

Justification
Application for Employee Annuity Under the Railroad Retirement Act
 RRB Forms AA-1, AA-1cert, AA-1d, and G-204

1. Circumstances of information collection – Section 2 of the Railroad Retirement Act provides for payment of age and service, disability, and supplemental annuities to qualified employees as explained below. An annuity cannot be paid until the employee stops working for a railroad employer. In addition, the age and service employee must relinquish any rights held to such jobs. A disabled employee does not need to relinquish employee rights until attaining Full Retirement Age, or if earlier, their spouse files for a spouse annuity. Benefits become payable after the employee meets certain other requirements, which depend, in turn, on the type of annuity payable.

Age and Service, Disability and Supplemental Annuities

Age and Service with at least 360 Months of Railroad Service - An employee with at least 360 months of railroad service is eligible for an age and service annuity at age 60. This annuity is not reduced for early retirement.

Age and Service with 60-359 Months of Railroad Service - The retirement age of an employee with less than 360 months of railroad service is determined under Social Security Administration (SSA) rules. The term Full Retirement Age (FRA) means the age at which an employee with less than 360 months of railroad service can receive a full annuity (not reduced for early retirement).

The Railroad Retirement and Survivor Improvement Act of 2001 provide for an employee annuity to an employee with 60-119 months of railroad service after 1995. The employee must have a Social Security Insured Status under SSA rules (usually 40 quarters of coverage based on combined railroad service and wages).

The employee is entitled to an age and service annuity based on 60-359 months of railroad service at age 62.

Tier 1 Reduction to Age and Service Annuities for Early Retirement

-
- If the employee has 120-359 months of railroad service, the reduction for early retirement is based on the number of months the employee is under FRA on the RRA annuity beginning date.
- If the employee has 60-119 months of railroad service after 1995, the reduction for early retirement is based on the number of months the employee is under FRA on the RRA annuity beginning date or, if earlier, the beginning date of the employee's SSA benefit.

Tier 2 Age Reduction for Early Retirement

The RRA has a special provision for the Tier 2 benefit:

- If the employee has some railroad service before August 12, 1983, the Tier 2 will be reduced for early retirement if the annuity is awarded before age 65.
- If the employee began railroad service after August 12, 1983, the Tier 2 will be reduced for early retirement if the annuity is awarded before FRA.

Total and Permanent Disability

An employee who has at least 120 months of railroad service and is totally and permanently (T&P) disabled for all employment (has a “disability freeze” based on SSA rules), may be eligible for a T&P annuity at any age. This annuity is not reduced for early retirement.

An employee who has an 60-119 months of railroad service after 1995, and is totally and permanently disabled (has a “disability freeze” under SSA rules), may be eligible for a T&P disability “Tier 1 only” annuity at any age. The employee is not paid the Tier 2 benefit until age 62 is attained. The Tier 2 benefit is then reduced for early retirement under the RRA special provision for Tier 2 benefits as if it were based on age and service.

Occupational Disability Annuity

An employee who is permanently disabled for his or her regular employment, and has at least 120 months of railroad service, may be eligible for an occupational disability annuity. If the employee has 120-239 months of railroad service, the occupational disability annuity is payable at age 60. If the employee has at least 240 months of service, the occupational disability annuity is payable at any age. This annuity is not reduced for early retirement. A “current connection” with the railroad industry is also required for an annuity based on occupational disability.

Waiting Period for a T&P or Occupational Disability Annuity

A waiting period of five full months is required after the onset of disability before a T&P or occupational disability annuity can begin.

Supplemental Annuity

A supplemental annuity can be paid to any employee at:

- age 60, if the employee has at least 360 months of creditable railroad service; or
- age 65, if the employee has 300-359 months of railroad service.

In addition to the railroad service requirement, a “current connection” with the railroad industry is required. Eligibility is further limited to employees who had some railroad service before October 1981 and were awarded regular annuities after June 1966. An employee who was born before September 2, 1916, must not have worked in railroad service after certain closing dates (generally the last day of the month following the month in which age 65 is attained).

