

Employee and
Spouse
Annuities -
Events that
Must Be
Reported



Form RB-9 (03-09)

Introduction

This booklet describes the different events that can affect your annuity under the Railroad Retirement Act (RRA).

Whether you are receiving your own annuity, or you receive payments on behalf of another person, it is your responsibility to be aware of these events and to notify the Railroad Retirement Board (RRB) immediately when any apply to you.

Any new circumstances may cause changes in your entitlement or in the amount of your annuity. Keep this booklet handy and refer to it to see if you need to report an event.

If you are not sure if your report is necessary, RRB representatives will be happy to assist you. To locate the nearest office, visit our Web site at www.rrb.gov or call 877-772-5772.

Failure to promptly notify the RRB usually constitutes "fault" on your part that requires you to repay any resulting overpayment. This could cause your benefits to be suspended, and may result in the assessment of interest and penalties.

Even if an overpayment may not result, some of the events described in this booklet must be reported to assure that the RRB provides you with timely information about your annuity and with the maximum benefits payable to you.

Other Booklets and Forms of Interest

- AB-31 How Work Affects Your Disability Annuity
- G-77a How Work Affects Your Railroad Retirement Benefits
- G-179 Special Guaranty in Employee and Spouse Annuities
- RB-1 Age and Service Employee Annuities
- RB-30 Spouse/Divorced Spouse Annuity

RRB booklets and forms are available on the RRB's website at www.rrb.gov.

What to Report and Why

Your annuity entitlement and the amount payable to you each month is determined according to law and by the circumstances that exist on the date your annuity begins. Any later changes in those circumstances are very important. To guarantee correct payment of the benefits you are due, you must notify the RRB about all of the events that are described in this booklet. They are:

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How to Report

You may call, visit, or write to any RRB field office. In most cases, your reporting can be completely handled by telephone. If you plan to personally visit one of the RRB field offices, please call for an appointment. You will not be refused service if you do not make an appointment, but the RRB staff may be better able to assist you when an appointment is made.

Always provide the following when you call, visit or write to the RRB:

- Your name;
- Your RRB claim number;
- The railroad employee's name, if you are not the employee;
- Your daytime telephone number;
- A clear explanation of what you are reporting; and,
- The exact month, day and year that the event occurred or will occur.

Social Security Benefits

The Tier 1 component of your employee, spouse or divorced spouse annuity already includes credit for the railroad worker's earnings covered by social security taxes. When you file for social security benefits, (SS benefits), the RRB must reduce your Tier 1 component by the amount of SS benefits you receive.

If you are awarded SS benefits, the RRB usually will pay them combined with your annuity. We will adjust your Tier 1 and send you a letter to explain the two benefits. If SSA notifies you that they, not the RRB, will pay your SS benefit payments, notify the nearest RRB field office at once. It is your responsibility to notify us. **Do not expect the Social Security Administration**

to tell the RRB that you are being paid SS benefits. Any delay could cause your annuity to be overpaid. In many cases, filing for SS benefits will not increase your total benefit rate, because of the reduction in your Tier 1 component.

If your annuity is increased under the Special Guaranty provision (see booklet G-179, *Special Guaranty in Employee and Spouse Annuities*), you must notify the RRB if any spouse, minor child, disabled child or student child included in that computation begins to receive SS benefits, on any account number.

Non-covered Service Pensions and Public Service Pensions

A Non-covered Service Pension can reduce your employee Tier 1 component and the Tier 1 component of your spouse, as explained in booklet RB-1, *Age and Service Employee Annuities*.

A Public Service Pension can reduce your spouse Tier 1 component, as explained in booklet RB-30, *Spouse/Divorced Spouse Annuity*.

If you begin to receive a Non-covered Service Pension or Public Service Pension, report it to the RRB so we can make a timely adjustment of your annuity.

If your Tier 1 after reduction for your pension is greater than zero, also notify us when the pension rate increases.

