

Railroad Retirement Annuities



Creditable Railroad Service

- Work for any railroad employer:
 - Railroads
 - Railroad unions
- Service does not need to be consecutive.

Military Service

- Creditable if
 - Preceded by rail service in same or preceding year, and
 - Entered involuntarily or during war or national emergency, or
 - Voluntarily served between 06/15/1948 and 12/15/1950 and returned directly to rail service.

Current Connection

A current connection is the concept of having a close relationship in time and service to the railroad industry before the employee begins to receive an annuity. It is intended to reserve certain RRA benefits for these employees and their survivors.

A current connection is needed for:

- Occupational disability annuities
- Supplemental annuities
- Survivor annuities

Current Connection (cont.)

- Current connection is not broken by Self-employment and certain Federal employment.
- Current connection can be broken by working for nonrailroad employer after leaving railroad and before railroad retirement annuity begins.
- Under certain conditions, can be deemed for supplemental and survivor annuities.

Annuity Types

Employee Annuities

- Age
- Total disability
- Occupational disability

Spouse annuity

- Based on age
- Based on minor child/grandchild in care

Divorced spouse annuity (age only)

Full Retirement Age (FRA)

- Full retirement age for those with fewer than 30 years of service gradually rises from 65 to 67.
- FRA depends on the applicants month and year of birth (birth date).
- Age at which an employee can begin to receive an annuity does not change.

Employee Disability Annuities

	<u>Age</u>	<u>Service</u>	<u>Current Connection</u>
Total Disability	Under full retirement age	10 years (or 5 years after 1995)	No
Occupational Disability	Under 60	20 years	Yes
	60 to full retirement age	10 years	Yes

Employee Age Annuities

<u>Years of Service</u>	<u>Reduced Annuity</u>	<u>Full Annuity</u>
5 after 1995	Ages 62 – 66*	FRA
10 – 29	Ages 62 – 66*	FRA
30+		Age 60

* FRA depends on the month and year of the employee's date of birth.

Employee Tier Components

- Tier 1
- Tier 2
- Vested Dual Benefit
- Supplemental Annuity

Employee Tier 1 Amount

- Approximates social security benefit payable if all work were performed under the Social Security Act.
- The combined railroad and social security earnings are indexed to bring prior year's earnings up to their current dollar values.
- The highest years of combined indexed earnings are used to compute the Primary Insurance Amount (PIA) which is used as the starting point for calculating Tier 1.

PIA 1 Computation

Year	Max. Comp.	Index	Index Comp.
2023	\$160,200	1.00000	\$160,200
2013	113,700	1.34947	153,434
2005	90,000	1.63925	147,532
1999	72,600	1.98803	144,331
1989	48,000	3.01375	144,660

Example: An employee with 35 years of max Tier 1 comp/SS earnings equal \$5,231,562.13 divided by 420 produces an Average Indexed Monthly Earnings (AIME) of \$12,456.

PIA 1 Computation (cont.)

The AIME is used to compute the PIA 1:

90% of the first \$1,174 = \$1,056.60

32% of the next \$5,904 = \$1,889.28

15% over \$7,078

$(12,456 - 7,078 = 5,378) = \underline{\$ 806.70}$

\$3,752.50

The PIA is rounded down to the dime

Employee Tier 2 Amount

- Tier 2 is based solely on service months and compensation.
- The highest 60 months of the RR tier 2 compensation, not to exceed the annual maximum, is used to compute the Average Monthly Compensation (AMC).
- The basic Tier 2 is computed as follows:

$$\text{AMC} * \text{Total Service Months} * .007$$

Requirements for Vested Dual Benefit (VDB)

Insured for social security retirement benefit as of December 31, 1974, 10 years of railroad service before 1975, and certain other conditions.

NOTE: The majority of the employees currently filing are not eligible for a VDB because they do not have the required RR service before 1975.

Employee Supplemental Annuities

- 25 years (300 months) of railroad service.
- Railroad service before October 1, 1981.
- Has a current connection.
- Payable at age 60 if 30 years of service; otherwise at age 65.
- Supplemental annuity rates range from \$27 to \$43 (30 YOS).
- Could be reduced for pension paid by RR employer.

