

230.5 When An Insured Status Is Required Under The RRA

This section gives the different kinds of insured status that are required for eligibility for various benefits under the 1974 Railroad Retirement (RRA). Definitions of the different kinds of insured status are given in subsequent sections of this article.

230.5.1 Life Cases

- A. Overall minimum guaranty - The employee must be fully insured under the Social Security Act (SSA) rules (see FOM-I-230.25), based on combined railroad and social security earnings, to qualify for the age and service overall minimum (O/M) guaranty.

The employee must be totally disabled and have a disability (DIB) insured status under SSA rules (see FOM-I-230.30), based on combined railroad and social security earnings, to qualify for the DIB O/M.

- B. Vested dual benefit - The employee must be permanently insured under the RRA to qualify for payment of a vested dual benefit (VDB) based on his own wage record. Before the 1981 RRA amendments, a spouse who was permanently insured based on her own earnings record could qualify for a VDB. See FOM-I-230.50 and 230.55.
- C. Work deductions - The employee or spouse must have a work deduction insured status under the RRA before work deductions may be applied. See FOM-I-230.65.
- D. Hospital insurance - The employee, spouse, or disabled child must have a health insurance insured status to qualify for hospital insurance (HI) coverage, among the other requirements given in FOM-I-8.
- E. No insured status required - An insured status is not required for payment of the employee or spouse tier I or tier II or the supplemental annuity.

230.5.2 Death Cases

- A. RRB survivor jurisdiction - The employee must have 120 months of railroad service or at least 60 months of railroad service after 1995, and a current connection with the railroad industry at the time of death to be completely insured under the RRA for the payment of survivor benefits. See FOM-I-230.15.
- B. Vested dual benefit - Before enactment of the 1981 RRA amendments, if a widow or dependent widower was permanently insured under the RRA, they could qualify for payment of a vested dual benefit. See FOM-I-230.60.
- C. Work deductions - A work deduction insured status is not required in survivor cases. Work deductions are applied to the annuity of a survivor annuitant (except

for a disabled widow(er) under age 60 or a disabled child) who earns over the annual exempt amount.

- D. Hospital insurance - The aged or disabled widow(er) or disabled child must have a health insurance insured status to qualify for HI coverage, among the other requirements given in FOM-I-8.

230.10 When An Insured Status Is Required Under The SS Act

230.10.1 Life Cases

The wage earner must be fully insured under the SSA (see FOM-I-230.25) to qualify for a retirement insurance benefit (RIB). The wage earner must be totally disabled and have a disability insured status under the SSA to qualify for a disability insurance benefit (DIB). In life cases, the Social Security Administration generally bases the insured status determination on wages only. Railroad compensation is used only if the wage earner has less than 120 months of railroad service.

If the wage earner is fully insured for an RIB or DIB, the spouse and/or children are insured for auxiliary SS benefits.

230.10.2 Death Cases

The wage earner must be fully insured under the SSA for payment of a widow(er)'s, parents' or child's SS benefit. The widow of a transitionally insured wage earner (see FOM-I-230.40) may qualify for survivor SS benefits beginning September 1965. A currently insured status (see FOM-I-230.35) is used as an alternative to a fully insured status for payment of a child's, mother's, or father's SS benefit, or the lump-sum death benefit.

When the Social Security Administration has jurisdiction for the payment of survivor benefits (the employee is not completely insured under the RRA), the insured status determination is based on combined SS wage and RR compensation quarters of coverage (QC).

230.15 Completely Insured Status Under The 1974 RRA

The employee is completely insured for the payment of survivor benefits under the 1974 RRA, if at death he meets the following requirements.

230.15.1 Years of Railroad Service

The employee must have completed either

- at least 10 years (120 months) of creditable RR service performed at any time; or
- 60-119 months of railroad service of which at least 60 were performed after 1995.

NOTE: Under this provision, the tier 1 portion of a survivor annuity is payable only if the employee had a Social Security insured status based on combined RR and SS earnings. SS insured status is covered in FOM 230.25 and FOM 230.35.

Military service (M/S), creditable as compensation under the RRA, may be added to meet the service requirement.

Under the 1937 RRA, an employee was deemed to have 120 months of railroad service if:

- A. He was receiving a pension (had an 'H' prefix in the claim number); or
- B. He had at least 114 months and was awarded an annuity which began to accrue before 1948; or
- C. A survivor insurance annuity was awarded before 11-1-51 based on 10 years of service.

These deeming provisions did not apply for entitlement under the 1974 RRA. However, the 1981 RRA amendments added the provision that the 10-year requirement may be met in survivor cases if the employee received a pension under the 1937 RRA, or if he had at least 114 months of railroad service and was awarded an annuity which began to accrue before 1948. This provision is effective October 1, 1981.

230.15.2 Current Connection

A current connection (C/C) with the railroad industry is a requirement for a completely insured status. See FOM-I-225.

NOTE: An insured status based on quarters of coverage, which was required for a completely insured status under the 1937 RRA, is not needed under the 1974 RRA.

230.20 Partially Insured Status Under The 1937 RRA

The survivors of an employee who was partially insured under the 1937 RRA could qualify for the lump-sum death payment, a widow's current insurance annuity and a child's insurance annuity only. An employee was partially insured under the 1937 RRA at the time of attaining retirement age or at death if he had 120 months of creditable RR service, a current connection and either of the following:

- A. A minimum of six QCs counting from the beginning of the third calendar year before the year in which the employee retired or died and ending with the quarter of his retirement or death; or
- B. Sufficient QCs to be currently insured under the SSA (see FOM-I- 230.55) if his RR service after 1936 had been employment covered by the SSA. (This applies under the same conditions as for a completely insured status.)

NOTE: If an employee had a partially insured status at the time a retirement annuity began to accrue, he does not lose this status in the interval between retirement and death, regardless of his employment status during that period.

The benefit amounts payable based on the partially insured status are the same as the benefits payable based on a completely insured status.

230.25 Fully Insured Status Under The SSA

230.25.1 One-For-Four-Rule

The wage earner is fully insured under the SSA if he has a minimum of six QCs and has at least one QC for each year elapsing after 1950 or after the year he attained age 21 (whichever is later), up to the earlier of:

- A. The year of attainment of retirement age; or
- B. The year of disability onset; or
- C. The year of death.

Retirement age under the SSA is age 62. Before 1-1-73, retirement age for men was age 65; this applies for men born before 1-2-11, who attained age 62 in 1972 or earlier. Men who attained age 62 in 1973 and 1974 (born 1-2-11 through 1-1-13) are deemed to have attained retirement age (age 65) in 1975. Therefore, those men require the same number of QCs for an insured status as men born 1-2-10 through 1-1-11, and 1-2-13 through 1-1-14 (actually attained age 62 in 1975).

The necessary QCs may be acquired at any time. When a wage earner has acquired 40 QCs, he is fully insured for life.

A World War II veteran may be deemed to be fully insured if the regular requirements are not met. The veteran must have been discharged or released from active service under conditions other than dishonorable no later than 7-26-51, and he must have died within 3 years after his separation from active service. Refer such a case to BRB (the Bureau of Retirement Benefits) for an insured status determination.

Special requirements apply for a disability insured status (see FOM-I-230.30).

230.25.2 Determining Number of QCs

The following steps may be used to determine the required number of QCs for a full insured status.

- A. Determine the earlier of:
 - 1. The year the person attained age 62 (if born 1-2-13 or later); or

2. The year of disability onset; or
 3. The year of death; and
- B. Subtract the later of:
1. The year 1951; or
 2. The year the person attained age 22.

The result is the number of QCs needed for fully insured status.

Alternate insured status requirements apply for a person who is disabled before age 31 and for a statutorily blind individual (see FOM-1-230.30.2 and 230.30.3).

230.25.3 Quarters of Coverage Table

The following table may also be used to determine the number of QCs needed for a fully insured status, instead of using the rules in FOM-1-230.25.2.

- A. If the person was born before 1930 and is retiring based on age, find the year of birth in the first section to determine the number of QCs required (in the third section).
- B. If the person was born before 1930 and became disabled or died before age 62 (or age 65 if born before 1-2-13), find the year of disability onset or death in the second section to determine the number of QC's required (in the third section).
- C. If the person was born after 1-1-30, find the person's age in the year of death or disability onset in the last column. The number of required QC's is shown in the preceding column.

