EXPERIENCE RATING AND PRE-PAYMENT VERIFICATION

AN OVERVIEW OF THE RAILROAD UNEMPLOYMENT INSURANCE ACT (RUIA) CLAIMS PROCESS AND EXPERIENCE RATING SYSTEM.
OVERVIEW

- RUIA Benefits Definitions
- Qualifying for Benefits
- Applications and Claims Processing
- Prepayment Verification
- Reconsideration Process
- Experience Rating
- Resources for Employers
RUJA BENEFITS DEFINITIONS

• Unemployment Insurance (UI)
  ◦ Benefits payable to claimants who are not working but ready, willing and able to work

• Sickness Insurance (SI)
  ◦ Benefits payable to claimants who are unable to work due to illness or injury

• Benefit Year (BY)
  ◦ 12 month period generally beginning July 1 and ending June 30 the following year

• Base Year
  ◦ Calendar Year immediately preceding benefit year (January – December)
QUALIFYING FOR BENEFITS – CURRENT BENEFIT YEAR (BY)

• Current Benefit Year (BY-21) began July 1, 2021 – ends June 30, 2022

• Need earnings of $4,137.50 in Base Year (Calendar Year 2020)
  ◦ Counting no more than $1,655 in earnings per month

• New employee also needs 5 months of creditable service in base year (2020) if it is first year of railroad work

Note: The amount of compensation required in a base year to qualify for benefits is not less than 2½ times the monthly compensation (earnings) base.
QUALIFYING FOR BENEFITS

<table>
<thead>
<tr>
<th>Benefit Year (BY)</th>
<th>Base Year (Calendar Year before BY)</th>
<th>RUIA Earnings Needed to Qualify</th>
<th>Monthly Base Year Compensation Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>2019</td>
<td>$4012.50</td>
<td>$1605.00</td>
</tr>
<tr>
<td>2019</td>
<td>2018</td>
<td>$3900.00</td>
<td>$1560.00</td>
</tr>
<tr>
<td>2018</td>
<td>2017</td>
<td>$3862.50</td>
<td>$1545.00</td>
</tr>
<tr>
<td>2017</td>
<td>2016</td>
<td>$3637.50</td>
<td>$1455.00</td>
</tr>
</tbody>
</table>

Employees must also have 5 creditable months of railroad service if the base year is their first year working for a covered employer.
BENEFIT RATES AND DURATION

• Waiting Period

• Daily Benefit Rate
  ◦ Currently $82.00 /day
  ◦ Benefits Exempt From Sequestration Until 30 Days after National Emergency Concerning COVID-19 Terminates

• Duration of Benefits
  ◦ Normal Benefits – Maximum of 130 Days
  ◦ Extended Benefits for those who exhaust
    • Must have 120 creditable railroad service months

Certain Benefit Flexibilities are Currently In Place Visit RRB.gov/Benefits/Coronavirus or call the RRB Toll-Free Number 1-877-772-5772 for Further Information.
APPLICATIONS AND CLAIMS PROCESSING

• Forms are considered filed when they are received at an office of the RRB.
  ◦ Postmark may also be considered

• Unemployment:
  ◦ Application - Form UI-1
  ◦ Claim – Form UI-3

• Sickness Benefits:
  ◦ Application – Form SI-1A/B
  ◦ Claim – Form SI-3

• UI-1, UI-3 and SI-3 may be filed online
  ◦ Employees must establish account through Benefit Online Services by visiting RRB.gov/myRRB and clicking on the button labeled “Sign In with LOGIN.GOV”.
  ◦ Password Request Code (PRC) automatically issued if claimant files application and no online account exists
  ◦ Certain Benefit Flexibilities are Currently In Place Visit RRB.gov/Benefits/Coronavirus or call the RRB Toll-Free Number 1-877-772-5772 for Further Information.
ACCESSING BENEFIT ONLINE SERVICES THROUGH
WWW.RRB.GOV

Benefit Information

Retirement
Benefits for retired railroad employees and their families.