Employee Regular Annuity Reductions

- Tier 1
 - age
 - social security benefits
 - Non-covered service pension
 - Worker's compensation (disability only)
 - Public Disability Benefit (disability only)
- Tier 2 (only reduced for age)
- Vested Dual Benefit
 - 25% of Tier 2
 - age

Spouse Annuities

Requirements for Spouse Annuity

- Employee retired, receiving an annuity & meets the age requirement for a spouse to receive an annuity.
- Spouse meets the age requirements.
- Spouse married at least 1 year to employee or is the natural parent of their child.
- Spouse stops working all railroad employment, if any.

Spouse Eligibility Provisions-- Employee Age 60 With 30 Years of Service

- Employee annuity begins January 1, 2002, or later
 - spouse can receive annuity at age 60
 - or
 - at any age with child in care
- Spouse annuity is unreduced

Spouse Eligibility Provisions- Employee Age 62 With Fewer Than 30 Years of Service

- Spouse can receive reduced annuity at age 62.
 - Spouse can receive full annuity
 - at FRA*
 - at any age with child in care
- * FRA depends upon the spouse's date of birth.*

Spouse Tier Components

- Tier 1 50% of employee's PIA
- Tier 2 45% of employee's basic
Tier 2

Spouse Annuity Reductions

- Tier 1
 - age
 - social security benefits
 - public service pension
 - own employee annuity
 - Employee's worker's compensation
 - Employee's public disability benefit
- Tier 2
 - Age
 - own employee annuity

Divorced Spouse Annuities

Divorced Spouse Requirements

- Employee 62 or over
- Divorced spouse:
 - Married to employee at least 10 years
 - Not presently married
 - Age 62 or over
- Divorced spouse receives Tier 1 only
- Effective August 17, 2007, a divorced spouse can receive an annuity independent of if the employee is receiving an annuity or has retired from the RR.

Divorced Spouse Annuities

- Receives reduced Tier 1 at age 62
- Receives full Tier 1 at FRA*

** FRA depends on the divorced spouse's own date of birth.*

Divorced Spouse Annuity Reductions

Tier 1 (50% of employee's PIA)

- Age
- own employee annuity
- social security benefits
- public service pension
- Employee's worker's compensation
- Employee's public disability benefit

If Employee, Spouse and/or Divorced Spouse are Railroad Employees

- Each may receive an employee annuity based on their own service and a spouse/divorced spouse annuity based on the other's service.
- A reduction is applied to the Tier 1 of the spouse/divorced spouse annuity. The reduction amount applied to the spouse's Tier 1 could be restored in the Tier 2 if either has at least one month of railroad service prior to January 1, 1975.
- If neither has at least one month of railroad service prior to January 1, 1975, the spouse's entire annuity is reduced by their entire own employee annuity. This usually results in a spouse annuity rate of zero.

Working While Receiving a Disability Annuity

- A disability annuity is not payable for any month the individual works in the RR industry.
- Work for a non-railroad employer must be consistent with their type of disabled rating.
- The entire disability annuity is not payable for any month earnings exceed the limit exclusive of disability-related work expenses (2024 monthly limit is \$1,210).
- All earnings must be reported to the RRB.

Working While Receiving an Age Annuity

- The employee, spouse and/or divorced spouse annuity is not payable for any month the individual works in the RR industry.
- Work for a non-railroad employer and/or self employment could cause a reduction to the Tier 1, if the earnings are over the annual exempt amount.

NOTE: The exempt amount for 2024 is \$22,320 for under FRA and \$59,520 if FRA attained in 2024.

Working for a Last Nonrailroad Employer

- If the employee or spouse continues work for their last pre-retirement nonrailroad employer:
 - Tier 1 and vested dual benefit subject to reduction if earnings over the exempt amount.
 - Tier 2 and supplemental annuity are reduced by \$1 for each \$2 of earnings – maximum reduction of 50%. The reduction continues after full retirement age.

Filing for Social Security Benefits

- Annuitants may also be eligible for a social security benefit based on their own or someone else's earnings record.
- It is generally only to their advantage to file for a social security benefit if it will exceed our Tier 1.
- Please contact an RRB field office before filing for any social security benefits.

Survivor Annuities

Insured Status

- Railroad Retirement Board pays survivor annuities if deceased employee had:
 - 10 years of service or, if fewer than 10 years, at least 5 years after 1995 and
 - Current connection at retirement or at death
- Otherwise, railroad retirement credits are transferred to the Social Security Administration (SSA).