Year of birth		Year of retirement Age, disability QCS Onset, or death required		Age in year of Disability or Death (if born After 1-1-30)
Men	Women			
1892	1895	1957	6	28 or younger
1893	1896	1958	7	29
1894	1897	1959	8	30
1895	1898	1960	9	31
1896	1899	1961	10	32
1897	1900	1962	11	33
1898	1901	1963	12	34
1899	1902	1964	13	35
1900	1903	1965	14	36
1901	1904	1966	15	37
1902	1905	1967	16	38

1903	1906	1968	17	39
1904	1907	1969	18	40
1905	1908	1970	19	41
1906	1909	1971	20	42
1907	1910	1972	21	43
1908	1911	1973	22	44
1909	1912	1974	23	45
1910	----	1975	24	46
1911	----	(1975)	24	--
1912	----	(1975)	24	--
1913	1913	1975	24	--
1914	1914	1976	25	47
1915	1915	1977	26	48
1916	1916	1978	27	49
1917	1917	1979	28	50
1918	1918	1980	29	51
1919	1919	1981	30	52
1920	1920	1982	31	53
1921	1921	1983	32	54
1922	1922	1984	33	55
1923	1923	1985	34	56
1924	1924	1986	35	57
1925	1925	1987	36	58
1926	1926	1988	37	59
1927	1927	1989	38	60
1928	1928	1990	39	61
1929	1929	1991	40	62

230.25.4 Effect of Disability Freeze

The general effect of establishing a disability freeze (DF) is to reduce the number of QCs which would otherwise be required for a fully insured status. Any year that is partly or wholly within a DF period is not counted as an elapsed year; only the first and last quarters of a DF can be counted as QCs.

However, if excluding the disability freeze period results in a decrease or denial of benefits because the QCs in the DF period are not counted, the DF must be disregarded for both insured status determinations and benefit computations.

230.30 Disability Insured Status Under The RR And SS Acts

A disability insured status based on wages only is required under the SAA for payment of a disability insurance benefit and for entitlement to disability hospital insurance coverage. A DIB insured status based on social security wages alone is needed to pay a disability vested dual benefit under the RRA. (The employee must be eligible for an

SS DIB, even though he does not have to file for the SS benefit, to be entitled to a vested dual benefit based on disability.)

A DIB insured status is needed under the RRA to qualify an employee for payment of the DIB O/M and disability hospital insurance coverage. This DIB insured status is determined as if railroad service after 1936 were social security wages. This determination is separate from the determination of a DIB insured status based on wages only that can entitle a beneficiary to a social security DIB payment or an RRA VDB based on disability.

An occupational disability annuitant may be deemed to have a DIB insured status for Medicare only if:

- A. He met the 20/40 earnings requirement (see FOM-I-230.30.1) on the annuity beginning date, but was not totally and permanently disabled on that date; and
- B. He later becomes totally and permanently disabled, but does not meet the earnings requirement on the date of disability onset. He is deemed to meet the 20/40 requirement as of the disability onset date.

The DF granted for Medicare only will not allow payment of the O/M or affect the computation of any PIA (Primary Insurance Amount).

230.30.1 Requirements For Regular DIB Insured Status

An employee must meet the following requirements to have a DIB insured status. Special provisions apply for an employee who is disabled before age 31 or who is statutorily blind (see FOM-I-230.30.2 and 230.30.3).

- A. 20/40 earnings requirement - An employee who becomes disabled after he attains age 31 must meet the 20/40 earnings requirement to have a disability insured status. The 20/40 requirement is met if, in the quarter of disability onset or in a following quarter while the employee is continuously disabled, the employee has at least 20 QCs in a period of 40 consecutive calendar quarters ending with that quarter.

In determining if the 20/40 requirement is met under the RRA, railroad compensation QCs are combined with wage QCs, except when vested dual benefit eligibility is being determined. Only wage QCs are used to determine a disability insured status for SSA DIB benefits and for an RRA vested dual benefit based on disability.

- B. Fully insured status - The employee must also meet the QC requirement for a fully insured status. The fully insured status is determined as if the employee attained SSA retirement age in the quarter of disability onset or in a following quarter while the employee is continuously disabled. Railroad compensation is counted as wages in determining if the fully insured requirement is met under the RRA, except when vested dual benefit eligibility is being determined.

C. Disability freeze - Every employee disability annuitant is also rated under the SSA for a disability freeze. Non-disability annuitants may also file for a freeze. A disability freeze protects against the loss of or reduction in benefits because of disability. The DF insures that the period during which the employee is disabled and unlikely to have substantial earnings will not count against him in determining insured status or the amount of a PIA. The RRB uses the DF in retirement cases to increase PIAs, establish eligibility for the DIB O/M and vested dual benefit entitlement based on disability and for early Medicare coverage. In survivor cases, the freeze may increase the death PIA.

1. Requirements for a DF - To qualify for a DF, an employee must be totally and permanently disabled for all regular employment. He must also meet the 20/40 earnings requirement and the fully insured status requirement to qualify for a DF. A DF may be established by the RRB or Social Security Administration, separately or jointly. In DF determinations for RR employees, both RR and SS earnings are considered in determining if the 20/40 requirement is met.
2. When a DF begins - A disability freeze may begin retroactively with the first day the employee meets the 20/40 earnings requirement and has been rated totally and permanently disabled. There is no 12-month limit on retroactivity, except as stated in B3. following.

Payment of benefits is limited to the usual 12 months prior to the month the application is filed.

3. Filing for a DF - An application for a disability annuity is also an application for a DF. A non-disability applicant may also file for a DF. BRB may request a Form AA-1d (Application for Determination of Employee Disability) for a DF decision if the DF was denied when the application for a disability annuity was filed initially, because the employee was not totally and permanently disabled, but he later becomes qualified. An AA-1d may also be needed if an application for a DF was never filed with the RRB.

If an eligible employee died before filing, a survivor may file an application after the death of a disabled employee to establish a DF. The application must be filed within 3 months after the month of death, and should only be filed when the employee was under age 62 on his disability onset date (or under age 63 if the employee was disabled for more than 24 months prior to his death), and he was unable to work because of disability for a period of 5 full months, beginning before the year of death.

If disability has ceased before an application for a DF is filed, the application must be filed no later than:

- a. Twelve months following the month the employee attains full retirement age (FRA); or

- b. Fourteen months following the month disability ceased.

In this case, however, the time limit for filing may be extended to 36 months after the month disability ceased, if the applicant failed to file a timely application because he was physically or mentally incapable of filing an application.

- 4. DF previously terminated - If an employee had a DF that was previously terminated because disability ceased, that prior DF must be considered when an employee acquires a subsequent DF on the basis that he is again disabled. In determining whether the employee meets the 20/40 requirement for a subsequent disability insured status, no quarter that is wholly within a previous DF period is counted. The first and last quarter of a previous DF period may be counted, if either is a QC.
 - 5. When a DF may be disregarded - A DF may be disregarded if use of the DF would result in a denial or loss of benefits, as long as entitlement exists without it. If there are high earnings within a DF period, the PIA may be higher if the DF is disregarded. However, if the DF is disregarded for one purpose (e.g. determining insured status), it must be disregarded for all purposes (e.g., PIA computations).
 - 6. DF ending date - The ending date of a DF is the earliest of:
 - a. The last day of the month in which the employee dies; or
 - b. The last day of the month preceding the month in which the employee attains FRA; or
 - c. The last day of the second month after the month in which the disability ceases. See FOM-I-210.95 if a trial work period extension applies.
- D. Waiting period - Under Social Security Administration rules, the employee must serve a waiting period of 5 months before the DF is effective. The employee must be disabled throughout those 5 months. If the employee is not continuously disabled throughout the waiting period, a disability freeze may not be established. (Before 1-1-73, the waiting period was 6 months.)
- 1. Duration of the waiting period - The waiting period cannot begin earlier than 17 months before the month the application is filed (counting backward from the filing date). The waiting period begins in the first month in which:
 - a. The employee is totally and permanently disabled and has been under this disability for the entire month (i.e., the date of onset is on or before the first day of the month); and

- b. The employee meets the 20/40 earnings requirement and the fully insured status requirement. An individual who has a disability insured status on the disability onset date, and remains continuously disabled through the first month of the waiting period, retains this disability insured status (even if the waiting period begins in a quarter after onset).

In determining the duration of the waiting period, a full month is counted for the month the DF begins if it begins on the first day of the month. The month disability ceases is counted as a full month if the DF ceases on the last day of the month. If the employee dies on the last day of the month, that month is counted as a full month.

