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Working After Receiving a Railroad Retirement Annuity

Railroad retirement annuitants, and individuals planning retirement, should be aware of the railroad retirement laws and rules governing annuity payments to those who work after retirement. These laws and rules apply to age and service and disability annuity payments.

The following questions and answers describe railroad retirement work restrictions and earnings limitations on post-retirement employment and explain how they affect retirees engaging in self-employment.

It is important to know that even though the Railroad Retirement Board (RRB) exchanges information with other federal agencies to identify unreported work and earnings to protect the integrity of its programs, annuitants must still report post-retirement work and earnings. If annuitants do not report post-retirement work and earnings, the RRB may assess overpayments and fines. In some circumstances, failure to do so may also be considered as an act of fraud subject to criminal and civil penalties.

1. What are the basic railroad retirement work restrictions and earnings limitations that apply to post-retirement work?

Neither a regular railroad retirement annuity (whether based on age and service or disability) nor a supplemental annuity is payable for any month in which a retired or disabled employee, regardless of age, works for an employer covered under the Railroad Retirement Act (RRA). This includes work for labor organizations and is true even if the retired or disabled employee performed service for one day during the month, including local lodge compensation totaling \$25 or more for any calendar month. Regardless of the amount of salary, work by a local lodge or division secretary collecting insurance premiums is always considered railroad work and, therefore, no annuity is payable for any month in which such activity occurs.

No spouse annuity is payable in any month in which the employee's annuity is not payable or for any month the spouse, regardless of age, works for an employer covered under the RRA. A divorced spouse annuity is not payable for any month in which the divorced spouse, regardless of age, works for an employer covered under the RRA. A divorced spouse can receive an annuity even if the employee has not retired, provided they have been divorced for at least two years, the employee and divorced spouse are at least age 62, and the employee is fully insured under the Social Security Act using combined railroad and social security earnings. A survivor annuity is not payable for any month the survivor works for an employer covered under the RRA, regardless of the survivor's age.

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Also, like social security benefits, the railroad retirement tier I component paid to employees, spouses, and divorced spouses and the tier I and tier II components paid to survivors are subject to deductions if an annuitant's earnings exceed certain exempt amounts. These earnings deductions do **not** apply to those who have attained full social security retirement age.

For employee and spouse annuitants, full retirement age varies depending on an individual's year of birth and is age 67 for those born after 1959. For survivor annuitants, full retirement age also varies and is age 67 for those born after 1961.

Deductions for all annuitants, however, remain in effect for the months before the month of full retirement age during the calendar year of attainment. (Attainment of full retirement age does not mean an annuitant can return to work for an employer covered under the RRA. No annuity is payable for any month in which the annuitant works for a railroad employer, regardless of the annuitant's age).

If a railroad retirement annuitant also receives monthly social security benefits and has not attained full retirement age, their social security benefits will be reduced if they earn more than the exempt amount, but their tier I railroad retirement component is not reduced because of excess earnings.

Deductions are also assessed for retired employees and spouses who work for their last pre-retirement nonrailroad employer (see Question 3). Also, **special restrictions apply to disability annuitants** (see Questions 5 and 6).

2. What are the exempt earnings amounts for non-disability annuitants subject to earnings limitations?

For those under full retirement age throughout 2026, the exempt earnings amount rises to \$24,480 from \$23,400 in 2025. For annuitants attaining full retirement age in 2026, the exempt earnings amount increases to \$65,160 from \$62,160 in 2025 for the months before the month full retirement age is attained.

For those under full retirement age throughout the year, the earnings deduction is \$1 for every \$2 of earnings over the exempt amount. For those attaining full retirement age in 2026, the deduction is \$1 for every \$3 of earnings over the exempt amount in the months before the month in which full retirement age is attained.

Earnings received for services rendered, plus any net earnings from self-employment, are considered when assessing deductions for earnings. Interest, dividends, certain rental income, or income from stocks, bonds, or other investments are not generally considered earnings for this purpose.

3. Are deductions applied to the annuities of retired employees and spouses who work for their last pre-retirement nonrailroad employer?

Yes. Retired employees and spouses, regardless of age, who work for their last pre-retirement nonrailroad employer are subject to an earnings deduction of \$1 for every \$2 in earnings up to a maximum reduction of 50 percent of their tier II annuity component (and railroad retirement supplemental annuity, if applicable). There is no earnings exempt amount for these deductions. They

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apply even if earnings do not exceed the tier I exempt earnings limits. Also, while tier I earnings deductions stop when an annuitant attains full retirement age, these tier II and supplemental annuity component deductions continue to apply regardless of age. Work that begins on the same day as the annuity beginning date is **not** last pre-retirement non-railroad employment.