Survivor Annuities

- Widow or widower
- Surviving divorced spouse
- Young mother or father
- Disabled widow (er)
- Unmarried child or disabled child
- Dependent parent

Survivor Tier Components

- Tier 1

Based on the employee's PIA 1 payable at the time of death.

- Tier 2

Based on a percentage of the employee's Tier 2 payable at the time of death.

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

- Prior to 2002, the widow(er)'s annuity was 100% of the employee's Tier 1 and 50% of their Tier 2.
- Effective January 1, 2022, the widow(er)'s annuity is equal to approximately what the employee was or would have received at the time of death.

Widow(er)'s Initial Minimum Amount (cont.)

- Created by adding an additional 50% of the employee's Tier 2.
- The WIMA is calculated before any applicable reductions, such as for age.
- The increased amount is reduced by the gross cost-of-living increase in Tier 1. As such, widow annuities computed under this formula do not increase until the amount paid under previous law plus cost-of-living increases exceed the WIMA.

Survivor Annuity Reductions

- Tier 1
 - age
 - own employee annuity
 - social security benefits
 - public service pension
- Tier 2
 - Age
 - own employee annuity

If Survivor was also a Railroad Employee

- The individual can receive an employee annuity based on their own service and a survivor annuity based on the other's service.
- A reduction is applied to the Tier 1 of the survivor annuity. The reduction amount applied to the survivor's Tier 1 could be restored in the Tier 2 if either has at least one month of railroad service prior to January 1, 1975.
- If neither has at least one month of railroad service prior to January 1, 1975, the survivor's entire annuity is reduced by their entire own employee annuity.

Working While Receiving a Survivor Annuity

- The survivor annuity is not payable for any month the individual works in the RR industry.
- It is also not payable, if the individual works for a non-railroad employer and/or self employment and earns over the annual earnings exempt amount.

NOTE: The exempt amount for 2024 is \$22,320 for under FRA and \$59,520 if FRA attained in 2024.

Court Ordered Deductions

- Employee Tier 2, vested dual benefits and supplemental annuities are subject to property settlements in annulment, separation or divorce cases.
- All employee Tiers, supplemental annuities and survivor annuities are subject to garnishment deductions for child or spousal support.

**VISIT THE RRB
ON THE WEB
RRB.gov**

RRB Toll-Free Service

1-877-772-5772

- Provides easy access to RRB field office representatives.
- Also includes automated menus available 24 hours a day, 7 days a week.





NATIONAL RAIL EMPLOYER TRAINING SEMINAR

DISABILITY BENEFIT DIVISION

DISABILITY OVERVIEW

SEPTEMBER 12, 2024

DISABILITY BENEFITS DIVISION

- Disability Mission
- Disability Definition
- Disability Process
- Workload Highlights



DISABILITY MISSION

Mission

- The mission of DBD is to **promptly and accurately determine the eligibility of an applicant for a disability** annuity, early Medicare coverage, and a disability freeze.
- Alignment to the RRB Mission
 - The Railroad Retirement Board's mission is to **administer** retirement/survivor and unemployment/sickness insurance benefit **programs** for railroad workers and their families under the Railroad Retirement Act and the Railroad Unemployment Insurance Act.
 - In carrying out its mission, the Railroad Retirement Board **will pay benefits to the right people, in the right amounts, in a timely manner, and will take appropriate action to safeguard our customers' trust funds.** The Railroad Retirement Board will treat every person who comes into contact with the agency with courtesy and concern, and respond to all inquiries promptly, accurately and clearly.