Survivor
Benefits for survivors of deceased railroad employees.

Unemployment
Benefits for unemployed railroad workers.

Sickness
Benefits for railroad employees unable to work because of illness or injury.

Disability
Total and occupational disability benefits for railroad employees.

Benefit Online Services
Conduct RRB business and view account information 24/7.
**SICKNESS APPLICATION PROCESSING**

Applicant submits SI-1 A/B (Application)

RRB determines if claimant qualifies

Eligibility investigation completed If necessary

SI-3 (claim) released to employee

Sickness applications (SI-1AB) must be filed within 10 days of the first day an employee wants to claim to be considered timely. * Benefit Flexibilities are Currently In Place - Visit RRB.gov/Benefits/Coronavirus

SI-1AB must be filed by paper/mail
Unemployment applications (UI-1) must be filed within 30 days of the first day an employee wants to claim.
RUIA CLAIMS PROCESSING

UI-3/SI-3 claim form submitted and entered

Pre-Payment verification (3 business days)

Claim Processes and payment info sent to US Treasury

Claimant receives payment

UI-3 claims must be received within 15 days *
SI-3 claims must be received within 30 days *

* # of days from last day in the claim period or date mailed to claimant

Claims may be filed online or by paper/ mail
ELIGIBILITY CONSIDERATIONS

• Able/Available for Work
• Remuneration / Earnings Test
• Social Insurance Offsets
• Pay for time lost / Injury settlements
• Voluntary Quit (VQ)
  ◦ Good Cause
  ◦ Not Good Cause
  ◦ Not VQ
• Separation Allowance
  ◦ May be considered VQ
  ◦ Disqualification Period
PREPAYMENT VERIFICATION Process
Overview:

- Definition of Prepayment Verification
- Methods of Notification – ID-4K and ID-4E
- Who Receives Prepayment Notices?
- Time Frame for Responding
- Information Employers Should Provide...
PRE-PAYMENT VERIFICATION

What is Prepayment Verification?

• Prepayment verification allows employers to provide information to assist the RRB in determining if sickness or unemployment benefits are payable.
PREPAYMENT VERIFICATION

Methods of Notification

ID-4K Prepayment Notice of Employee’s Application and Claims for Benefits under the RUIA

- Form ID-4K - Paper
- File Transfer Protocol (FTP)
  - Electronic Transmission
    - BN, UP, NS, CSX
- Employer Reporting System (ERS)

Note: Quality Reporting Service Center

Phone: 312-751-4992  Email: QRSC@RRB.GOV
Who Receives Prepayment Notices?

- Notices for **unemployment** benefit claims are sent to the last employer because that employer can verify the reason for unemployment and report any remuneration that may be paid.

- Notices for **sickness** benefits are sent to the base year employer because most often the last employer and the base year employer are the same.
PREPAYMENT VERIFICATION

Time Frame for Responding

• 3 Business Days....
  ◦ From the day the RRB transmits the file.
  ◦ Does not include weekends and Federal holidays.
Information Employers Should Provide...

UI:
- Erroneous days claimed
- Reason for unemployment is incorrect
- Voluntarily absent from work
- Refusal of suitable work
- Claimed unemployment benefits while sick

SI:
- Erroneous days claimed
- Claimed sickness benefits when they were able to work
FORM ID-4E NOTICE OF RUİA CLAIM DETERMINATIONS

• Once a claim is paid...an ID-4E is released.

