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Comparison of Benefits Under Railroad Retirement and Social Security

Annuity rates under the Railroad Retirement Act (RRA) are generally higher than the benefit rates paid under the Social Security Act, especially for career railroad employees, that is employees who have 30 or more years of creditable railroad service. These higher rates can be attributed to the additional retirement taxes paid by employers and employees covered under the RRA.

The following questions and answers show the differences in railroad retirement and social security benefit rates payable at the close of the fiscal year ending September 30, 2025. They also detail the differences in eligibility age requirements and payroll tax rates under the two systems.

1. How do the average monthly railroad retirement and social security benefits paid to retired employees and spouses compare?

The average age annuity being paid by the Railroad Retirement Board (RRB) at the end of fiscal year 2025 to career rail employees was \$4,565 a month, and for all retired rail employees the average was \$3,640. The average age retirement benefit being paid under social security was \$1,985 a month. Spouse benefits averaged \$1,305 a month under railroad retirement compared to \$920 under social security.

The RRA also provides supplemental railroad retirement annuities of between \$23 and \$43 a month, which are payable to employees with railroad service prior to October 1981 who retire directly from the rail industry with 25 or more years of service.

2. Are the annuities awarded to recent retirees generally greater than the annuities payable to those who retired years ago?

Yes, because recent awards are based on higher average earnings. Age annuities **awarded** to career railroad employees retiring in fiscal year 2025 averaged nearly \$5,190 a month, as opposed to the \$4,565 a month **being paid** by the RRB at the end of fiscal year 2025 to career rail employees. Age annuities awarded to career railroad employees are also higher than the monthly benefits awarded to workers retiring at full retirement age under social security which averaged about \$2,770.

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3. How much are the disability benefits currently awarded?

Disabled railroad workers retiring directly from the railroad industry in fiscal year 2025 were awarded \$4,055 a month on average while awards for disabled workers under social security averaged \$1,745.

While both the Railroad Retirement and Social Security Acts provide benefits to workers who are totally disabled for any regular work, the RRA also provides disability annuities specifically for employees who are disabled for work in their regular railroad occupation. Employees **may** be eligible for such an occupational disability annuity at age 60 with 10 years of service, or at any age with 20 years of service.

4. Can railroaders receive benefits at an earlier age than workers under social security?

Yes. **Railroad employees with 30 or more years** of creditable railroad service are eligible for a regular age-and-service annuity beginning the **first full month they reach age 60**. Social Security does not differentiate eligibility age requirements based on years of service, and the earliest age a worker may claim social security benefits is age 62.

Railroad employees with fewer than 30 years of service follow the same eligibility age requirements as workers under social security. Under both social security and railroad retirement, railroad workers with **fewer than 30 years** cannot begin receiving retirement benefits until age 62, and their benefits are reduced for each month claimed before full retirement age. For both railroad employees and other individuals born in 1960 or later, full retirement age is 67. No early retirement reduction applies if a rail employee retires at age 60 or older with 30 years of service.

5. Can the spouse of a railroader receive a benefit at an earlier age than the spouse of a worker under social security?

Yes, if a retired railroad employee with 30 or more years of service is age 60, the employee's spouse is also eligible for an annuity the first full month the spouse is age 60. The spouse of a worker under social security is not eligible for a spouse benefit based on age until both the worker and the spouse are at least age 62. Regardless of age, the spouses of workers under both retirement systems are eligible if the worker is retired and the spouse is caring for a qualifying child.

6. Does social security offer any benefits that are not available under railroad retirement?

Yes. Social security does pay certain types of benefits that are not available under railroad retirement. For example, social security provides children's benefits when an employee is disabled, retired, or deceased, whereas the RRB only pays children's benefits if the employee is deceased.

However, the RRA includes a special minimum guaranty provision which ensures that railroad families will not receive less in monthly annuities than they would have if railroad earnings were covered by social security rather than railroad retirement laws. This guaranty is intended to cover situations in which one or more members of a family would otherwise be eligible for a type of social security benefit that is not provided under the RRA. Therefore, if a retired rail employee has children who would otherwise be eligible for a benefit under social security, the employee's annuity can be increased to reflect what social security would pay the family.

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7. How much are monthly benefits for survivors under railroad retirement and social security?

Survivor benefits are generally higher if payable by the RRB rather than social security. At the end of fiscal year 2025, the average annuity being paid to all aged and disabled widow(er)s was \$2,310 a month, compared to \$1,795 under social security.

Benefits awarded by the RRB in fiscal year 2025 to aged and disabled widow(er)s of railroaders averaged about \$2,960 a month, compared to approximately \$1,740 under social security.

8. How do railroad retirement and social security lump-sum death benefit provisions differ?

Both the railroad retirement and social security systems provide a lump-sum death benefit. The railroad retirement lump-sum benefit is generally payable only if survivor annuities are not immediately due upon an employee's death. The social security lump-sum benefit may be payable regardless of whether monthly benefits are also due. Both railroad retirement and social security provide a lump-sum benefit of \$255. However, if a railroad employee completed 10 years of creditable railroad service before 1975, the average railroad retirement lump-sum benefit payable is \$1,039 in fiscal year 2025. Also, if an employee had less than 10 years of service but had at least 5 years of such service after 1995, they would have to have had an insured status under social security law (counting both railroad retirement and social security credits) for the \$255 lump-sum benefit to be payable.

The social security lump sum is generally only payable to the widow(er) living with the employee at the time of death. Under railroad retirement, if the employee had 10 years of service before 1975 and was not survived by a living-with widow(er), the lump sum may be paid to the funeral home or the payer of the funeral expenses.

9. How do railroad retirement and social security payroll taxes compare?

Railroad retirement payroll taxes, like railroad retirement annuities, are calculated on a two-tier basis. Rail employees and employers pay tier I taxes at the same rate as social security taxes, 7.65 percent, consisting of 6.20 percent for retirement on earnings up to \$184,500 in 2026, and 1.45 percent for Medicare hospital insurance on all earnings. An additional 0.9 percent in Medicare taxes (2.35 percent in total) will be withheld from employees on earnings above \$200,000.

In addition, rail employees and employers both pay tier II taxes which are used to finance railroad retirement annuity payments over and above social security levels. In 2026, the tier II tax rate on earnings up to \$137,100 is 4.9 percent for employees and 13.1 percent for employers.

10. How much are regular railroad retirement taxes for an employee earning \$184,500 in 2026 compared to social security taxes?

The maximum amount of regular railroad retirement taxes that an employee earning \$184,500 can pay in 2026 is \$20,832.15, compared to \$14,114.25 under social security. For railroad employers, the maximum annual regular retirement taxes on an employee earning \$184,500 are \$32,074.35, compared to \$14,114.25 under social security. Employees earning over \$184,500, and their employers, will pay more in retirement taxes than the above amounts because the Medicare hospital insurance tax is applied to all earnings.

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