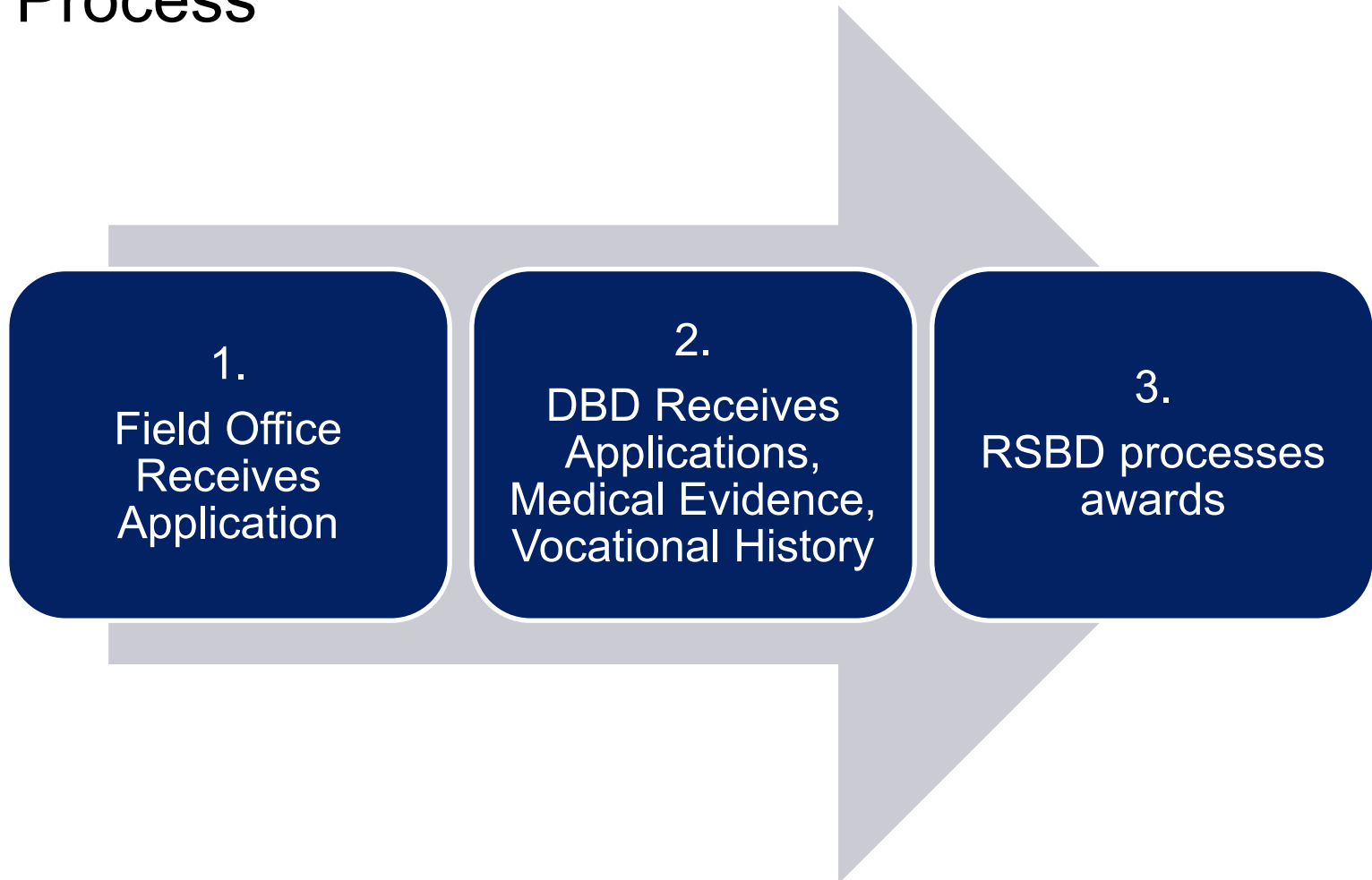
DISABILITY DEFINITION

- Disability annuities are established by finding railroad workers and their families
 - Have a Severe Physical/Mental Impairment
 - That Impairment Prevents
 - Performing the essential functions of their regular railroad occupation
- OR
- Meeting the demands of all work



DISABILITY PROCESS

- Process



DISABILITY PROCESS

- Process

DBD Receives
Applications, Medical
Evidence, Vocational
History

Eligibility Determination (RRA)-
Determine Type of Disability
(Occupational vs Total)
Develop Work History

Medical Development
Develop Treating Source
Evidence Obtain Specialist
Examinations
Establish Severity

Vocational Development
Regular Railroad Occupation
Ability to do All Past Relevant
Work within 15 years
Ability to do other work