Once the waiting period is met, the DF is established from the disability onset date. It continues up to the attainment of FRA, termination of disability, or death.

Under the RRA, a VDB based on disability or the DIB O/M cannot begin until the first of the month following the month in which the waiting period ends.

2. When a waiting period is not required - If the employee previously had a DF or DIB which ended within 5 years (60 months) before the month his current disability began, no waiting period is required. The 60-month period begins with the month in which the prior DF ceased or DIB terminated, and ends with the month before the first month throughout all of which the employee is under a disability.

230.30.2 Alternate Disability Insured Status Before Age 31

If an employee becomes disabled before age 31, they have a disability insured status if:

- A. They are under a disability which began before the quarter in which they attained age 31; and
- B. They are fully insured (see FOM-I-230.25); and
- C. They have earned QCs in at least one-half of the calendar quarters during the period beginning with the quarter after the quarter in which they attained age 21, and ending with the quarter in which the period of disability began; or
- D. That period contains less than 12 calendar quarters, they have earned at least six QCs in the 12-quarter period ending with the quarter in which the period of disability began. The six QC rule will always apply if the disability begins in the quarter of age 24 attainment or before.

The required quarters must be earned within the period after age 21, or in the 12-quarter period described in D., if applicable. When the number of elapsed

quarters in the period after age 21 is odd, the odd one is dropped in computing the number of required quarters.

If the employee attained age 21 before 1937, he must be fully insured and have earned QCs in half of the quarters in the period beginning after 12-31-36 and ending with the quarter in which the period of disability began. The six QC minimum requirement also applies in this case when the period contains less than 12 calendar quarters.

Each period ends with the quarter in which the period of disability began. When the period of disability cannot begin in the quarter of onset because the worker is not fully insured at that time, it begins with the first quarter in which the qualifying QC is earned.

EXAMPLE: The employee (date of birth 5-13-50) became disabled 1-15-80 at age 29. In determining the number of QCs necessary for insured status, count the quarters in the period which begins with the quarter after the worker attains 21 and ends with the quarter in which they became disabled. Since they attained 21 in 5-71 and became disabled on 1-15-80, the period contains 35 calendar quarters. Since this is an odd number, one quarter is dropped. In this case, the period then has 34 quarters for computing the QC requirement. The employee must have earned 17 QC (1/2 of 34) during the period. The QCs must actually have been earned during this period, i.e., QCs which they had earned before 7-1-71 cannot be counted toward the DIB insured status.

Before the 1983 SSA amendments, an employee who was disabled and insured under the age 31 provision, who recovered and again became disabled after attaining age 31, had to meet the regular 20/40 and fully insured status requirements. The requirements were relaxed under the 1983 amendments for employees who do not meet the regular requirements, and file applications after 4-20-83. The disabled employee is insured if he has QCs in one-half of the quarters elapsing after the quarter in which they attained age 21, up to and including the quarter in which disability began. If the number of elapsed quarters is less than 12, the employee must have at least six QCs in the 12-quarter period ending with the quarter in which disability began.

230.30.3 Disability Insured Status for Statutory Blindness

For benefits payable January 1973 or later, a statutorily blind worker no longer needs to meet a "20/40" or "disability before age 31" insured status test. There is a minimum requirement of six QCs. In determining the number of QCs required for a fully insured status, the individual must have at least one quarter of coverage for each year elapsing after 1950 (or, if later, the year in which he attained age 21) up to the year in which the sixth QC is earned. There is a minimum requirement of six QCs. When the period of disability does not begin with the quarter of onset because insured status is not met at that point, it will begin with the first quarter after that in which a fully insured status exists, provided the employee is disabled in that quarter. The fully insured status is

determined as if the employee attained SSA retirement age in that quarter. This provision applies regardless of the age at which the individual is disabled.

Statutorily blind applicants under age 55 must not be able to perform any substantial gainful activity (SGA) to become entitled to DIB benefits. A statutorily blind applicant age 55-64 may not become entitled to a DIB benefit if he is performing SGA comparable to the activity he engaged in during the 10 years before his blindness or age 55, whichever is later. However, the ability to perform SGA does not affect eligibility for a DF. A statutorily blind employee who has a disability freeze but cannot become entitled to a monthly disability benefit (i.e., they are under age 55 and able to engage in SGA or they are age 55 or over and able to engage in comparable SGA) and who later becomes unable to engage in such SGA, and is therefore entitled to a DIB under SSA rules, must serve a waiting period before DIB (or the RR Act DIB O/M or DIB vested dual benefit) payments can begin. However, months after age 55 in which they were engaging in non-comparable SGA can be counted as months in the waiting period, if they are after the disability onset.

EXAMPLE: The employee (date of birth 7-12-47) is statutorily blind from birth. They first secure employment through vocational rehabilitation in the third quarter of 1967, and has sporadic work attempts after that. Their employment record is as follows:

1967 NNCC	1973 CNNN
1968 NNNN	1974 NNNN
1969 NNNN	1975 NCNN
1970 NNNN	1976 CNNC
1971 NNNN	1977 CCCC
1972 NNCCN	

Although the employee's disability onset is at birth and they acquire their sixth QC in the first quarter of 1976, the period of disability cannot begin at that point since they would require seven QCs to be fully insured as of that quarter (i.e., there are 7 years elapsing between 1968, the year they attained age 21, and 1976, the year in which they have their qualifying QC for a fully insured status). Their period of disability would begin with the last quarter in 1976, since this is the first point at which they are both fully insured and under a disability.

230.30.4 Use of Federal Service QC's for Disability Insured Status for Medicare

Employees who lack a disability insured status based on wage and compensation QCs can use Federal employment QCs after 1982 to fulfill requirements for Medicare purposes only. In addition, federal employment before 1983 can qualify as "deemed" QCs if the individual was an employee of the Federal government (i.e., an employer/employee relationship existed between the individual and the Federal agency or instrumentality) at any time after 12/31/82 and before 2/1/83. Use of Federal QCs is limited to Medicare eligibility and cannot be used to qualify an employee for the DIB O/M or for increasing any other benefit.

230.35 Currently Insured Status Under The SSA

A currently insured status under the SSA is used as an alternative to a fully insured status for payment of a child's, mother's, or father's benefit, or the lump-sum death benefit.

230.35.1 Test Period

The wage earner is currently insured under the SSA if he has a minimum of six QCs during any one of the following periods:

- A. The 13-quarter period ending with the quarter in which he died; or
- B. The 13-quarter period ending with the quarter in which he became entitled to an RIB; or
- C. The 13-quarter period ending with the quarter in which he most recently became entitled to a DIB.

230.35.2 Effect of Disability Freeze

In determining the 13-quarter period, only the first and last quarters of a DF period can be QCs. However, if excluding a DF period would result in a decrease or denial of benefits because there are potential QCs in the period which could not be counted, the period of disability is disregarded for both insured status determinations and benefit computations. If the wage earner has acquired six QCs during the 13-quarter period preceding the onset of the disability, and the disability freeze continued uninterrupted until either entitlement to a life benefit or death, the disability period preserves a currently insured status.

230.40 Transitionally Insured Status Under The RR And SS Acts

230.40.1 Requirements

The 1965 amendments to the SSA introduced a special transitional insured status requirement for certain workers, age 72, who are uninsured solely because they do not have a minimum of six QCs. The provision that the wage earner must have at least one QC for each elapsed year was retained, but the minimum requirement for these wage earners was lowered from six QCs to three QCs. This reduction in the minimum QC requirement affected primarily those wage earners who attained age 72 in 1963 or earlier, if a male, or in 1966 or earlier, if a female. If, however, a period of disability beginning before 1957 was established based primarily on earnings creditable for freeze purposes only (RR or M/S credits), the provisions could have applied if the wage earner attained age 72 before 1969.

The provision did not apply to an employee under the RRA. However, this provision was applied under the 1937 RRA to widows of employees insured under this transitional insured status provision. Beginning 1-1-75, widow(er)s were not affected because the quarter of coverage requirement no longer applied.

230.40.2 Spouse of Wage Earner

The spouse of a transitionally insured wage earner could have qualified for a spouse's SS benefit at age 72 if they attained age 72 before 1969.

Benefit payments under the transitional insured status provision were restricted to wage earners and the wives and widows of male wage earners. No provisions were made for the payment of a lump sum, mother's, child's, husband's, widower's, parents', or a surviving divorced wife's benefit. However, husbands and widowers did become eligible for benefits effective 5-1-83, under the 1983 SSA amendments.