  ◦ Form ID-4E - Paper
  ◦ File Transfer Protocol (FTP)
    • Electronic Transmission
      – BN, UP, NS, CSX
  ◦ Employer Reporting System (ERS)
RECONSIDERATION PROCESS
RECONSIDERATION PROCESS – OVERVIEW

Initial determination is made to pay or deny benefits

Reconsideration request may be filed within 60 days of initial determination (Field Service handles UI and Recon Unit handles SI)

Appeal may be filed with Hearings and Appeals Unit within 60 days of recon decision using HA-1 (Claimant) / HA-1EMP (Employer)

Appeal may be filed with Board within 60 days of H&A decision using HA-1 (Claimant) / HA-1EMP (Employer)

Appeal may be filed with US Court of Appeals within 90 days of Board decision
RECONSIDERATION PROCESS

UNEMPLOYMENT - EMPLOYERS

**Employer Files Recon**
- Written request for reconsideration filed at RRB
- This is usually after Pre-Payment / Post-Payment process
- Employer provides information advising why they believe claimant should be denied day(s)

**Field Service – HQ processes Recon**
- Field Service – HQ reviews case to determine if day(s) should be denied or initial determination to pay sustained and then employer is notified. If denied, claimant is notified and action is taken to recover erroneous benefits. If Field Service sustains initial determination to pay, employer may appeal.

**RRB–H&A, Board, US Court of Appeals**
- Employer files appeal with Hearings and Appeals (H&A) using form HA-1 EMP within 60 days of recon decision notice. H&A Unit reviews case to determine if benefits should be allowed or denied. Employer is notified and appropriate action taken to recover benefits and notify claimant if necessary.
- Employer may further appeal through RRB Board and US Court of Appeals.
Finding the HA-1EMP on [WWW.RRB.GOV]: Employers, Forms, Rail
EXPERIENCE RATING
HISTORY OF THE RUIA EXPERIENCE RATING SYSTEM

Background

- In the early 1980's, a recession threw large numbers of rail employees out of work. The RUI Account was unable to cover this heavy volume of benefit payments and had to borrow from the Railroad Retirement Account to pay unemployment and sickness benefits. Although employers eventually paid back this loan from the retirement account, the need to borrow showed that the RUI program had funding problems. Therefore, experience rating provisions were written into the 1988 RUIA amendments to ensure that the RUI Account could meet its benefit obligations. The first experience-based rates were calculated for calendar year 1991.

Experience Rating Provisions

- Before experience rating, all employers paid the same unemployment tax rate. Under experience rating, employers pay variable tax rates that range from 0.65 to 12.00 percent. Employers pay RUI tax on the compensation they report for their employees. This payroll tax funds the unemployment and sickness benefit program. A portion (0.65 percent) of that tax or contribution goes into the RUI administrative fund, which pays the program's operating expenses.
HISTORY OF THE RUIA EXPERIENCE RATING SYSTEM

RUI Funding

- The experience rating system has built-in safeguards to keep it solvent. For instance, if the RUI Account gets low in funding, a surcharge is added to all employers' rates to pump money back into the account quickly. In contrast, if the account is over-funded, all employers share in a pooled credit, which lowers their tax rates.

Contribution Rates

- To determine an employer's contribution rate, we charge them for each claim paid to one of their employees. (We notify the employer of every claim paid via Form ID-4E). Likewise, we credit the employer if we recover the benefits for any reason. We compare the net benefits we paid their employees with the amount of RUI tax they paid. Their RUI tax rate varies each year based on the comparison. We issue annual tax rates by October 15, applicable for the following calendar year.
EXPERIENCE RATING

Benefit Charging

Single Base Year Employer

• In general, all benefits paid to an employee are charged to his or her base year employer. This method corresponds with the fact that qualification for benefits is based upon an employee's service months and RUIA compensation with the base year employer. This holds true even if the employee is no longer employed by the base year employer during the benefit year for which the employee receives benefits. A benefit year begins each July 1. The base year is the previous calendar year.