Adjudicate
SSA Act

NOTE: DBD follows similar
development for Continuing Disability
Review

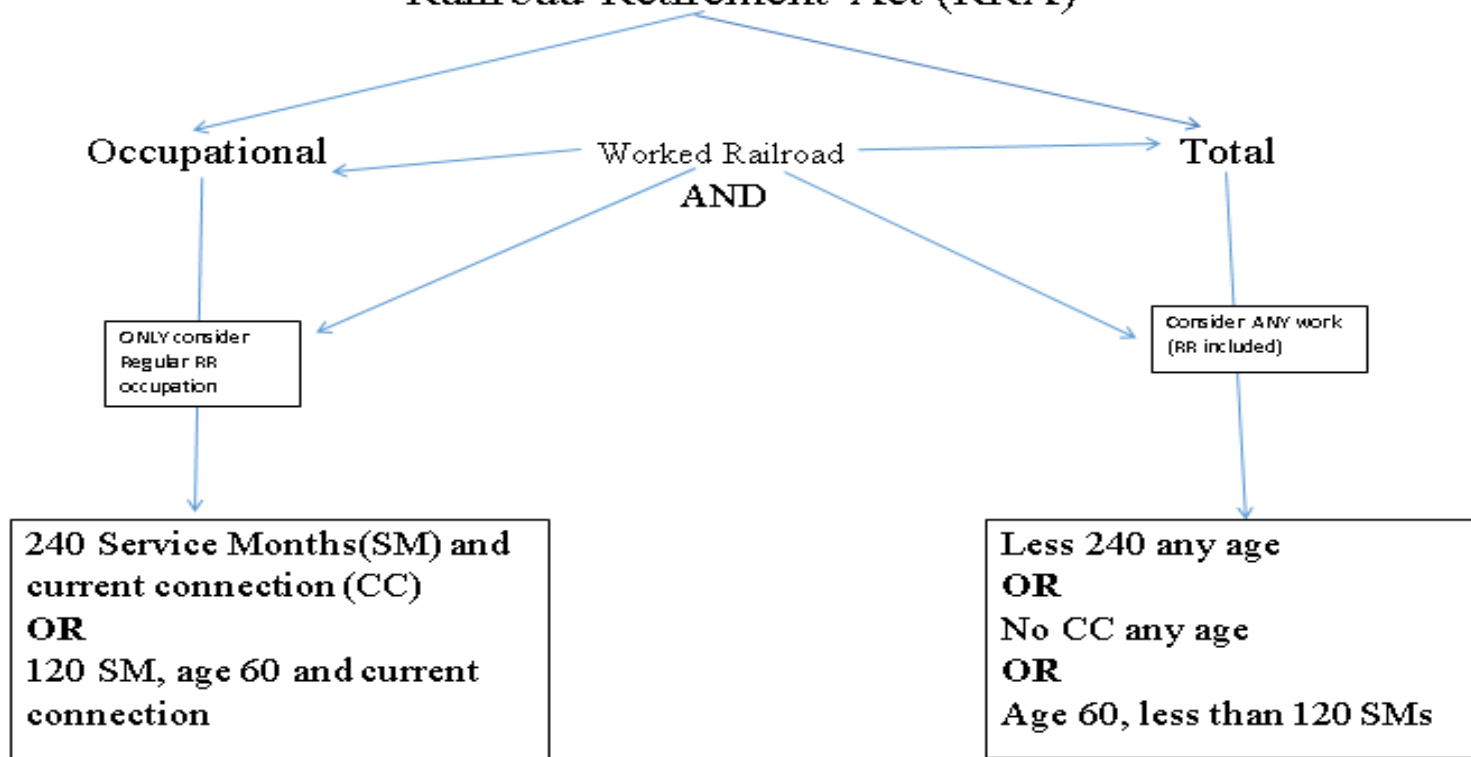


DISABILITY PROCESS

- Eligibility Determination

Is it Occupational or Total?