Exception: You do not need to report increases in your Civil Service Retirement System (CSRS) pension. The RRB receives your pension rates from the Office of Personnel Management after each cost-of-living increase.

Railroad Work

You must notify the RRB immediately if you go to work in the railroad industry. **Do not wait for your employer to notify the RRB.**

If you are the employee annuitant, your regular annuity, or any supplemental annuity cannot be paid for any month in which you work for a railroad employer. This law applies no matter how old you are or how much money you earn from that work.

If you are the spouse annuitant, your annuity is not payable for any month you work for a railroad or for any month the employee annuitant returns to railroad work.

Nonrailroad Earnings After You Attain Full Retirement Age

This section applies to annuities based on age and service and disability annuities. For months after you have attained *Full Retirement Age* (FRA), your Tier 1 component is not subject to reductions because of your nonrailroad earnings.

DETERMINING YOUR FULL RETIREMENT AGE	
If you were born:	then your FRA is:
Before 1-2-1938	65
1-2-1938 thru 1-1-1939	65 and 2 months
1-2-1939 thru 1-1-1940	65 and 4 months
1-2-1940 thru 1-1-1941	65 and 6 months
1-2-1941 thru 1-1-1942	65 and 8 months
1-2-1942 thru 1-1-1943	65 and 10 months
1-2-1943 thru 1-1-1955	66
1-2-1955 thru 1-1-1956	66 and 2 months
1-2-1956 thru 1-1-1957	66 and 4 months
1-2-1957 thru 1-1-1958	66 and 6 months
1-2-1958 thru 1-1-1959	66 and 8 months
1-2-1959 thru 1-1-1960	66 and 10 months
1-2-1960 and later	67

However, *Last Pre-Retirement Nonrailroad Employer* (LPE) work deductions can still apply as explained on page 10.

Tier 1 Reductions for Nonrailroad Earnings Before You Attain Full Retirement Age

This section only concerns the Tier 1 component, vested dual benefit (VDB), and Special Guaranty reductions for age and service annuitants and their families. Tier 2 reductions for *Last Pre-Retirement Nonrailroad Employment* are explained on pages 8-10. The rules for disability annuitants are explained on page 11.

Your Tier 1 components are not reduced for your nonrailroad earnings if you are receiving social security benefits.

Otherwise, your nonrailroad earnings over the *Annual Earnings Exempt Amount* could reduce your employee or spouse annuity Tier 1, any VDB, or your Special Guaranty computation rate if you have not attained Full Retirement Age.

The employee's nonrailroad earnings also can cause a reduction to the spouse Tier 1 component. The employee's nonrailroad earnings also cause a reduction to the divorced spouse annuity within two years of the date of the final divorce decree.

What Earnings Count for Tier 1 Reductions

Tier 1 earnings restrictions apply to gross earnings from your employment for others, plus any net earnings from self-employment. Your net self-employment amount is the earnings amount after business expenses that you report to the Internal Revenue Service.

Do not include as earnings, any money you received for reasons other than for work you performed. Gifts, interest earned, inheritance, pensions, and investment income do not count as earnings for this purpose.

When to Report Earnings

You should report your earnings when you begin or end nonrailroad employment and expect to earn more than the *Annual Earnings Exempt Amount* to allow timely adjustment of your annuity. Also report if you will earn substantially more or less than you earned in the previous year.

When you tell us that you have begun nonrailroad employment or changed your earnings from the previous year, we apply temporary deductions to your annuity based on the amount you expect to earn.

Later, if your nonrailroad earnings are covered by the *Federal Insurance Contributions Act* (FICA) or the *Self-Employment Contributions Act* (SECA), the RRB will receive an annual report of those earnings from a tape match with the Social Security Administration.

It sometimes takes longer for the RRB to receive information about nonrailroad earnings that are not covered by FICA or SECA. If you receive such earnings, you should report your final earnings for the year by April 15, of the following year.