- For example, John worked for ABC RR in 2019. In January 2020, he worked for XYZ RR and was terminated June 30. John applies for and receives unemployment benefits in the benefit year that begins July 1, 2020. We will charge ABC RR for the benefits paid to John.
EXPERIENCE RATING

Multiple Base Year Employers

• If the last employer recorded on a claim for benefits was also the last base year employer, benefits payable are charged to that employer until the amount of benefits allocated to that employer equals the amount of compensation reported by that employer. Any other base year employers are then charged similarly in reverse chronological order of the date the employee last worked for those employers. In all other cases, benefit charges are pro-rated among base year employers according to their share of the base year compensation.

Example of Chronological Charge

If an employee is laid off from Employer A in August 2020 and Employer A was also the last employer in 2019, then Employer A is charged for the benefits paid. If the benefits charged to Employer A exceed the 2019 compensation for the employee, benefits are charged to the employer for whom the employee worked in 2019 before Employer A, if any.

Example of Prorated Charge

An employee works for Employer A in January 2019 and earns $1,605 in creditable RUIA compensation. The employee also works for Employer B from April through December 2019 and earns $14,445 in creditable RUIA compensation. The employee works for Employer A from January to July 2020, at which time the employee is laid off and begins receiving unemployment benefits. The benefits are charged to the two base year employers in proportion to the base year compensation reported for the employee. Employer A is charged 1/10th and Employer B is charged 9/10th of each benefit payment.
EXPERIENCE RATING

- If benefits charged exceed the reported base year compensation for all base year employers, the remainder of the benefits is charged to the system unallocated charge balance.

Exceptions

Benefits are NOT charged to a base year employer if:

- Benefits are paid because of a strike; or

- Benefits are paid to a claimant whose employer is defunct.

The above benefits are charged to the system unallocated charge balance.

Note: No extra benefits paid due to the various COVID-19 legislations are being charged to the railroads. They are funded by the Federal government.

Charge Notice

- Form ID-4E, Notice of RUIA Claim Determinations, or the equivalent notice sent via RAILINC or ERS, is sent to the employer(s) to notify of the benefit charges.
Components of Experience Based Contribution Rate – An employer's experience rated contribution rate is based on benefit charges, expenses and credits identified below. The first three charges are used in the calculation of the basic contribution rate. The remaining are adjustments to the rate. Section 8(a)(1)(C) identifies eight steps in the calculation of the contribution rate which are described in the next section.

Basic Employer Contribution Rate

The Basic Employer Contribution Rate consists of three components:

1) Allocated-Experience Component

2) Unallocated-Experience Component

3) Pooled Charge or Risk-Shared Benefits Component
EXPERIENCE RATING

Overall Contribution Rate

The Overall Employer Contribution Rate consists of the basic contribution rate plus adjustments, as applicable, for the following:

- **Administrative Expense**
- **Pooled Credit (if applicable)**
- **Surcharge (if applicable)**
# EXPERIENCE RATING

**Final Rate Adjustment**

All contribution rates are adjusted for the minimum and maximum rates in effect at the time.

<table>
<thead>
<tr>
<th>IF surcharge is...</th>
<th>THEN rate is...</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>Minimum – 0.65%</td>
</tr>
<tr>
<td></td>
<td>Maximum – 12.0%</td>
</tr>
<tr>
<td>1.5%</td>
<td>Minimum – 2.15%</td>
</tr>
<tr>
<td></td>
<td>Maximum – 12.0%</td>
</tr>
<tr>
<td>2.5%</td>
<td>Minimum – 3.15%</td>
</tr>
<tr>
<td></td>
<td>Maximum – 12.0%</td>
</tr>
<tr>
<td>3.5%</td>
<td>Minimum – 4.15%</td>
</tr>
<tr>
<td></td>
<td>Maximum – 12.5%</td>
</tr>
</tbody>
</table>
**RUIA EXPERIENCE RATING – DETERMINING THE SURCHARGE RATE**