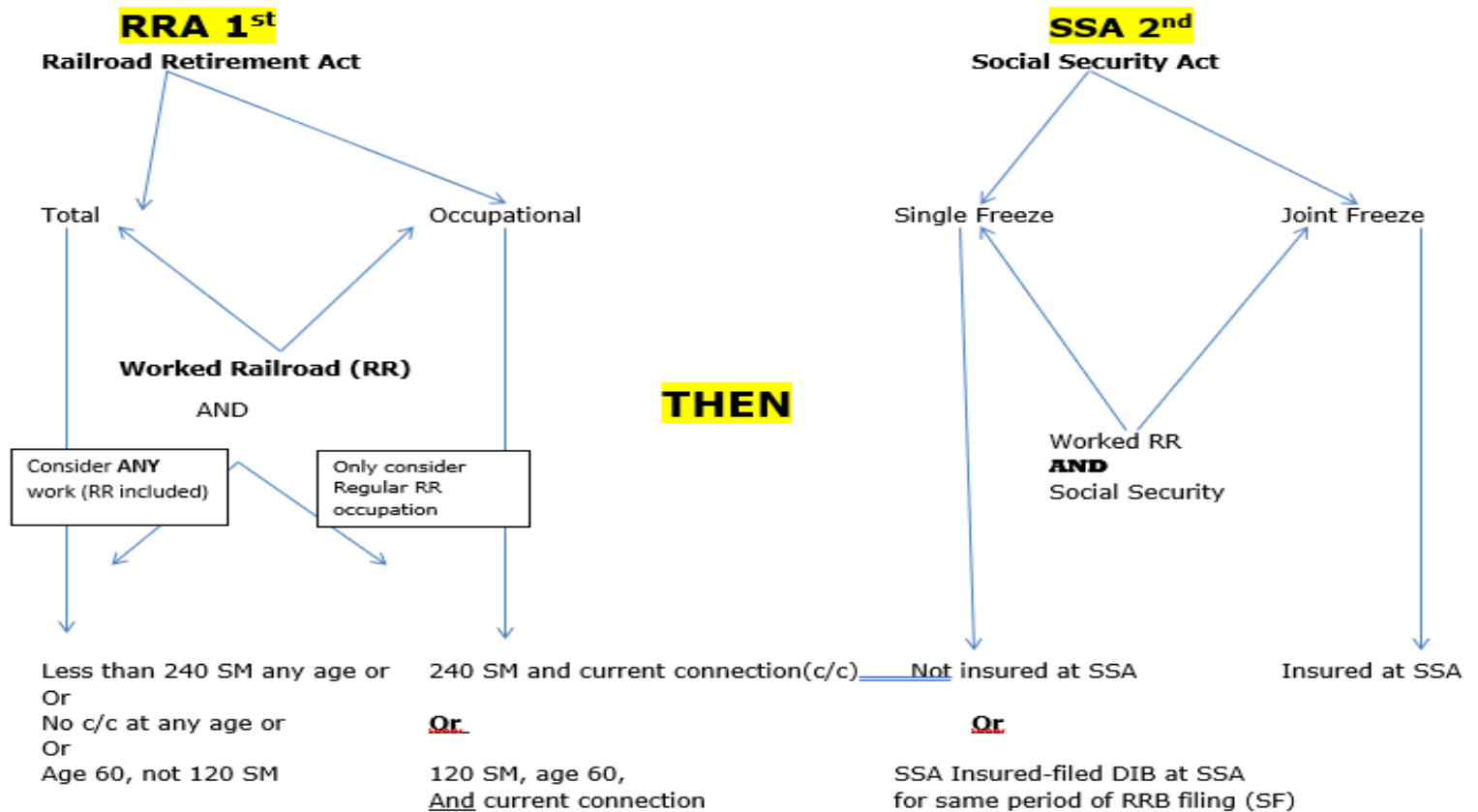
Railroad Retirement Act (RRA)



DISABILITY PROCESS

- Eligibility Determination

Is it RRA or SSA Act?



DISABILITY PROCESS

- Medical Development
 - Review Submitted Medical Evidence
 - *Including employer submitted medical*
 - Develop Additional Potential Impairments
 - Assess Severity of Impairments
 - Obtain additional medical evidence as needed
 - Follow up with treating sources
 - Follow up with claimant
 - Obtain exams



DISABILITY PROCESS

- Vocational Development
 - Review Vocational History Report
 - Completed by the claimant
 - Review Railroad Job Information*
 - Completed by the Employer
 - Review Job Descriptions in the National Economy*
 - Review Earnings Records

* Depending on annuity type



WORKLOAD HIGHLIGHTS

- Increased Electronic Processes
 - Initial Determinations
 - Freeze Determinations (early Medicare)
 - Contractor Services
- Process Improvements
 - Telehealth Psych Examinations
 - CMO Reviews/Guidance
 - Reviewing Necessary Forms
- DisabilityDirector@rrb.gov email for status and correspondence



DISABILITY PROCESS HIGHLIGHTS

FY24 Accomplishments through August

- Reduced Overall Pending despite increases in 2nd quarter
- Improved % Rated within 100 days