Refer to Form G-77a, *How Work Affects Your Railroad Retirement Benefits*, for the current *Annual Earnings Exempt Amounts* for your age group and refer to the following chart:

HOW EARNINGS DEDUCTIONS ARE ASSESSED			
If:	Then the amount of:	For months:	Is deducted from:
employees are entitled based on age and are under FRA for the full calendar year,	\$1.00 for every \$2.00 which they earn over their <i>Annual Earnings Exempt Amount</i> ,	in the full calendar year,	employee and spouse Tier 1, any employee VDB, or all family member shares in the calculation of the <i>Special Guaranty</i> computation
employees are entitled based on age and attain FRA during the calendar year,	\$1.00 for every \$3.00 which they earn over their <i>Annual Earnings Exempt Amount</i> ,	up to the month the employees attain FRA,	employee and spouse Tier 1, any employee VDB, or all family member shares in the calculation of the <i>Special Guaranty</i> computation
spouses are under FRA for the full calendar year,	\$1.00 for every \$2.00 which spouses earn over their <i>Annual Earnings Exempt Amount</i> ,	in the full calendar year,	their spouse Tier 1 or their shares in the calculation of the <i>Special Guaranty</i> increase.
spouses attain FRA during the calendar year,	\$1.00 for every \$3.00 which spouses earn over their <i>Annual Earnings Exempt Amount</i> ,	up to the month the spouses attain FRA.	their spouse Tier 1 or their shares in the calculation of the <i>Special Guaranty</i> increase.
your minor or student children work,	\$1.00 for every \$2.00 which they earn over their <i>Annual Earnings Exempt Amount</i> ,	in the full calendar year.	their shares in the calculation of the <i>Special Guaranty</i> increase.

Last Pre-Retirement Nonrailroad Employment

Your Last Pre-Retirement Nonrailroad Employer (LPE) is defined as any nonrailroad individual, company, or institution for whom you are working on your annuity beginning date (ABD) or for whom you stopped working in order to receive an annuity. This includes work for a Canadian railroad that is not covered under the Railroad Retirement Act and work as an elected or appointed public official.

The nonrailroad employer is always your LPE if you are working in nonrailroad employment on your ABD or, if you have stopped working, you still hold rights to return to service of the nonrailroad employer on your ABD.

The nonrailroad employer would be presumed to be your LPE if:

- You are the employee annuitant, and stopped working for the nonrailroad employer within six months immediately before your employee ABD, whether or not you also had been working for a railroad employer at the same time, or,
- You are a spouse annuitant, who may have never worked for a railroad, and stopped working for the nonrailroad employer within the six months immediately before your ABD.

When applicants were working for two or more persons, companies, or institutions within the six months preceding their ABD, all such employers are presumed to be LPE.

When you applied for your annuity, we asked for the names of your most recent nonrailroad employers, if any. That information established your LPE for RRB

records. Any work for your LPE that continues or is resumed after your annuity beginning date must be reported to the RRB at once. Be sure to provide the name and address of your employer and your estimated monthly earnings.

If you stop LPE, or you expect a change in your estimated monthly earnings, contact the nearest RRB office to have your payments adjusted.

LPE Exceptions

Some types of nonrailroad employment are not counted as LPE. These types of work do not affect payment of your Tier 2 component or supplemental annuity. These exceptions are:

- Military service
- Jury duty
- Mail handling by contract with the U.S. Postal Service
- Volunteer work
- Work for which you only receive payment of expenses
- Work as member (owner) of a Limited Liability Corporation (LLC)
- Self-employment

NOTE 1: If you claim an LPE exception as a member of an LLC, you must submit proof, including your statement, the name of any license, and copies of articles of organization, the operating agreement, and contracts with various clients.

NOTE 2: Work as an LLC employee, hired by the members who own an LLC, is counted as LPE.