230.40.3 Widow(er)s of Transitionally Insured Persons

Effective 9-1-65, a widow of a transitionally insured wage earner who attained age 72 before 1969 could qualify for a widow's SS benefit under certain conditions. A surviving divorced wife could not qualify under this provision. Widowers became eligible for benefits effective 5-1-83, under the 1983 SSA amendments.

- A. Wage earner died in or after 9-1965 - The widow(er) of a wage earner who became entitled to a benefit under the transitional insured status provision, or who could have become entitled had he filed an application, is eligible for a widow(er)'s benefit at age 72 if she attained age 72 before 1969.
- B. Wage earner died before 9-1965 - If the wage earner attained age 65 or died before 1957 and was not insured because he did not have six QCs, his widow(er) may become eligible for benefits at age 72, if she attained age 72 before 1969.
- C. Effect on RRB beneficiaries - Under the 1937 RRA, widows who attained age 72 before 1969 were eligible for insurance annuities at age 72 if the employee had at least 120 months of RR service, a C/C with the RR industry, and sufficient QCs to be transitionally insured under the SSA. RRB beneficiaries were no longer affected beginning 1-1-75, because the QC requirement was eliminated.

NOTE: Compensation QCs earned after attainment of age 65 and before 1939 may be used to produce a transitionally insured status for payment of survivor benefits under the RRA, or for purposes of applying the O/M, even though earnings in that period would not produce QCs creditable under the SSA.

230.40.4 Amount of Benefit Payable

Persons who have qualified for benefits based on transitional insured status are eligible for benefit payments as follows:

Beneficiary	Amount	Effective Date
(Wage Earner or Widow(er) of Wage Earner)	\$ 64.40	6-1-74
	69.60	6-1-75
	74.10	6-1-76
	78.50	6-1-77
	83.70	6-1-78
	92.00	6-1-79
	105.20	6-1-80
	117.00	6-1-81
	125.60	6-1-82
(Spouse of Wage Earner)	\$ 31.10	3-1-74
	32.20	6-1-74
	34.80	6-1-75
	37.10	6-1-76
	39.30	6-1-77
	41.90	6-1-78
	46.10	6-1-79
	52.70	6-1-80
	58.70	6-1-81
63.00	6-1-82	

230.45 Prouty Benefits Under The SSA

The Prouty benefit provision of the SSA provides monthly payments for persons age 72 or over who cannot qualify for an insured status under either the regular or the transitional provisions.

230.45.1 Requirements

The beneficiary is entitled to payments under the Prouty provision if:

- A. He has filed an application; and
- B. He is either a U.S. citizen who resides in the U.S., or is an alien lawfully admitted to the U.S. for permanent residence, who has resided in the U.S. for the five-year period preceding the month he files an application; and
- C. He attained age 72 before 1968; or
- D. He attained age 72 after 1967 and has at least three QCs (whenever acquired) for each calendar year elapsing after 1966 and before the year in which he attained age 72. This requirement is the same for both men and women. The breakdown of the QC requirement is:

Year Attains Age 72	QC Requirement
1968	3
1969	6
1970 (applies only to men)	9
1971 (applies only to men)	12

NOTE: In 1970 or later, the QC requirement applies only to men because a woman age 72 in 1970 would need only nine QCs to be fully insured. Similarly, 1971 is the last year the special provision applies since men would require only 14 QCs in 1972 to be fully insured and would require 15 QCs under the special provision.

The amount of Prouty benefits payable is the same as the amount payable based on a transitionally insured status (see FOM-I-230.40.4). Before the 1983 SSA amendments, the husband received the larger benefit payable to the wage earner, and the wife received the smaller benefit. Beginning 5-1-83, both the husband and the wife receive the higher amount (\$125.60).

No benefits are payable under the RRA based on the Prouty provision.

230.45.2 Offset Under the RRA

Under the 1937 RRA, if an annuitant was entitled to a Prouty benefit and the railroad annuity was greater than the Prouty benefit, the annuity was not reduced for Prouty entitlement (the Prouty benefit is completely offset by another government pension). If the railroad annuity was less than the Prouty benefit, the annuity was reduced, subject to a reduction limitation, by the difference between the Prouty benefit and the RRA annuity.

Under the 1974 act, the same principle applies. However, since an employee or widow's original tier I rate will always equal or exceed the Prouty benefit rate, no reduction for Prouty entitlement is made in tier I of an employee's or widow's annuity.

A spouse's gross tier I rate, however, will not always equal or exceed the Prouty benefit rate. However, in most cases, the Prouty benefit is completely offset by another government pension. In such cases, the spouse annuity is not reduced for Prouty entitlement.

Entitlement to a Prouty benefit is not based on a permanent insured status under the SSA. Therefore, annuitants entitled to a Prouty benefit are not eligible for a vested dual benefit computation.

230.50 Employee Permanently Insured Status Under The RRA For Vested Dual Benefit

The employee is permanently insured for a vested dual benefit on December 31, 1974, on his own wage record, if he would be insured under the SSA for an RIB (fully insured status) or a DIB (DIB insured status) on the basis of wages, military service used as wages, or self-employment income (SEI) quarters of coverage credited through the earlier of December 31, 1974 or December 31 of the vesting year. The RR service requirements for an employee on the rolls after 12-31-74 (see FOM-I-305.50) must be met. Prior to the 1981 RRA amendments, an employee who was entitled to a wife's SS benefit or a dependent male spouse or widower's SS benefit could be permanently insured for a VDB, if the vesting requirements are met.

An annuitant on the rolls as of 12-31-74 who is transitionally insured under the SA is also permanently insured for the vested dual benefit. A female employee who was on the rolls as of 12-31-74 and is entitled to a wife's transitional benefit under the SSA, could be permanently insured for a VDB prior to the 1981 RRA amendments. Also, an employee on the rolls receiving an SSA parent's benefit on 12-31-74 could be permanently insured for a vested dual benefit prior to the 1981 RRA amendments.

230.55 Spouse Permanently Insured Status Under The RR ACT For Vested Dual Benefit

Before the 1981 RRA amendments were enacted, the female or male spouse was permanently insured for a vested dual benefit on their own record on December 31, 1974, if (s)he would be insured under the SSA for an RIB or DIB on the basis of SSA wages, military service used as wages, or SEI quarters of coverage on their own wage record credited through the earlier of December 31, 1974 or December 31 of the vesting year. When determining the spouse vested status, the employee annuitant's RR service record must fulfill the requirements indicated in FOM-I-320.60.

A female spouse or dependent male spouse on the rolls as of 12-31-74 who is transitionally insured under the SSA, or, if female, is entitled to a transitional wife's benefit under the SSA, was also permanently insured for the vested dual benefit prior to the amendments.

Before the 1981 amendments, if the employee is permanently insured for a vested dual benefit and meets the requirements in FOM-I-305.50, a female or male spouse could be entitled to at least one-half of the employee's vested dual benefit amount.

230.60 Widow(er) Permanently Insured Status Under The RRA For Vested Dual Benefit

Before the 1981 RRA amendments were enacted, the widow or dependent widower was permanently insured for a vested dual benefit on their own wage record on December 31, 1974, if they would be fully insured under the SSA for an RIB or DIB on

the basis of wages on their own wage record credited to years before 1975, and the employee had at least 10 years of RR service before 1-1-75. Non-dependent widowers are not entitled to a vested dual benefit.

230.65 Retirement Work Deduction Insured Status Under The RRA

An employee has a work deduction insured status as of the quarter in which he becomes fully insured under the SSA, based on social security earnings after 1936 and railroad compensation quarters of coverage after 1974. The total of those wage and compensation QCs are considered in determining if an employee has a work deduction insured status.

A spouse of a railroad employee has a work deduction insured status if:

- A. The employee has or acquires a work deduction insured status; or
- B. If the spouse is entitled to a vested dual benefit based on the spouse's own or the employee's earnings record.

230.70 Compensation Quarter Of COGE Defined

In general, a compensation quarter of coverage is a unit of service and earnings after 1936 in employment covered by the RRA and in creditable military service (when M/S earnings are used as compensation). Each quarter is a period of 3 calendar months beginning January 1, April 1, July 1 or October 1 and ending on March 31, June 30, September 30 or December 31 respectively. Since compensation is reported to the RRB on an annual basis, it is presumed to be paid in equal amounts in each of the months of service in the calendar year in which it is credited, when a quarters of coverage determination is made.