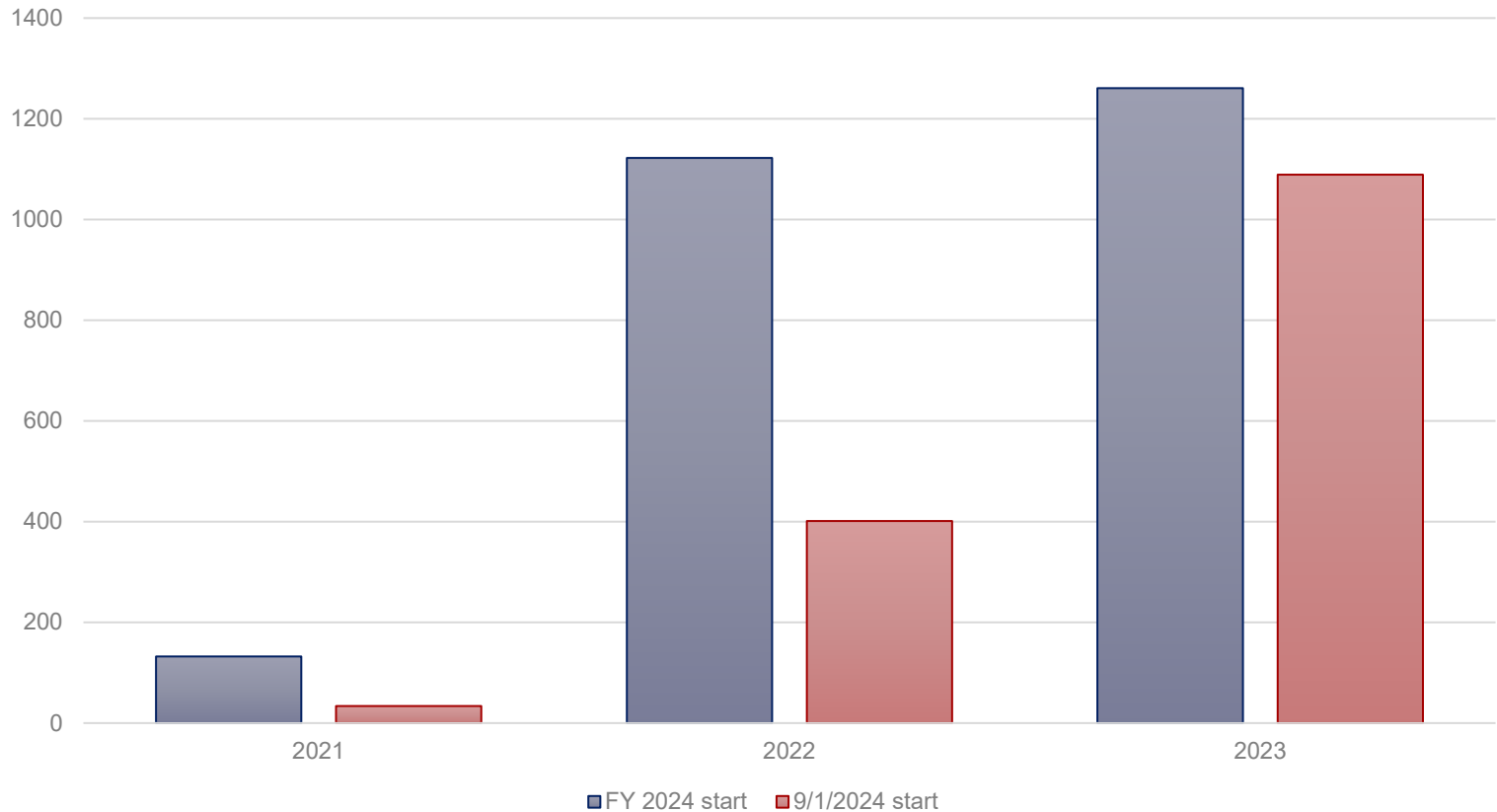
Historical Information

Customer Service Performance Indicator		FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
II-A-7 Disability Decision	Target	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%
	Actual	76.90%	72.50%	42.80%	31.00%	17.40%	14.70%	11.30%	12.50%	13.50%	18.60%	16.60%	8.00%	10.50%
Average Processing Time (APT)		84.5	87.6	132.5	179.2	248.1	286	331	349	331	297	336	396	441
FY 2024		October	November	December	January	February	March	April	May	June	July	August	September	Cumulative
Average Processing Time (APT) in FY 2024		431	459	432	450	460	449	427	400	420	462	451		441