Current Connection Requirement

An employee must have a current connection with the railroad industry to qualify for an occupational disability annuity or supplemental annuity or to qualify any survivors for a survivor annuity.

An employee who worked for a railroad in at least 12 of the months in the 2½ years immediately preceding retirement will meet the current connection requirement. (If the employee died before retirement, railroad service in at least 12 of the months in the 2½ years before death will meet the current connection requirement for the purpose of paying survivor benefits.)

If an employee does not qualify on this basis, but has 12 months of service in an earlier 2½ year period, he or she may still meet the current connection requirement. This alternative generally applies if the

employee did not have any regular employment outside the railroad industry after the end of the 2½ year period which included 12 months of railroad service. Full-time or part-time work for a non-railroad employer in an interim between the end of the 30-month period, including 12 months of railroad service and the beginning date of an employee's annuity, can break a current connection.

Self-Employment in an unincorporated business will not break a current connection; however, self-employment can break a current connection if the business is incorporated. Working for certain U.S. Government agencies (Department of Transportation, National Transportation Safety Board, Surface Transportation Board, Interstate Commerce Commission, National Mediation Board, or the Railroad Retirement Board) will not break a current connection.

A current connection can also be maintained, for purposes of supplemental and survivor annuities, if the employee completed 25 years of railroad service, was involuntarily terminated without fault from the railroad industry and did not thereafter decline an offer of suitable employment in the railroad industry. A termination of railroad service is considered voluntary unless there was no choice available to the individual to remain in service. Generally, when an employee has no option to remain in the service of his or her employer, the termination of the employment is considered involuntarily regardless of whether the employee does or does not receive a separation allowance. However, each case is decided by the RRB on an individual basis. This exception to the normal current connection requirements became effective October 1, 1981, but only for employees still living on that date who left the railroad industry on or after October 1, 1975, or who were on leave of absence, on furlough, or absent due to injury on October 1, 1975.

Once a current connection is established at the time of retirement an employee never loses it, no matter what kind of work is performed thereafter.

The requirements for obtaining the annuities are prescribed in 20 CFR 216 and 220.

2. Purposes of collecting/consequences of not collecting the information – The RRB currently utilizes the following forms to obtain information needed to determine entitlement to and the amount of the employee retirement annuity:

Form AA-1, ***Application for Employee Annuity***, is completed by an applicant for either an age and service or a disability annuity. It obtains information about the applicant's marital history, work history, military service, benefits from other governmental agencies and railroad pensions. Items 1-5 are pre-coded by the RRB.

The Paperwork Reduction Act and Privacy Act notices associated with the AA-1 are found in RRB booklet RB-1, Age and Service Employee Annuity.

The RRB proposes the following changes to Form AA-1:

- Delete current Item 4b, County. This information is no longer needed. This field was used to identify the servicing field office. We now use the ZIP Code to determine the field office
- Modify current Item 16 Note. The procedure has been changed so the applicant will be advised to complete the additional forms only if the benefit type is payable.
- Delete Items 30-33 about filing for Military Service monthly benefits for service before January 1, 1957. This information was used to calculate an offset to the annuity and annuities are no longer offset by this component.
- Delete Items 34 and 35 about railroad work before 1937. Based on the age of current applicants it is unlikely an applicant will complete Item 35. Item 34 was used to determine if Item 35 should be completed.

- After deleting the previous 6 items, renumber the remaining items of the application and all “go to” items.
- Revise current Items 57 and 63 (proposed 51 and 62, respectively) so that the applicant enters the Employer Identification Number (EIN) for their most recent job title. This information is used to verify employment with a nonrailroad employer and the earnings amount, if needed.
- Revise header above current Item 66 (proposed 51 and 62, respectively) so that the applicant enters the Employer Identification Number (EIN) for their most recent job title. This information is used to verify employment with a nonrailroad employer and the earnings amount, if needed.
- Revise header above current Item 66 (proposed 60) to make sure applicant understands that if their business is incorporated, they must have completed current Items 55-65 (proposed 49-59) (proposed 60) “Yes” and then go to current Item 67 (proposed 61).
- Revise current Item 102 (proposed Item 96) to include a 401(k) plan maintained by the employer, under which that employer is obligated to contribute to the employee’s account, irrespective of profits. The 401(k) plan is considered a “supplemental pension plan under the meaning of section 2(h)(2) of the RRA.
- Revise the 7th bullet in Section 22 from “and” to “or” to correct a previous typographical error.
- Other minor editorial changes.