230.75 Use Of Compensation QCs Under The 1974 RRA

Compensation QCs are used along with wage QCs to determine the employee's fully insured status for the retirement age and service O/M computation, to establish a disability insured status, for the retirement DIB O/M computation, or to determine the employee's HI insured status.

Compensation QCs are never used to determine the employee's permanently insured status for vested dual benefit entitlement. However, if a spouse or widow(er) has less than 120 months of railroad service and this service is before 1975, the Social Security Administration will use the compensation QCs as wages for a fully insured status or HI insured status. RRB would treat the compensation as wages in determining the spouse's or widow(er)'s permanently insured status for a vested dual benefit, if a VDB was paid prior to the 1981 RRA amendments.

Only the employee's compensation QCs earned 1-1-75 or later combined with wage QCs earned after 1936 are used to determine the employee's work deduction insured

status. However, if the spouse has less than 120 months of RR service, this service was before 1975, and this compensation was used as wages to determine her vested dual benefit entitlement, the compensation is used as wages to determine her work deduction insured status.

230.80 Determining Compensation QCs Before January 1, 1978

Before January 1, 1978, compensation QCs are based on the employee's total months of creditable service in a calendar year after 1936, and the total compensation paid for that service in the calendar year. If the employee returns to employer service after the annuity beginning date (ABD), additional compensation QCs can be credited for this service (up to a maximum of 4 QCs per year), regardless of the effect that such employment has on the annuity.

230.80.1 Regular Method Before January 1, 1978

Usually, the compensation QCs in a calendar year are determined according to the following table (for exceptions see section 230.80.2):

Months of Service in a Calendar Year	Total Compensation Paid in the Calendar Year				
	\$00.00 to \$49.99	\$50.00 to \$99.99	\$100.00 to \$149.99	\$150.00 to \$199.99	\$200.00 or More
1 - 3	0	1	1	11	
4 - 6	0	1	2	22	
7 - 9	0	1	2	33	
10 - 12	0	1	2	34	

Earnings after the quarter in which the employee attained age 65 and before 1939 may be used as compensation QCs only to produce a transitional insured status for survivor benefits.

Earnings due to military service creditable as RR service can be used as compensation to establish compensation quarters of coverage.

230.80.2 Alternative Method Before January 1, 1978

The alternative method of determining QCs may be used for retirement O/M cases when the use of the table in the preceding section for determining compensation QCs does not produce sufficient QCs to establish either:

- A. A fully insured status under the SSA; or

- B. The qualifying QCs which would enable the employee to meet certain eligibility requirements under the SSA, including the establishment of a disability freeze.

The compensation credited in each calendar year is prorated equally to each month in that year for which the employee is credited with railroad service, even though some months in the beginning or ending calendar years are before or after the period being tested. The monthly amounts thus obtained are allocated to calendar quarters. Each calendar quarter in which the compensation totals \$50 or more is a QC.

If fewer than four QCs are established in a calendar year and the employee has been credited with wages under the SSA for a calendar quarter to which less than \$50 in compensation was allocated, the compensation allocated is combined with the wages reported for that calendar quarter. A QC will be allowed for each such calendar quarter in which compensation and wages total \$50 or more.

The alternative method of determining QCs in life cases is applied to calendar years in reverse chronological order until the QCs established are sufficient to meet eligibility requirements under the SSA. In determining whether an employee meets the 20/40 test for establishing a disability freeze, the alternative method is applied to the calendar year in which the disability began and to each preceding year back to and including the year in which the 40-quarter period begins.

230.85 Determining Compensation QCs January 1, 1978 Or Later

A compensation quarter of coverage after 1-1978 for an O/M fully insured status, disability insured status, work deduction insured status, or HI insured status is determined using a method similar to the SSA wage quarter of coverage determination (see FOM-I-230.140). A QC is based on yearly earnings and is not assigned to a specific calendar quarter in the year unless it is necessary to meet the requirement for an insured status.

In such a case, the QC is assigned in the manner most advantageous to the employee.

There is a maximum of four QCs for each calendar year. If fewer than four QCs are established based on compensation and the employee has been credited with wages, military service used as wages or self-employment income for the year, the combined compensation and SS earnings are used to credit a QC (up to a maximum of 4 per calendar year).

For calendar years 1978 or later, the amount of earnings required for an employee to be credited with a QC is written into the Social Security Act and is adjusted each year with the rise in average wage levels as shown in the linked chart:

[Determining QCs Based on Compensation, Wages, and/or Self-Employment Income January 1, 1978 or Later](#)

230.90 Wage Quarter Of Coverage Defined

In general, a wage quarter of coverage is a period which the employee earns a specified amount of non-railroad income creditable under the Social Security Act. Each quarter is a period of 3 calendar months beginning January 1, April 1, July 1 or October 1, and ending on March 31, June 30, September 30 or December 31, respectively.

Wage QCs are based on the employee's wages after 1936, military service credits used as wages, and self-employment income for taxable years after 1950 through the quarter of death, regardless of the individual's age.

EXCEPTION: Individuals who attained age 65 before 1939 are not credited with wages after attainment of age 65 and before 1939. If the wage earner attained age 65 in the period in which the amounts were reported, SSA assumes such amounts were paid before age 65.

RR compensation after 1936 is used as wages by SSA to provide QCs for an SSA insured status only when the living RR employee does not have enough RR service for RRA retirement benefits (120 months) or when the deceased RR employee either does not have 120 months of RR service or does not have a current connection for RRA survivor benefits.

230.95 Use Of Wage QCs

Wage quarters of coverage are used to determine the individual's entitlement to the following benefits.

230.95.1 Determination at RRB Based on Combined Wages and Compensation

Combined SS earnings and compensation are used at RRB to determine the employee's fully insured status for the retirement age and service O/M, to determine the employee's disability insured status, for the retirement DIB O/M, or to determine the employee's HI insured status.

230.95.2 Determination at RRB Based on Wages Only

The employee, spouse, or widow(er)'s wage QCs only are used at RRB to determine the individual's permanently insured status or DIB insured status used for vested dual benefit eligibility.

If the spouse or widow(er) has less than 120 months of railroad service and this service is before 1975, RRB would use the compensation QCs as wages in determining the spouse or widow(er)'s permanently insured status for vested dual benefit entitlement, if a VDB was paid prior to the 1981 RRA amendments.

230.95.3 Wage QCs to Qualify for SSA Benefits

Wage QCs are used at SSA to determine the wage-earner's fully insured status or currently insured status for an RIB at the Social Security Administration or to determine the wage earners DIB insured status for a DIB at the Social Security Administration.

Wage QCs on the individual's own wage record are used at the Social Security Administration to determine the spouse's or widow(er)'s fully insured status or currently insured status for an RIB, or to determine the spouse's or widow(er)'s DIB insured status for a DIB. If the spouse or widow(er) has less than 120 months of railroad service, the Social Security Administration will use compensation QCs as wages.

230.100 Annual Wage Reporting

Public Law 94-202, enacted on January 2, 1976, changed the method of reporting wages from a quarterly basis to an annual basis. This change became effective with wage reports for the year 1978.

Under prior law, employers submitted quarterly reports of the wages subject to social security taxes to the Internal Revenue Service (IRS). Beginning January 1979, for the tax year 1978, employers began to file earnings reports with the Social Security Administration. The Social Security Administration then passes the income and tax data to IRS.

Annual reporting delays the posting of wages to the earnings record. Wages for the current year will not be posted to the earnings record until approximately 14 months after the close of the year. Wages for 1979 were not posted to records available to the RRB until early 1981. The Social Security Administration will include lag wages in the earnings record when the wage earner presents a Form W-2 (the annual wage reporting form); the Social Security Administration benefit may be recomputed to include those lag wages.

The change to annual reporting beginning January 1, 1978 affects the crediting of quarters of coverage. The differences in crediting QCs are reflected in the following sections.

230.105 Determining Wage QCs Before January 1, 1978

Before 1978, wages (other than agricultural or SE earnings) were reported to the Social Security Administration on a quarterly basis (except for the year 1937 in which semi-annual reports were made). Under the normal method, the employee must have earned at least \$50 in non-agricultural wages in the quarter to qualify it as a quarter of coverage. If the individual had more than one employer, it is immaterial that wages for each employer were less than \$50, provided that the total wages for the quarter were at least \$50. The QC is acquired as of the first day of that quarter, regardless of when in the quarter the \$50 was first earned or paid.

