Program Letter

United States
Railroad Retirement Board

Office of Programs

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Letter No. 27-02 Date: November 20, 2026

TO: **Certification Registration, Retirement and Unemployment Contact Officials**

SUBJECT: **Notice of Annual Rates 2027**

Please distribute this notice to all individuals within your organization who may need the information in connection with their work.

Creditable and Taxable Compensation

The **2027** railroad retirement tax rates and maximum compensation bases are as follows:

	Tax Rate	Earnings Base
Employer Tier I	6.2%	$192,300
Employer Tier II	13.1%	$142,800
Employer Medicare	1.45%	No Limit
Employee Tier I	6.2%	$192,300
Employee Tier II	4.9%	$142,800
Employee Medicare	1.45%	No Limit
Railroad Unemployment Insurance	Variable	$2,235
Railroad Unemployment Insurance Maximum	None	$2,887

The Tier II tax rates are determined annually from a tax rate schedule based on an average account benefits ratio reflecting railroad retirement fund levels. Employer tax rates can range from 8.2 percent to 22.1 percent. Employee tax rates can range from 0 percent to 4.9 percent.

Additional Medicare Tax: Beginning in 2013, employees will pay an additional 0.9 percent on earnings above $200,000 (for those who file an individual return) or $250,000 (for those who file a joint return). This additional HI tax rate is not reflected in the tax rates shown above. For additional information, contact the Internal Revenue Service.

Experience Rating

In October 2026, each employer was sent a notice of their 2027 Railroad Unemployment Insurance Act (RUIA) contribution rate. If you have not received your notice, please contact the Quality Reporting Service Center.

Retirement and Survivor Benefits

Exempt Amounts for Annual Earnings Test for Less Than Full Retirement Age Annuitants: In 2027, the annual exempt amount for less than full retirement age annuitants is $25,560. The monthly exempt amount for the first year of retirement in 2027 is $2,130.

Exempt Amounts for Annual Earnings Test for Full Retirement Age Annuitants: In 2027, the annual exempt amount for full retirement age annuitants is $67,920. The monthly exempt amount for the first year of retirement in 2027 is $5,660.

Cost-of-living: Annuitants will receive a cost-of-living increase effective January 2027. Tier I will increase 3.6%, and Tier II will increase by 1.2%. This increase is before any adjustment for other benefits.

Unemployment and Sickness Benefits

Maximum Daily Benefit Rate: Under the Railroad Unemployment Insurance Act (RUIA), the maximum daily benefit rate is equal to 5 percent of the monthly RUIA compensation base, rounded down to the nearest multiple of $1.00. For days of unemployment and sickness in registration periods beginning on and after July 1, 2027, the maximum daily rate is $107.00. The maximum rate for registration periods beginning on or after July 1, 2028 is $111.00.

Monthly Compensation Base: The monthly compensation base under the Railroad Unemployment Insurance Act for calendar year 2027 is $2,235.00.

Qualifying Base Year Compensation: The amount of base year compensation required in 2027 to qualify for benefits in the benefit year beginning July 1, 2028, is $5,587.50.

Compensation of $5,587.50 is also the amount of creditable compensation required to end a voluntary leaving of work disqualification period in months in calendar year 2027. In addition, remuneration earned in calendar year 2027 from employment covered under the Act cannot be considered subsidiary remuneration if the employee's base year earnings are less than $5,587.50.

Maximum Benefits: The monthly amount of base year 2027 compensation that can be counted in determining the maximum amount of normal benefits payable to an employee in the benefit year beginning July 1, 2028, is $2,887.00.

Maximum Monthly Compensation Base and the Earnings Test: For unemployment registration periods beginning July 1, 2028, and later, no benefits are payable for which the total amount of an employee's earnings and other remuneration from railroad and non-railroad work for days in the period exceeds the monthly compensation amount of $2,235.00.