Form AA-1cert, Application Summary and Certification, is used when an RRB field office representative interviews an applicant then enters the information obtained into the on-line Application Express (APPLE) system. The APPLE system automatically pre-fills identifying information in real time from RRB database records onto the on-line screens. The remaining information is collected by interviewing the applicant.

The application interview may take place at an RRB field office, (preferred) or by telephone. The interview obtains information about the applicant’s marital history, work history, military service, benefits from other government agencies, railroad pensions and Medicare entitlement. The responses are entered into APPLE by the RRB field office representative. The direct entry of the interview data into the APPLE system expedites the payment process, thereby enhancing RRB customer service goals.

Depending on the responses to the questions, the APPLE system automatically generates the next appropriate question, eliminating the confusion associated with skip patterns (“go to items”) that are on the paper version of Form AA-1, Application for Employee Annuity.

The information requested by the APPLE system mirrors the information requested on RRB Form AA-1. Depending on the circumstances, the system also incorporates information currently collected on RRB Form AA-6, Employee Application for Medicare (OMB 3220-0082), Form G-209, Employee Non-Covered Service Pension Questionnaire (OMB 3220-0154), and Form G-88p, Employer’s Supplemental Pension Report (OMB 3220-0089).

Upon completion of the on-line application process, the APPLE system generates Form AA-1cert for the applicant to review and sign. If the application interview is taken over the telephone, the Form AA-1cert is mailed to the applicant for review and signature. The RRB field office does not release the application for processing by the payment systems until the signed AA-1cert is returned by the applicant.

Form AA-1cert is divided into 2 parts:

- Part 1 summarizes information about the employee and corresponds to Sections 2-21 of the manual Form AA-1.
- Part 2 provides for the certification of the application and signature of the employee and corresponds to Section 22 of the manual Form AA-1.

A footer on each page includes the form number, the page number, and a unique identifier. The unique identifier consists of the applicant's social security number, the application type code and the time and date of generation. After the application is released, Form AA-1rec, Receipt for Claim, is provided to the applicant. Form AA-1rec, which serves as a receipt, advises the applicant that the processing of the application has begun and provides a general description of the application process. It also provides the RRB's telephone numbers there are changes that need to be reported.

Self-administration is offered as an option to persons applying for benefits. The other options are an in-person interview at the field office (preferred), an in-person interview at an itinerant point or a telephone interview. This policy is consistent with that of SSA and provides the public with the best balance between need and burden.

The Paperwork Reduction Act and Privacy Act notices associated with the AA-1cert are found in RRB booklet RB-1, Age and Service Employee Annuity.

The RRB proposes the following non-burden impacting changes to Form AA-1cert:

- Revise Items 51, 55, and 59 to add "nonrailroad earnings." This will clarify the statements for the applicant.

NOTE: The annuitant and any personally identifiable information contained in the completed and proposed samples of the AA-1cert are fictitious.

Form AA-1d, Application for Determination of Employee's Disability, is completed by an employee who is filing for a disability annuity under the RRA, or a disability freeze under the Social Security Act for early Medicare based on a disability. The application obtains information about the applicant's disability, doctor or hospital examinations, education, training, employment and worker's compensation. In addition, the employee completes Form G-251, Vocational Report, to provide further information about employment. This form is described in more detail under OMB No. 3220-0141. Field office personnel use the information from items 17-29 to initiate requests for medical evidence used in disability determinations. The evidence is secured by Forms G-3EMP, G-250, and RL-11b and RL-250. These forms are described in more detail under OMB No. 3220-0038. If the AA-1 or AA-1d shows the applicant has filed for benefits at SSA, we ask SSA for any medical evidence they have developed before initiating our own request.