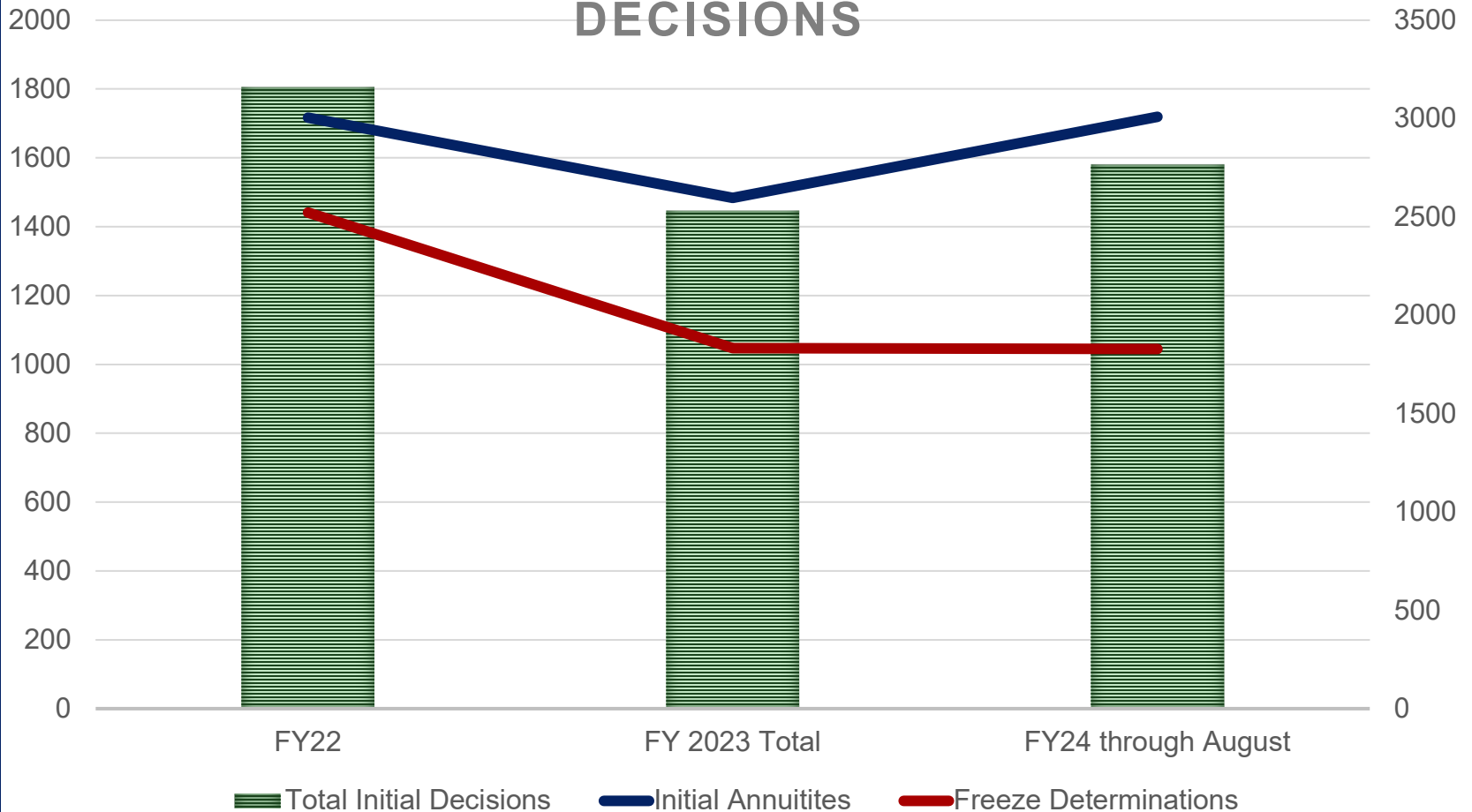
DISABILITY PROCESS HIGHLIGHTS

FY 24 Disability Initial Annuities Backlog Reduction



DISABILITY PROCESS HIGHLIGHTS

Additional Hires = Increased Production FY COMPARISON FOR INITIAL/FREEZE DECISIONS



DISABILITY PROCESS HIGHLIGHTS

- **Mission Driven, Policy Compliant Determinations**

As public servants...

WE MUST

Pay the right people in the right amounts in a timely manner

- **Timeliness and Accuracy Matter**

- Ensure complete medical development
 - Signs, Symptoms, Laboratory Findings support impairment severity
- Ensure complete vocational development
 - Vocational history sufficient for identification within industry and comparison within the national economy
- Reduce overall age of pending
 - Reduce average age of final determinations