NOTE 3: If you begin self-employment that has any connection with railroad employment or your LPE employer (such as consultant work), report this to the nearest RRB office. We may ask you to complete Form AA-4, *Self-Employment and Substantial Service Questionnaire*, which will help the RRB determine whether to consider your work self-employment or a continuation of railroad service or LPE.

Annuity Deductions for LPE

Earnings reductions for LPE occur at any age, even after attaining *Full Retirement Age*. There is no *Annual Earnings Exempt Amount* for LPE. Even work for minimum pay may be LPE.

Any LPE earnings received by an employee annuitant for service in or after the month the annuity begins, will reduce the amount of the employee's Tier 2 component, the employee's supplemental annuity, if any, and the spouse's Tier 2 component. The LPE work deduction is \$1.00 for every \$2.00 earned, but not more than 50% of the Tier 2 components and supplemental annuity.

Any LPE earnings received by a spouse annuitant for service in or after the month a spouse annuity begins, will reduce the amount of the spouse's Tier 2 component (up to 50%).

A prompt report will allow for a timely adjustment to avoid overpayment of your annuity.

Total and Permanent Disability after Retirement

Contact the RRB if you are receiving an age and service annuity or occupational disability annuity and you become totally disabled before you reach *Full Retirement Age*. You may be eligible for early Medicare

coverage and other benefits if you meet the requirements for total and permanent disability.

Disability and Medical Recovery

You must report ANY new employment. It is important that your report includes:

- The kind of work you are doing;
- How much you expect to earn each month;
- The period of time you expect to be working;
- How many hours you expect to work; and,
- The amount of any disability-related work expenses.

Your work and earnings will be evaluated to see if you are able to perform regular work. ANY work after your annuity begins, regardless of your amount of earnings, may raise questions about medical recovery.

If you return to work, or your doctor tells you that you are able to work, notify your local RRB field office. We will ask for more information about your condition and possibly request new medical examinations. Failure to promptly contact the RRB about changes in your disability status could result in large annuity overpayments with penalties.

Disability Work Deductions

If you are less than *Full Retirement Age* and you receive a disability-based annuity, the *Annual Earnings Exempt Amount* does not apply to your disability Tier 1 component.

Your disability annuity cannot be paid for any month you work and have earnings over the disability earnings limit (refer to Form AB-31, *How Work Affects Your Disability*). "Earnings" are defined on page 5. Certain disability-related work expenses are subtracted from your

earnings, such as the costs of special transportation, medicine used to control the impairment that caused the disability, attendant care, medical devices, and prosthetic devices.

When you tell us that you will have earnings over the disability earnings limit, we apply temporary deductions to your annuity for the calendar year based on the amount you expect to earn. We will send you a form after the end of that year to report your actual monthly and total earnings for that year.

- If your total earnings are less than the disability earnings maximum for that calendar year, any monthly benefits that we withheld will be paid to you.
- If your total earnings are greater than the disability earnings maximum during that year, you will not be entitled to an annuity for some months in that year. How long your annuity is not payable depends on how much you earn, but the number of months withheld will not exceed the actual number of months that you worked in that year.

**Workers Compensation or Other
Disability-Based Public Benefits**

Your disability annuity Tier 1 component is subject to a reduction if you also receive worker's compensation or another public, disability-based, benefit before you reach *Full Retirement Age*. This reduction requirement may apply even if you received a lump sum or an amount divided and paid in several payments. If you receive a public disability or worker's compensation award, or if the amount you receive changes, notify the RRB as soon as possible. Delay may cause a large annuity overpayment of your annuity.

Marital Status Change

If your marriage ends by divorce or annulment, notify the RRB to have your records updated (including any name change) and to assure that any spouse annuity is adjusted or terminated timely. Also report if a child, included in the Special Guaranty computation, marries.

If a stepchild is included in your *Special Guaranty* computation, and your marriage to the child's natural parent ends by divorce or annulment, notify the RRB. We are required to exclude the stepchild from the *Special Guaranty* computation.

If you are receiving a divorced spouse annuity, your entitlement ends the month that you remarry.