4. Can a retired employee's earnings also reduce a spouse or divorced spouse annuity?

Yes. A spouse annuity is reduced not only for the spouse's earnings, but also for the employee's earnings, regardless of whether the earnings are from work for the last pre-retirement nonrailroad employer or other post-retirement employment. While a divorced spouse annuity may continue despite an employee's work activity, the employee's non-railroad earnings over the annual earnings exempt amount may reduce it.

5. How do post-retirement work activity and earnings affect disability annuities?

Any work performed by a disabled annuitant - whether for payment or not - may be considered an indication of recovery from disability and **must be reported promptly**. Failure to report such work activity timely could result in overpaid annuities, which must be repaid, as well as severe financial penalties.

In addition, a disability annuity is not payable for any month in 2026 in which the disabled employee annuitant earns more than \$1,320 in any employment or net self-employment, exclusive of disability-related work expenses. If a disabled employee annuitant's earnings in a year (after deduction of disability-related work expenses) exceed the annual limit of \$16,500 in 2026, the annuity is not payable for the number of months derived by dividing the amount by which those earnings exceed the annual limit by the amount of the monthly limit. Any resulting fraction of a month equal to or greater than one-half (0.5) is rounded up, increasing the number of months in which the annuity is not payable by one. For example, a disabled employee annuitant earns \$19,900 in 2026, which is \$3,400 over the 2026 annual limit of \$16,500. Dividing \$3,400 by \$1,320 yields 2.58. As .58 is more than one-half, the annuitant would lose 3 months of benefits.

These disability work and earnings restrictions apply until the disabled employee annuitant attains full retirement age which, as explained in the answer to Question 1, varies depending on the year of birth. These work and earnings restrictions apply even if the annuitant has 30 years of railroad service. Also, a disabled employee annuitant who works for their last pre-retirement nonrailroad employer would be subject to the deduction that applies in these cases and which still apply after the attainment of full retirement age.

6. Do the special earnings restrictions listed in the answer to Question 5 apply to disabled widow(er) and disabled child annuitants?

The earnings restrictions listed in the answer to Question 5 do **not** apply to disabled widow(er)s **under age 60** or to disabled children. However, the annuity of an unmarried disabled widow(er) technically becomes an age annuity when the widow(er) attains age 60. Therefore, regular annual

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earnings restrictions (see Question 2) apply beginning with the month the widow(er) attains age 60 and ending with the month before the month the widow(er) attains full retirement age.

All earnings in the year age 60 is attained are considered in determining excess earnings for that year. However, work deductions may apply only beginning with the month the widow(er) attains age 60.

In addition, if a disabled widow(er) works before full retirement age, that work activity, regardless of the amount of earnings, may raise a question about the possibility of that individual's recovery from disability. Therefore, **any work must be reported promptly** to avoid overpayments, which are recoverable by the RRB and may include significant penalties.

7. A railroad retirement employee annuitant is considering becoming a self-employed contractor or consultant and might provide services for a railroad or last pre-retirement nonrailroad employer. How would this affect their railroad retirement annuity?

The impact on an individual's railroad retirement annuity depends on whether the RRB determines that the annuitant is engaging in self-employed contracting or consulting or considers them to be an employee, and, if so, who the RRB considers to be the actual employer for railroad retirement purposes.

If a retiree is determined to be a self-employed contractor or consultant, their annuity is subject to tier I earnings deductions for net self-employment earnings.

However, if a retiree is considered an employee of a railroad or railroad labor organization, rather than a self-employed contractor or consultant, the retiree's annuity would be subject to suspension. If the retiree is considered the employee of a nonrailroad employer, the retiree's annuity would be subject to earnings deductions for nonrailroad wages and to additional deductions if they are working for a last pre-retirement nonrailroad employer.

RRB determinations on contracting or consulting services consider various factors that can be evaluated differently depending on the individual circumstances. Persons requiring a determination as to whether contractor or consultant service is valid self-employment should contact their local RRB field office well in advance of making a commitment to perform such work to be sure of its effect on annuity payments.

8. How can people get more information about these railroad retirement work restrictions and earnings limitations?

More information is available by visiting the RRB's website, **RRB.gov**, clicking on **FAQ**, and then selecting **Earnings & Working After Retirement**, or by calling an RRB office toll-free at 1-877-772-5772. RRB field offices also offer in-person service. While individuals seeking in-office assistance are encouraged to schedule an appointment with their local field office by calling the agency's toll-free number, those without appointments will not be refused service. However, they may be asked to schedule an appointment for a later time if there is no immediate availability. Individuals should bring a photo ID when visiting a field office. Office addresses can be found by visiting RRB.gov and

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clicking on Field Office Locator or by calling 1-877-772-5772. RRB field offices are generally open Monday through Friday from 9:00 a.m. to 3:00 p.m., except for federal holidays. Individuals can also send a secure message to their local RRB field office by accessing Field Office Locator and clicking on the link at the bottom of their local office's page.

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