The simplified method of determining wage only QCs for the 1937-1950 period is explained in FOM-I-230.110.

If the wage earner has SE earnings, refer to FOM-I-230.120.

If the wage earner has agricultural wages before January 1, 1978, refer to FOM-I-230.125.

If the employee has maximum creditable earnings for the year, refer to FOM-I-230.130 for an explanation of possible gift QCs.

230.110 Simplified Method Of Determining Wage QCs

The "simplified method" was developed to facilitate electronic data processing computation of QCs. Under this method, a wage earner is deemed to have one QC for each \$400 in total wages earned before 1951. The simplified method applies only to the period 1937-1950.

230.110.1 When Simplified Method Applies

The simplified method is applicable for determining a fully-insured status under the SSA, or a work deduction insured status or permanently insured status under the RRA, and can be used only if:

- A. There are at least 7 elapsed years after 1950 or after the year age 21 is attained, if later, up to the earlier of the year of attainment of retirement age under the SSA (see FOM-I-230.25.1), the year in which a disability freeze begins, or the year of death (but excluding any year wholly or partly within a period of disability); and
- B. The wage earner is fully insured based on the number of QCs derived under this method plus the number of QCs credited under the normal method after 1950; and
- C. In life cases, when the retirement application was filed after 1-2-68; and
- D. In death cases, when the retirement application was filed before death and after 1-2-68, or no retirement application was filed by an employee who died after 1-2-68.

NOTE: The simplified method was also used for a completely insured status under the 1937 RRA.

If the wage earner is not insured under the simplified method, a wage breakdown from SSA will be used to determine QCs for the 1937-1950 period under the normal method.

230.110.2 Determining Number of QCs

The total reported wages before 1951, regardless of yearly maximum, is divided by \$400 to obtain the number of QCs for the period 1937-1950.

230.110.3 When Simplified Method Cannot Be Used

The simplified method cannot be used to determine QCs for:

- A. The 20/40 test in DIB or disability freeze cases;
- B. A currently insured status;
- C. A transitionally insured status;
- D. An insured status for special age 72 Prouty benefits;
- E. Entitlement to HI under the SSA deemed insured provision; or
- F. Entitlement to the vested dual benefit if the vesting year was before 1951.

230.115 When A Calendar Quarter Cannot Be A QC

No calendar quarter can be counted as more than one quarter of coverage. Do not count as a QC:

- A. Any calendar quarter after the quarter in which the wage earner died. (After 8-1960, wages paid to survivors or the wage earner's estate in the quarter of death are considered to have been paid to the deceased wage earner, and may therefore be a QC. Before 9-1960, the quarter of death could not be counted unless the wage earner actually earned wages of least \$50 in that quarter.); or
- B. A calendar quarter, any of which was included in a period of disability freeze, other than the first and last quarter of such period. (Before 9-1960, only the first quarter of a period of disability freeze ending before 1951 can be a QC.); or
- C. A quarter which has not yet begun.

230.120 Determining Wage QCs Based On Self-Employment Income Before 1978

In general, before January 1, 1978 the wage earner must have had net earnings of at least \$400 in a taxable year to earn quarters of coverage based on self-employment income (SEI). If an individual has \$400 or more of SEI for a taxable year after 1950 and before 1978, he is credited with four quarters of coverage for the year.

A quarter of coverage is acquired as of the first day of each quarter in which \$100 is earned in SEI (up to a maximum of 4 QCs in a year).

If the wage earner has SEI beginning 1-1978 or later, refer to FOM-I-230.140.

230.125 Determining Wage QC'S Based On Agricultural Wages Before January 1, 1978

Only cash remuneration may be used in determining if the amount paid for agricultural (AG) service in a calendar year is wages. Cash remuneration does not include payment in kind. However, cash in lieu of such items as board and lodgings, clothing, transportation costs, etc., constitutes wages.

See FOM-I-225.70 when a C/C determination in a survivor case involves agricultural wages.

230.125.1 Assignment of QCs for Years After 1954 and Before January 1, 1978

If a person was paid wages for agricultural labor in a calendar year after 1954, the QCs are based on annual amounts of wages. The QCs are ordinarily assigned to specific calendar quarters which are not otherwise QCs, in the following manner:

- A. If \$400 or more is paid in a calendar year, all 4 quarters are QCs;
- B. If \$300-399.99 is paid in a calendar year, the last 3 quarters of the year are QCs;
- C. If \$200-299.99 is paid in a calendar year, the last 2 quarters of the year are QCs;
or
- D. If \$100-199.99 is paid in a calendar year, the last quarter of the year is a QC.

QCs for agricultural labor are acquired as of the first day of the quarter to which they are assigned.

230.125.2 Flexible Assignment of QCs

When a pattern of assigning QCs other than working from the last quarter of the year to the first (as described in the preceding section) would either:

- A. Give the wage earner an insured status, or an insured status at an earlier date;
or
- B. Enable the wage earner to meet the QC requirement for a disability insured status, the QCs may be assigned to any other quarters of the year which will give the required insured status. In this respect, agricultural wages before 1-1-1978 are unique.

Similarly, the QCs can be assigned to different quarters of the year in other instances in which QCs are a qualifying factor, for example, to enable the employee to meet the eligibility requirements for certain kinds of computations.

230.125.3 Assignment of QCs Before 1955

When it is determined that wages were paid for agricultural labor in 1951 through 1954, the QCs are creditable as regular wage QCs.

230.130 Crediting Gift QCs

230.130.1 Before January 1, 1978

Before January 1, 1978, wages were reported to SSA on a quarterly basis (except for the year 1937 in which semi-annual reports were made). An individual who earned the maximum creditable earnings in a year could be given 4 quarters of coverage in that year, regardless of when the wages were earned or paid in the year. The quarters that would not otherwise be counted are gift QCs.

The yearly earnings maximums used in determining whether gift QCs are applicable before 1-1978 are:

Years	Maximum	Years	Maximum
1937-1950	\$ 3,000	1972	\$ 9,000
1951-1954	3,600	1973	10,800
1955-1958	4,200	1974	13,200
1959-1965	4,800	1975	14,100
1966-1967	6,600	1976	15,300
1968-1971	7,800	1977	16,500

230.130.2 Beginning January 1, 1978

Beginning January 1, 1978, the earnings for 1978 and later years are reported annually and are proportioned according to the total months of service. Gift QCs are no longer necessary.

230.135 Determining Wage QCs Based On RR Compensation Before January 1, 1978

When the RR compensation after 1936 cannot be used under the RRA (e.g. no current connection in a survivor case) the RR compensation record is transferred to the Social Security Administration. The Social Security Administration credits quarters of coverage based on these earnings according to the chart in FOM-I-230.80.1. The total compensation QCs for the year are added to the total SS QCs for each year. If the total for any year exceeds four QCs, the total is reduced to four.

EXCEPTIONS: Only the first and last quarters of a disability freeze period may be QCs.

In survivor cases, the total QCs for the year of death cannot exceed the number of calendar quarters through the quarter of death.

If the wage earner is not insured under this procedure, SSA credits the earnings in a method similar to the RRB alternative method.

Compensation may also be used in determining the number of QCs in joint freeze cases.

230.140 Determining Wage QCs Based On Wages And Self-Employment Income January 1, 1978 Or Later

The 1977 Social Security Act amendments revised the method of crediting wage quarters of coverage January 1, 1978 or later. After 1977, all wages (including agricultural wages and M/S creditable as wages) and SEI are generally reported to SSA annually. The wages and SEI are assumed to be paid in equal proportions for months in a calendar year in which they are credited. At least \$400 of net earnings from self-employment is still required before SEI can be credited.

The amount of earnings required to establish a quarter of coverage based on wages or self-employment income is be adjusted each year with the rise in average wage levels as shown in the linked chart:

[Determining QCs Based on Compensation, Wages, and/or Self-Employment Income January 1, 1978 or Later](#)

230.145 Using Military Service To Establish QCs

Creditable military service earnings may be used as either compensation or wages to establish additional QCs. Under the RRA, an employee is credited with \$160 a month in compensation for each month he was in creditable M/S after 1936 through 1967, and \$260 for each month of M/S performed from 1968 through 1974. For months after 1974, an employee is credited with the actual amount of M/S basic pay that is creditable as SSA wages.

Under the SSA, wages of \$160 are credited for each month of M/S that may count as wages. M/S performed after 1956 is creditable in the same manner as other wages. Military service cannot be used as wages under the SSA if the same period of service is being used as compensation by the RRB.

