 and supplemental annuities, are subject to Federal income tax
 - Treated like private pensions

40

- 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](https://www.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 using RRB Form HA-1
3. Appeal to the three-member Board within 60 days using RRB Form HA-1
4. Appeal to the U.S. Circuit Court of Appeals within:
 - one year if retirement/survivor appeal
 - 90 days if unemployment/sickness appeal

41

- RRB Form **HA-1** is available at **RRB.gov** under the **Resources** tab (**Appeals**) and in every RRB field office.
- **Bureau of Hearings and Appeals** – may further investigate and obtain reports through field representatives, designated medical examiners, and others who can provide relevant information. If a case involves a question of fact, the appellant has the right to request an oral hearing.
 - **Appeals Hearings** – mostly conducted through video conferencing or over the phone. In-person hearings may be held in the RRB office closest to the appellant's home.
- **Appeals to Board** – three-member Board bases its decision on the evidence before the hearings officer. Normally will not accept additional evidence or conduct a hearing.
- 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.



RETIREMENT HEALTH INSURANCE

- The RRB does not handle retirement health insurance other than Medicare
- Please contact your health insurance carrier:
 - For information about benefits available to you and your family after you retire
 - To learn if there are any restrictions on your filing date with the RRB, and how gaps in your healthcare coverage may result in higher Medicare premium rates in the future



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
- **Advantage plans (PART C)**
- **Prescription drug coverage (PART D)**

43

- 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. 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 \$203 deductible in 2021.
- 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.



SELF-SERVICE OPTIONS: 1-877-772-5772

- **Use automated menus to request documents and get information**
 - No need to wait on hold to speak with a representative with these self-service options
- **Virtual hold now available**
 - Need to speak with a representative? Request a callback to avoid holding

44

- **Automated menus can be used to obtain/request:**
 - Verification letter of monthly benefit rate
 - Service and compensation statement
 - Replacement Medicare card
 - Duplicate tax statement
 - Field office addresses
 - Status of unemployment/sickness claims
 - Special announcements
 - General benefit information
- **After you retire, notify the RRB of any changes to your:**
 - Home address or bank account
 - Work or earnings
 - Marital status
 - Filing status for public pension or social security benefits
 - Disability status
- **TTY: 312-751-4701**



PROTECT YOURSELF FROM FRAUD

1. Understand the threats

- Fraudsters use several forms of impersonation, advance fee, and phishing schemes.
- Government employee impersonation scams are becoming increasingly common.

2. Exercise caution

- Any legitimate request from a government agency will come to you in writing.
- Verify the identity of anyone asking for your personal information over the phone.
- Do not provide personal information or money in response to requests or threats.

3. Secure your information

- Store your Social Security card in a secure location - avoid carrying it with you.
- Shred documents that list personal information (SSN, Medicare, and bank accounts).
- Maintain strong passwords and use anti-virus software.
- Avoid opening emails from unknown sources or clicking on suspicious hyperlinks.

4. Report scams

- Call our toll-free number to report any threats to your personal information so that we know to take extra precautions when handling your record.
- You may report suspicious activity or communications claiming to be from the RRB to the OIG's Fraud, Waste, and Abuse Hotline at 1-800-772-4258.

45

- Written notices from the RRB contain official contact information specific to each notice.
- The RRB **does** call individuals for official purposes, and we may request certain personal information over the phone in order to verify your identity. However, RRB employees **will never** threaten you for information or promise any type of official action in exchange for personal information or payment.
- The government (RRB, SSA, IRS, etc.) **does not** solicit your personal information over the phone or by email, or request advance fees for services in the form of wire transfers/gift cards.
- If anyone pressures you to provide information or money over the phone, assume the call is fraudulent and hang up.

RRB staff will never take the following actions as part of official agency business:

- Call you to demand an immediate payment;
- Demand that you pay a debt without the ability to appeal the amount you owe;
- Require a specific means of payment (prepaid debit card, gift card, or wire transfer);
- Ask you for your personal information or credit/debit card numbers over the phone; or
- Threaten you with arrest or deportation.



RRB.GOV

MAIN MENU NAVIGATION:

- **Our Agency:** RRB offices and organization details
- **Benefits:** publications and forms separated by benefit type
- **Employers:** reporting instructions, publications, Employer Online Services
- **Resources:** railroad jobs, legal information, appeals
- **Financial & Reporting:** agency operations, benefit data, NRRIT
- **Newsroom:** news releases; monthly Q&A
- **Field Office Locator:** find RRB offices, send secure message
- Self-serve options available at [RRB.gov/myRRB](https://www.rrb.gov/myRRB)



46

- Office of the Labor Member webpage: **[RRB.gov/OurAgency/LaborMember](https://www.rrb.gov/OurAgency/LaborMember)**
 - Staff directory
 - Pre-Retirement Seminars – schedule of events, spiral program booklet available
 - Educational Materials – kit materials, extra resources available to view, download, and print
 - Monthly Questions & Answers
- Links to helpful railroad union and government websites: **[RRB.gov/ExternalLinks](https://www.rrb.gov/ExternalLinks)**
- **myRRB**
 - Features a variety of self-service options for conducting business with RRB online
 - See handout in packet for the complete list of services available
 - Employees are required to create an account to use select features

GLOSSARY

Accelerated Unemployment or Sickness Insurance Benefits

Payable if an employee with 10 years of service does not have sufficient earnings to qualify for unemployment/sickness 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 applied to a retirement or survivor annuity when an individual chooses to receive benefits before reaching the age required to receive his/her full annuity amount. 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 an employee's earnings and service months are used to determine eligibility for unemployment and sickness benefits under the Railroad Unemployment Insurance Act.