<table>
<thead>
<tr>
<th>RUI Account Balance *</th>
<th>Surcharge Rate</th>
<th>Minimum RUIA Contribution Rate</th>
<th>Maximum RUIA Contribution Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over $100 Million</td>
<td>None</td>
<td>0.65%</td>
<td>12%</td>
</tr>
<tr>
<td>$50 M - $100 M</td>
<td>1.50%</td>
<td>2.15%</td>
<td>12%</td>
</tr>
<tr>
<td>$0 - $50 M</td>
<td>2.50%</td>
<td>3.15%</td>
<td>12%</td>
</tr>
<tr>
<td>Less than $ 0</td>
<td>3.50%</td>
<td>4.15%</td>
<td>12.50%</td>
</tr>
</tbody>
</table>

• The Railroad Unemployment Insurance Act provides for the addition of a surcharge to the RUIA contribution rate if the accrual balance in the RUI Account falls below certain *indexed* levels as of June 30 of each year. On June 30, 2020, that account had an accrual balance of $53.7 million. However, the *indexed* threshold for the 2.5 percent surcharge was $73.7 million. This threshold is the higher of $50 million or $73.7 million indexed to increases in the system compensation base. Consequently, the 2021 contribution rates for employers other than new employers will include a 2.5 percent surcharge.
ANNUAL CONTRIBUTION RATE CALCULATION

A rate is calculated in eight steps, using data through the previous June 30. Items underlined appear on Forms ID-40Q or ID-40R/S. Items in italics are defined following the table.

1) Calculate the benefit ratio.

Divide the net benefits charged or the 12 quarters ending June 30, by the employer's 3-year compensation base.

2) Calculate the reserve ratio

Subtract the cumulative benefit balance (includes system unallocated charges) from the net cumulative contributions balance (less administrative cost plus repayment tax and pooled credit) to get the reserve balance. Divide the reserve balance by the 1-year compensation base. Subtract the reserve ratio from the benefit ratio.

3) Calculate the pooled credit ratio, if any.

Divide the balance in the RUI Account above a specified level ($250,000,000 or higher) by 1-year system compensation base. Subtract the pooled credit ratio from step 2.
4) Calculate the basic contribution rate.
   Multiply adjusted benefit ratio from step 3 by 100 and round to 4 decimal places. If less than zero, make zero.

5) Add 0.65% administrative charge.

6) Calculate the surcharge and add to step 5.
   • See the chart "Determining the Surcharge Rate."

7) Calculate the pooled charge ratio, if any, and add to step 6.
   For each employer whose rate is over the maximum or less that zero, multiply their 1-year compensation base by the portion of the rate outside the limits. If the sum of the amounts is positive, divide by the 'adjusted' system compensation base.

8) Reduce rates over the maximum to the maximum and increase rates less that the minimum to the minimum rate. See section "Rate Determination Overview" for minimum and maximum rates.
ANNUAL CONTRIBUTION RATE CALCULATION

Net Benefits Charged

- *Net benefits charged* includes all the benefits paid to employees of the base year employer, except benefits paid by reason of a strike, less all the benefits recovered which had previously been charged to the employer.

Rate Notices

- Employers receive Forms ID-40R/S no later than October 15, which provides information required by law and necessary to pay your contributions for the next calendar year. Employers receive Form ID-40Q during the third month after the end of the calendar quarter which shows the employer's cumulative benefit charges and credits and lists their subsidiaries. Employers may receive these forms by mail or through ERS.
### How We Calculate Your Contribution Rate