Military service used as wages may give the employee a fully insured status at the Social Security Administration based on wages only, a disability freeze or a DIB insured status at the Social Security Administration based on wages only, a permanently insured status for the vested dual benefit at RRB, or a work deduction insured status at the RRB.

Military service used as either wages or compensation may give the employee a fully insured status for the retirement age and service O/M, a disability freeze or a DIB insured status at the RRB for the retirement DIB O/M or an HI insured status at the RRB.

M/S after 1-1-75 used as compensation may give the employee a work deduction insured status at the RRB.

230.150 Gift Wage Credits For Japanese Internees

The 1972 SSA amendments provide the awarding of gift wage quarters for individuals of Japanese ancestry who were interned in the U.S. during the period 12-7-41 through 12-31-46. These gift quarters will be provided for any period after the individual attained age 18 and for which he was interned at a place within the U.S. operated by the U.S. government for internment of individuals of Japanese ancestry. It is not necessary for the individual to have been a U.S. citizen before or during the period 12-7-41 through 12-31-46.

The RRA has no provisions for crediting service and compensation for these internees. However, if an inquiry is received, refer the individual to the nearest Social Security Administration district office so the gift QCs can be credited to his wage record.

230.151 Evidence Of Wages For PIA Recomputation

An employee's tier I PIA may be recomputed after the annuity beginning date, if the wages in the ABD year or later years are high enough to result in a PIA increase. An employee must be age 62 or a disability annuitant to receive a PIA recomputation.

Payment of the recomputation is usually delayed a year or more, because of the delay in posting lag wages under the annual reporting method. For example, wages earned in 2006 will generally be posted to the earnings record in early 2007. The tier I would then be recomputed by RESCUE. However, a PIA may be recomputed earlier, if the employee requests payment. The employee must submit evidence of the lag wages or self-employment income.

230.151.1 When Immediate Recomputation May Be Paid

The tier I PIA may be recomputed immediately following a year of earnings, if the wages are high enough to cause a PIA increase and the employee requests an immediate recomputation based on lag wages in the previous year. A written request must be submitted. Do not solicit a request for recomputation.

Occasionally, when computing permanent work deductions, BRB may request earnings information for the purpose of manual recomputation. This type of request should be rare, as BRB will only request a manual recomputation based on unposted earnings if the recomputation affects the permanent work deductions. In order to create a recomputation that affects the permanent work deductions, the unposted earnings

would have to be at least one year earlier than the year for which permanent work deductions are being done. For example, if it is 1993 and BRB is doing permanent work deductions for 1992, a manual recomputation would only be necessary if 1991 earnings were still not posted to SSA's records. BRB would not pay a recomputation based on 1992 earnings at this time, unless the employee requested it as explained above.

230.151.2 Evidence of Wages

An employee must submit Form W-2 (Wage and Tax Statement) as evidence of wages for a recomputation. Form W-2 is the only acceptable evidence; it must also meet the following requirements:

- A. Either Copy C (employee's copy) or Copy D (employer's copy) of Form W-2 must be submitted. Photocopies of either Copy C or Copy D are also acceptable.

Do not accept Copy A (Social Security Administration's copy), Copy B (for Federal income tax return), or Copy 2 (for state or local income tax return). Since the employee should not have possession of these forms, the authenticity of the forms would be questionable; and

- B. Form W-2 must not have a checkmark in the "correction" block, and it must not be a corrected Form W-2C; and

- C. The following information must be shown on Form W-2:

1. The employee's name and social security number;
2. The employer's name;
3. The FICA (Federal Insurance Contributions Act) taxes withheld;
4. The total FICA wages;
5. The total wages, tips, and other compensation (for income tax purposes);
6. Two Employer Identification Numbers (EIN):
 - a. The first must be a nine-digit number, which is assigned to the employer by IRS; and
 - b. The second must begin with the digits "69," which is assigned to the employer by SSA.

If the employee's only evidence is an unacceptable or incomplete Form W-2, he should submit a statement explaining the discrepancy. The evidence may be acceptable if there is a good reason for the discrepancy.

If the FICA wages on Form W-2 are different than the total wages, attempt to resolve the discrepancy according to FOM-I-1115.40.

230.151.3 Evidence of Self-Employment Income

The employee must submit photocopies of his income tax return, since SE income is not reported on Form W-2. The employee must submit:

- A. Form 1040 - U.S. Individual Income Tax Return; and
- B. Schedule SE - All self-employed individuals compute their self-employment income tax on Schedule SE (Computation of Social Security Self-Employment Tax); and
- C. Employee's Statement - The employee must submit a signed statement that the tax return is a true and exact copy of the tax return filed with the IRS; and either
- D. Schedule C - A self-employed individual, other than a farmer, reports his business income and expenses on Schedule C (Profit or Loss from Business or Profession); or
- E. Schedule F - A self-employed farmer reports his business income and expenses on Schedule F (Schedule of Farm Income and Expenses); or
- F. Form 1065 - Partners who are considered self-employed are credited with their distributive share or ordinary income whether or not actually distributed. These amounts are reported on Form 1065 (the partnership's informational return).

230.151.4 Development

When an employee requests an immediate recomputation of his tier I PIA, advise him to submit a written request. Also inform him that he must submit Form W-2 or the necessary SE forms. The recomputation may not be paid without evidence of wages or SE income.

BRB may ask you to contact the employee for evidence of lag wages or SE, when computing permanent work deductions for an employee whose earnings are high enough to cause a recomputation. Evidence may be required for more than 1 year, if the lag period includes the two previous years. If BRB requests evidence of lag wages for 2 or more years, the employee must always submit evidence for the earliest year(s) requested. A PIA cannot be recomputed for a later year if wages in the previous year(s) have not been established, since the PIA computation may be affected.

If the employee cannot submit the required evidence, advise BRB. The PIA recomputation will be handled mechanically at a later date, when the wages have been included on the earnings record.

230.152 Erroneous 1978 And 1979 Wage Postings

As a result of a program error, the Social Security Administration may have doubled or halved 1978 and/or 1979 wage postings for an unknown number of railroad employees and annuitants. This error occurred during the transition from quarterly to annual reporting. The Social Security Administration is in the process of correcting the records involved and will provide the RRB with a listing of affected annuitants after all the corrections are made.

This error may affect the following PIAs on the MARC file: Tier I PIA 1, SS DF PIA and SS Age PIA. Do not attempt to adjust IMPACT or SPAR amounts or annuity estimates because of this error. The amounts shown should be only a few dollars from the actual amount. In addition, there is no way to identify which cases are involved and the direction and amount of the discrepancy.

BRB will handle any overpayments and underpayments due to this problem on a case by case basis until the situation is corrected. Any accruals due will be paid and any overpayments attributable to this error will be recovered as explained in FOM-I-1210.5 and 1210.10.

230.155 Retirement Case With Less Than 120 Service Months

If employees do not have the number of railroad service months required to pay an annuity under the Railroad Retirement Act when they retire, SSA has jurisdiction of the payment of their retirement benefits, and includes the railroad service in determining eligibility for and computing those benefits.

230.155.1 Developing An Application

When employees claim less than 120 months of railroad service and claim less than 60 months of railroad service after 1995, (including military service creditable as railroad service months, lag service or creditable railroad service based on pay for time lost), do not develop an application unless the employees insist on filing. If they insists on filing, submit the application and proofs for formal denial, but do not initiate any additional development, and do not release any G-88 series forms.

If individuals claim 120 months of service, or 60-119 months of railroad service with at least 60 months of railroad service after 1995, but it is doubtful that enough months can be established for them to be eligible, take the applications and available proofs as usual. However, do not initiate any additional development (e.g., do not schedule medical exams at RRB expense), and do not release form G-88A.2 unless lag railroad service may provide eligibility.

230.155.2 SSA Jurisdiction

When employees claim less than 120 months of railroad service and claim less than 60 months of railroad service after 1995 and you do not take an application from them,

advise them to contact the servicing Social Security Administration district office if they have not done so already.

Do not request that Operations formally "transfer" credits in these cases. RRB mechanically transmits railroad employees' earnings information to SSA weekly, updating their records with the current RR earnings information. Since they already have the RR earnings, SSA will automatically use them in the computation of the SS benefits when employees have less than the required number of railroad service months.