Benefit Year

The 12-month period during which qualified employees are paid benefits for days of unemployment/sickness. Usually begins July 1 of any year and ends June 30 of the next year. Pertains to unemployment and sickness benefits only.

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 his/her railroad retirement annuity beginning date or death. If an employee is not qualified on this basis, and he or she has 12 months of service in an earlier 30-month period, the current connection requirement may still be met. A current connection *is required* for survivor, occupational disability, and supplemental annuities; and *is not required* for age and service or total disability annuities.

Deemed Service Months

If an employee does not actually work in every month of the year, additional service months may be deemed (or credited) in some cases. 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	Benefit payments are transferred directly to a beneficiary's checking or savings account.
Direct Express	Benefit payments are transferred to a Debit MasterCard® issued (by Direct Express) to individuals who do not have a checking or savings account.
Earnings	Income from work performed for another person or company, or from self-employment; investments, interest income, etc. not included.
Employer	Interstate railroad or affiliate engaged in railroad-connected operations. National/international railroad labor organizations (and their subordinate units) and employer associations are also railroad employers.
Extended Unemployment or Sickness Benefits	Thirteen consecutive weeks of payments available to employees with 10 years of service who have exhausted their normal benefits, or are not qualified for normal benefits in the current benefit year but were 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 is payable (gradually increasing to 67, depending on year of birth). Unreduced annuity is payable to those who are 60 with 30 years of service, but work deductions still apply until full retirement age is attained.
Lump-Sum Death Benefit	One-time payment issued if there is no survivor immediately eligible for an annuity upon the death of an employee who had a current connection and 10 years of railroad service (or at least 5 years of service after 1995).
Medicare Part A Hospital Insurance	Helps pay for medically necessary inpatient care in a hospital, psychiatric hospital, or skilled nursing facility and for hospice and home health care.
Medicare Part B Medical Insurance	Helps pay for medically necessary physician services and many other medical services and supplies not covered by Part A.
Medicare Part C Advantage Plans	Plans (offered by Medicare-approved private companies) which combine Medicare Part A and Part B and, in some cases, Part D coverage.
Medicare Part D Prescription Drug Coverage	Voluntary prescription drug coverage that helps pay for brand name and generic drugs. Costs and coverage vary from plan to plan.

Normal Unemployment or Sickness Benefits	Payable to qualified employees for up to 130 days in a benefit year. Days of unemployment or sickness do not have to be consecutive.
Occupational Disability	Type of annuity payable to an employee who meets certain age and service requirements and is disabled from being able to perform his/her <i>regular railroad occupation</i> *, and the disabling condition is expected to last at least 12 months or longer. *Generally, the job employee worked the longest in the last 5 years; current connection and medical evidence 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 in a given month. Special rules apply if service months are allocated as a result of a personal injury settlement.
Sickness Benefits	Provided to qualified employees to restore part of lost wages arising from periods of sickness (for female employees, this includes health conditions related to pregnancy, miscarriage, or child birth). Employee must be unable to work because of sickness or injury.
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 for widow(er)s and/or surviving children and other dependents after death of employee who 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 paid in addition to a tier I benefit. Based solely on railroad work.
Total Disability	Type of annuity payable to an employee who meets certain age and service requirements and has a physical or mental condition that makes him/her unable to engage in <i>any regular gainful employment</i> ; medical evidence required. Also payable to disabled widow(er)s ages 50-59 and unmarried disabled children over age 18 who become totally disabled before age 22.

**Unemployment
Benefits**

Provided to qualified employees to restore part of the lost wages arising from periods of unemployment. The employee must be ready, willing, and able to work, and be available for work.

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

Based on the two-tier annuity amount that would have been payable to the railroad employee when the widow(er)'s annuity is awarded, minus any applicable reductions. Such annuities computed on the basis of this initial minimum amount will not increase until the amount payable under previous law plus subsequent cost-of-living increases is higher than the initial minimum amount.

**Work
Restrictions**

An annuity is not payable if a retiree works for a railroad or rail union after his/her retirement. Employee and spouse tier I and survivor benefits are reduced if earnings are over certain limits (until full retirement age is attained). Work performed for a retired employee's or spouse's last pre-retirement nonrailroad employer reduces both tier II and supplemental benefits, regardless of age.