<table>
<thead>
<tr>
<th>RATE COMPONENT</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Yr. Net Benefits Charged</td>
<td>$23,828,685.10</td>
</tr>
<tr>
<td><strong>Divided by</strong> 3 Yr. Compensation Base</td>
<td>$1,150,800,474.15</td>
</tr>
<tr>
<td><strong>Equals the</strong> Benefit Ratio</td>
<td><strong>0.0207</strong></td>
</tr>
<tr>
<td>Net Contribution Balance</td>
<td>$107,011,200.38</td>
</tr>
<tr>
<td><strong>Minus the</strong> Cumulative Benefit Balance</td>
<td>$87,223,000.68</td>
</tr>
<tr>
<td><strong>Equals the</strong> Reserve Balance</td>
<td><strong>$19,788,199.70</strong></td>
</tr>
<tr>
<td><strong>Divided by</strong> 1-Yr. Compensation Base</td>
<td>$404,294,758.10</td>
</tr>
<tr>
<td><strong>Equals the</strong> Reserve Ratio</td>
<td><strong>0.0489</strong></td>
</tr>
<tr>
<td>Benefit Ratio <strong>minus the</strong> Reserve Ratio Subtotal (times 100)</td>
<td>-2.82 (0)*</td>
</tr>
<tr>
<td>* Plus the RUI Admin Fund Component *</td>
<td>0.65</td>
</tr>
<tr>
<td>* Plus the Surcharge Rate, if applicable</td>
<td>1.50</td>
</tr>
<tr>
<td><strong>Equals the</strong> Contribution Rate</td>
<td><strong>2.15%</strong></td>
</tr>
</tbody>
</table>

* If less than 0, then it becomes 0
Your Employer No.

QUARTERLY NOTICE TO EMPLOYERS - RAILROAD UNEMPLOYMENT INSURANCE ACT

The following figures are your charges and credits for the quarter ending 06/30/2005:

+ Gross sickness benefit charges $ 4,990.18
- Sickness benefit recovery credits $ 550.60
= Net sickness benefit charges $ 4,439.58

+ Gross unemployment benefit charges $ .00
- Unemployment benefit recovery credits $ 218.30
= Net unemployment benefit charges $ 218.30

Net unemployment and sickness benefit charges for this quarter $ 4,221.28

The Railroad Unemployment Insurance Act requires us to notify you quarterly of your contribution balance and benefit balance as computed through the last day of the previous quarter. Your balances are:

As of 06/30/2005

$ 293,829.48
$ 79,865.89
$ 3,953.78

= Net cumulative contribution balance $ 217,917.37

$ 236,219.98

= Cumulative benefit balance $ 175,705.85
To better understand your quarterly notice, we suggest that you compare these figures with those we furnished to you on your last quarterly notice. The differences between those totals and the above totals reflect your net balances for the quarter ending 06/30/2005.

The following employers were included in your current cumulative balances:

<table>
<thead>
<tr>
<th>Employer Number</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 1234</td>
<td>ABC Railroad Company</td>
</tr>
<tr>
<td>2. 5678</td>
<td>Beach Trails Railway Company</td>
</tr>
</tbody>
</table>

If you have any questions regarding this notice, please contact the Quality Reporting Service Center at (312) 751-4992.
Your Employer No.

ANNUAL NOTICE TO EMPLOYERS – RAILROAD UNEMPLOYMENT INSURANCE ACT

The Railroad Unemployment Insurance Act requires that we annually notify you by October 15 of certain information used to calculate your contribution rate for the following year. We used the following figures to calculate your contribution rate for 2006 which is 2.15 percent:

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>As of 6/30/2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Net Benefit charge for 12 calendar quarters</td>
<td>$44,623.20</td>
</tr>
<tr>
<td>B</td>
<td>3-year compensation base</td>
<td>$1,091,821.53</td>
</tr>
<tr>
<td>C</td>
<td>Benefit Ratio (A divided by B) rounded</td>
<td>0.0409</td>
</tr>
<tr>
<td>D</td>
<td>Net cumulative contribution balance</td>
<td>$240,909.94</td>
</tr>
<tr>
<td>E</td>
<td>Cumulative benefit balance</td>
<td>$96,588.78</td>
</tr>
<tr>
<td>F</td>
<td>Reserve balance (D minus E)</td>
<td>$144,321.16</td>
</tr>
<tr>
<td>G</td>
<td>1-year compensation base</td>
<td>$349,100.45</td>
</tr>
<tr>
<td>H</td>
<td>Reserve Ratio (F divided by G) rounded</td>
<td>0.4134</td>
</tr>
<tr>
<td>I</td>
<td>Basic contribution rate</td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>(C minus H minus Pooled Credit Ratio) X 100</td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>Basic contribution rate adjusted for minimum</td>
<td></td>
</tr>
<tr>
<td>L</td>
<td>(maximum of I or zero)</td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>Administrative fund charge (fixed rate)</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>Compared contribution rate</td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>(J+K+L+Pooled Charge Ratio)</td>
<td></td>
</tr>
<tr>
<td>P</td>
<td>Contribution rate adjusted for maximum or new employer calculations</td>
<td></td>
</tr>
</tbody>
</table>