If an application is filed with the RRB and it is determined that the employee does not have the required number of railroad service months, the Retirement Benefits Division sends copies of the application and proofs to SSA. Currently, Form RR-90, the printed record of railroad earnings, is also included with the material sent to SSA.

If the employee has Medicare coverage or will be age 65 within 3 months, SSA is advised that they have jurisdiction of the employee's Medicare.

SSA is not allowed to use railroad service if 120 months of service are established or if 60-119 months of railroad service with at least 60 months after 1995 are established. If an employee subsequently acquires the railroad service needed to qualify for an annuity under the RRA, the SS benefit must be recomputed to exclude the RR service. If railroad service was required for SS benefit eligibility, the SS benefit is terminated effective with the RRB's ABD.

If M/S creditable as compensation gives employees the required number of railroad service months, they may request either that:

1.	their M/S be used only as wages under the SSA, if they do not want an RRA annuity; or,
2.	their M/S credit used as compensation to give them 120 months or 60-119 months with at least 60 months after 1995.

If payment of the retirement annuity reverts to RRB because 120 service months or 60-119 service months with at least 60 months of service after 1995, have been established, RR credits are not "transferred" back to RRB, just as they are not "transferred" to SSA. The information remains in SSA's records, but cannot be used for SS benefits.

230.160 Jurisdiction Of Survivor Claims

Only one agency, RRB or SSA, can have jurisdiction of payment of survivor benefits on a deceased employee's account, even if both paid benefits while (s)he was still alive. It is RRB's responsibility to determine which agency has jurisdiction.

An exception is the payment of the residual lump sum (RLS). In specific circumstances, the RLS may still be payable by RRB even though SSA has jurisdiction of survivor benefits.

The deceased employee's insured status will determine the jurisdiction of payment of survivor benefits.

Whether paid by RRB or SSA, benefits are based on combined railroad and social security earnings.

Jurisdiction of the payment of survivor benefits should not be confused with certification of payment of the benefits to RRB by SSA. If SSA has jurisdiction of survivor benefits, that agency is responsible for paying those benefits and should not certify them to RRB for payment (see FOM I 705.10).

230.160.1 RRB Jurisdiction

RRB has jurisdiction of the payment of survivor benefits if the employee is completely insured under the Railroad Retirement Act (see FOM I 230.15). To be completely insured, an employee must have:

- A. At least 120 months of creditable railroad service or at least 60 months of creditable railroad service after 1995; and
- B. A current connection (C/C) with the railroad industry (including a deemed C/C (see FOM I 225.45)).

If these two requirements are met, RRB has survivor jurisdiction.

230.160.2 Social Security Administration Jurisdiction

If the employee does not have 120 months of railroad service or at least 60 months after 1995 or a C/C, SSA has jurisdiction of payment of survivor benefits.

SSA also assumes survivor jurisdiction if RRB had survivor jurisdiction, but the widow(er) elects payment of a residual lump-sum in lieu of future RRB benefits. In that case, RRB may not pay any further benefits. SSA may then pay survivor benefits **based on wages only** to any beneficiary entitled on the employee's account.

230.160.3 Mechanical Transmittal of Jurisdiction Determinations to SSA

- A. Information transmitted to SSA - In April 2000, RRB transmitted a file to SSA containing all the jurisdiction determinations that were in our records at that time. Since then, a file has been transmitted weekly that updates SSA's records with current RR earnings information (see FOM I 230.155.3) and current jurisdiction determinations.

RRB transmits three jurisdiction codes to SSA, which are based on the jurisdiction indicators in PREH.

- "R" (RRB Jurisdiction)
- "S" (SSA Jurisdiction)
- "U" (Jurisdiction unknown or not determined)

- B. SSA handling - SSA stores the mechanically transmitted jurisdiction information in their Disability, Railroad, Alien, Military System (DRAMS). If RR involvement is indicated when SSA processes an initial claim, their system searches DRAMS for the RR information. Based on the RR information in DRAMS, SSA takes the following action.

- RRB Jurisdiction - SSA sends RRB certified SSA earnings and any claims material, and notifies the claimant of RRB jurisdiction.
- SSA Jurisdiction - SSA verifies insured status using both SSA and RR earnings, then processes the claim.
- Jurisdiction Unknown - A request is transmitted to SSA's Office of Earnings Operations (OEO) to obtain jurisdiction information. The Division of Earnings Operations (DERO) of OEO sends an Administrative Message to RRB requesting an RR-90. The Claims Certification Unit (CCU) produces the RR-90 and sends it to DERO. Once SSA receives the RR-90, depending on the jurisdiction determination, SSA takes further action, as described above

- C. Verification of Transfer of Information

To verify that a Transfer has been completed, access STAR. Generally, the Transfer categories on STAR will be SIS AT or SIS 73. View the closed work activity. If either these STAR categories shows that the action has been completed, there will be a DATE HANDLED. This will be confirmation that the Transfer has been processed. Assume all appropriate action has been taken.

In addition, Transfer materials are imaged. The imaged documents should be accessible in approximately 10 working days from the completion date on STAR.

230.160.4 Field Office Development

A preliminary jurisdiction determination must be made when notice of an employee's death is received. The APPLE Notice of Death screen displays the current connection code currently on PREH. If it does not appear correct, the Employment Data Maintenance (EDM) system, FSIS, Form Letter RL-94-F, and information personally provided by a survivor of the employee may be used to make a preliminary C/C determination (see FOM I 225.95) and determine if the employee had 120 months or at least 60 months after 1995. Refer to the APPLE instructions for SCREEN COMPLETION FOR EMPLOYEE DEATHS (FOM I 1581.21) for making and transmitting a C/C determination.

If any SSA benefits were being paid on the employee's account and a definite determination (Y or N) is entered into APPLE, APPLE will also mechanically initiate a teletype transmittal to SSA indicating which agency has jurisdiction.

- A. Inquiry made at RRB - If a survivor inquires about benefits at an RRB field office, handle according to the following directions.
1. If it appears that RRB has jurisdiction of survivor benefits, develop an appropriate application.
 2. If RRB jurisdiction is uncertain, develop an appropriate application and advise the applicant that, if SSA has jurisdiction, HQ will transfer copies of the application and supporting documents to the Social Security Administration. Forward the application as usual. HQ will advise the applicant if the application and proofs are forwarded to SSA. **Do not, under any circumstances, transfer an application to an SSA office.**
 3. If it appears that SSA has jurisdiction of survivor benefits, refer the prospective applicant to the servicing SSA district office. If the applicant indicates that a survivor application has already been filed with SSA, send any claims material that may be needed to the SSA district office where the application was filed.

Form Letter RL-94a-F may be used to advise a survivor of the deceased employee that the employee apparently was not insured under the RRA at death. The letter suggests that the survivor contact the Social Security Administration district office if an application for survivor benefits has not been filed with that agency.

If SSA does not take an application and tells the prospective applicant that no benefits are payable under the Social Security Act, develop an application if (s)he inquires again at RRB, even if it appears there is no insured status under the RRA. If SSA does, in fact, have jurisdiction, HQ will advise SSA accordingly and forward the necessary transfer information to that agency.

- B. Inquiry made at SSA - If an inquiry is made at an SSA office, that office will take action based on the information in DRAMS, as described in 230.160.3.B, above.
- C. Request from SSA D/O to verify jurisdiction or transfer RR credits - Because RRB now regularly transmits jurisdiction and earnings information to SSA, under normal circumstances, an SSA district office should not need to contact an RRB field office to provide verification of jurisdiction or request a transfer of RRB credits to SSA.

If the SSA district office does contact your field office for this information and you need assistance from HQ to verify jurisdiction, contact a customer service representative in SBD. Use OUTLOOK, unless circumstances warrant calling directly.

230.160.5 Handling by HQ

- A. RRB jurisdiction - If SSA has developed an application and RRB has jurisdiction, they will transfer the application and proofs to RRB. If there is an indication that an RRB field office is also developing an application, the HQ examiner will notify the field office that an SSA application will be used to pay benefits.
- B. Social Security Administration jurisdiction – The transfer information is faxed to a SSA processing center. In general, if there is any SSA benefit being paid on the employee's account or to an auxiliary beneficiary (e.g. spouse) on their own account, the material is faxed to a SSA processing center. Refer to RCM 11 RR-3T for faxing instructions.

If the applicant has Medicare coverage or will be eligible within 4 months, Medicare jurisdiction is also transferred to SSA.

The applicant is notified when the application and Medicare coverage is transferred.

HQ forwards any claims material received after the initial transfer to SSA.