The remaining information on the AA-1d, along with Form G-251 and the medical evidence, is used by the RRB's disability examiners to determine whether a disability exists and, if so, whether it is total and permanent or occupational only.

The RRB proposes no changes to Form AA-1d.

Form G-204, Verification of Worker's Compensation/Public Disability Benefit Information, is used to obtain and verify information concerning workman's compensation or public disability benefits that are or will be paid by a public agency to a disabled railroad employee. The form is released by the RRB whenever an applicant checks the "Yes" box when completing Items 125 or 126 of Form AA-1.

Items 1-5 are pre-coded by the RRB.

The RRB proposes no changes to Form G-204.

The application package an applicant receives includes an RL-1 transmittal letter, Forms AA-1 and AA-1d, and booklets RB-3, RB-1, RB-1d, and RB-9. The RL-1 transmittal letter tells the applicant what forms and booklets should be enclosed and what proofs are needed to support the claim. Booklet RB-3, *Furnishing Evidence to Support Your Claim*, explains the type of documents which can serve as evidence and gives suggestions for obtaining such documents.

Booklet RB-1, *Employee Age and Service Annuity*, and Booklet RB-1d, *Employee's Disability Benefits*, provide important information which the applicant needs to complete an application properly. They also explain what the RRB does after receiving the annuity applications. Booklet RB-9, *Employee and Spouse Events That Must Be Reported*, provides the applicant with information about events and circumstances that must be reported to the RRB after the annuity is awarded.

3. Planned use of improved information technology or technical/legal impediments to further burden reduction – The RRB's plan to make the forms available for Internet processing through the RRB's Web-Site has been deferred indefinitely at this time. The RRB will submit a request for a new/revised information collection to OMB for approval well in advance of any planned implementation of an Internet version.
4. Efforts to identify duplication – This information collection does not duplicate any other information collections.
5. Small business respondents – N.A.
6. Consequences of less frequent collection – N.A.
7. Special Circumstances – None
8. Consultations outside the agency – In accordance with 5 CFR 1320.8(d), comments were invited from the public regarding the information collection. The notice to the public was published on pages 4594 and 4595 of the January 28, 2010, Federal Register. No comments or request for information were received.
9. Payments or gifts to respondents – None
10. Confidentiality – Privacy Act System of Records, RB-22, Railroad Retirement, Survivor and Pensioner Benefit System
11. Sensitive questions – N.A.
12. Estimate of respondent burden - The current and proposed estimated annual burden for this collection is as follows:

Current Inventory			
Forms	Annual Responses	Time (Min)	Burden (Hrs)
AA-1cert (with assistance)	13,300	30	6,650
AA-1 (without assistance)	65	62	67
AA-1d (with assistance)	5,000	35	2,916
AA-1d (without assistance)	5	60	5
Forms	Annual Responses	Time (Min)	Burden (Hrs)
Total	18,000	30	9,499

**Proposed
Inventory**

AA-1 (without assistance)	100	62	103
AA-1d (with assistance)	3,700	35	2,158
AA-1d (without assistance)	5	60	5
G-204	20	15	5
Total	17,825		9,271

	Responses	Hours
Total Burden Change	<u>-285</u>	<u>-227</u>
Adjustment	-285	-227

13. Estimated costs to respondents or record keepers – N.A.

14. Estimated cost to the Federal Government – N.A.

15. Explanation for change in burden – With the implementation of the Application Express System (APPLE), The RRB is better able to determine the number of responses more accurately. We have shown the decrease of 285 responses and 227 burden hours as an adjustment.

16. Time schedule for data collection and publication – The results of this collection will not be published.

17. Request not to display OMB expiration date – The forms associated with this collection are seldom revised. Given the costs associated with programming, redrafting, reprinting, and distributing the forms in order to keep the appropriate OMB expiration date on the form, the RRB requests the authority not to display the OMB expiration date on the forms.

18. Exceptions to Certification Statement – None