For Calendar Year 2006

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Basic contribution rate</td>
<td>37.25-%</td>
</tr>
<tr>
<td>J</td>
<td>Basic contribution rate adjusted for minimum</td>
<td>0.00 %</td>
</tr>
<tr>
<td>K</td>
<td>Administrative fund charge (fixed rate)</td>
<td>0.65 %</td>
</tr>
<tr>
<td>L</td>
<td>Compared contribution rate</td>
<td>1.50 %</td>
</tr>
<tr>
<td>N</td>
<td>Contribution rate adjusted for maximum or new employer calculations</td>
<td>2.15 %</td>
</tr>
</tbody>
</table>

The above figures were used in the calculation of your contribution rate of 2006. If you follow the figures listed in steps A through N, you will be able to arrive at your calculated rate as shown in step N. Please note that the calculations in steps A-H reflect the combined activity of all employers within your joint account as listed on your September 2005 quarterly report.
Your contribution rate for 2006 is 2.15 percent. Use this rate in computing the amount of contributions payable based on compensation paid to your employees for days in 2006. Contributions payable based on compensation paid for days in periods earlier than 2006 must be computed using the rate applicable to the period for which compensation was earned.

If you believe your rate of contribution for 2006 is incorrect, you have the right under Section 345.307 of the Regulations (20 CFR 345.307) to request reconsideration of your rate of contribution under the Railroad Unemployment Insurance Act. A request for reconsideration must be submitted in writing and filed with the Director of Assessment and Training within 90 days from the date of this office.

Annual Proclamation

The following system level information is used in calculating your rate. This system level information is the same for all employers for this year.

The following system level information applies to the Railroad Unemployment Insurance Account as of June 30, 2005:

- RUI Account Balance $113,140,562.89
- System Compensation Base $3,174,496,243.69
- Cumulative System Unallocated Charge Balance $269,505,519.27

This information pertains to the calendar year beginning January 1, 2006:

- System Pooled Credit Ratio* 0.0000
- System Pooled Charge Ratio** 0.00
- Administrative Fund Charge (Fixed Rate) 0.00%
- System Surcharge Rate 1.50%
- Maximum Contribution Rate 12.00%
- Contribution Rate For New Employers 4.03%

* Pool Credit Ratio—When the RUI account balance is above the indexed $250 million amount, the excess is "refunded" to the employers in the form of a rate reduction. The pooled credit ratio is any excess over the indexed $250 million amount divided by the system compensation base. Each employer's tax rate, prior to application of individual maximum and minimum limitations, is reduced by that same amount.

**Pooled Charge Ratio—Compare contributions which will be foregone due to the maximum contribution rate (step N) to contributions gained due to the minimum (step J). If the former exceeds the latter, there is a pooled charge ratio to make up the difference.
WEBSITE RESOURCES FOR EMPLOYERS

• RRB Website: https://www.rrb.gov/

• Surcharge Notification: https://www.rrb.gov/index.php/NewsRoom/NewsReleases/RetirementUnemploymentInsuranceTaxes


• News Releases: https://www.rrb.gov/index.php/NewsRoom/NewsReleases