Qualifying Child Status Changes

If your spouse annuity is based on a child in your care, your benefit eligibility ends if certain events occur before you qualify for an annuity based on your age. If the child attains age 18 or is no longer disabled, or if the child enters military service, marries, dies, or leaves your care before age 18, your payments must stop.

Your spouse annuity termination is automatically processed when RRB records show the child is age 18, but you must report events that could end your spouse annuity eligibility earlier. You must also notify your local RRB field office if you receive an annuity payment after your entitlement ends.

Conviction for a Criminal Offense

A prison sentence or confinement due to a conviction for a criminal offense changes the income tax liability for annuity payments and the reports required by the RRB to the IRS.

If you or your spouse are confined due to a conviction for a criminal offense, report this to the RRB. The RRB will then determine if any payment changes are required. Also report if you receive a spouse annuity based on a child in your care or the *Special Guaranty* computation including a child and that child is confined due to a conviction for a criminal offense.

Places of confinement include prisons, jails, hospitals, schools, halfway houses, or other facilities in which a person is under the control and jurisdiction of a penal system. The period of confinement ends when the prisoner is paroled or released because the sentence has ended, been suspended, or overturned.

Spouse or Employee Death

Promptly notify the RRB when an employee or spouse dies, to avoid possible overpayment. An annuity is not payable for the month in which an employee or spouse dies. It is against the law to cash an annuity check issued to a person who has died. If a payment by check is received after that person's date of death, it must be returned to the RRB or to the Treasury Department address shown on the envelope.

It is also against the law to use direct deposit funds received by a financial institution for a person who has died. If a direct deposit annuity payment is received after that person's date of death, your financial institution is required to return it to the Treasury Department at once.

When an employee dies, survivor benefits may be payable.

Change of Address

Even though your payments may be sent by direct deposit, notify both the RRB and the financial institution that receives your payment as soon as possible, if your home address changes.

We need your home address to mail important information about RRB benefit increases, earnings allowances, Medicare, and your income tax statements. If you do not report your change of address, the RRB is not responsible for information you do not receive.

To report an address change, write the RRB and provide the following information:

- Your RRB claim number;
- Your name;
- Your new address;
- Your old address;
- The date you will start receiving mail at the new address; and,
- If your spouse also receives an annuity from the RRB, a statement that your change of address applies for both you and your spouse or applies to you alone.

Direct Deposit

An address change report does not change your direct deposit information. If you are changing bank accounts, or wish your payments to go to a different financial institution, you must tell the RRB your new account number and the new bank's routing number. (The routing number appears at the bottom of your new checks or the bank will give it to you.)

Do not close your old account until you receive the first RRB payment in your new account.

Reminder

A prompt report of any of the events described in this booklet will allow the RRB to provide you with accurate and timely benefits and service. For your convenience, most of this reporting may be handled completely by telephone without a trip to the RRB field office. If additional action is required on your part, our RRB field office staff will be glad to assist you.

Use the following chart to keep a record of the events that you report to the RRB; the method used to report the event (i.e., telephone, mail); and the date that you reported the event. When writing to the RRB, we recommend that you keep a copy of your report.

Event	Method Used to Report	Date Reported

Nondiscrimination on the Basis of Disability

Under Section 504 of the Rehabilitation Act of 1973 and Railroad Retirement Board (RRB) regulations, no qualified person may be discriminated against on the basis of disability. RRB programs and activities must be accessible to all qualified applicants and beneficiaries, including those with impaired vision or hearing. Disabled persons needing assistance (including auxiliary aids or program information in accessible formats) should contact the nearest RRB office. Complaints of alleged discrimination by the RRB on the basis of disability must be filed within 90 days in writing with the Director of Administration, Railroad Retirement Board, 844 North Rush Street, Chicago, Illinois, 60611-2092. Questions about individual rights under this regulation may be directed to the RRB's Director of Equal Opportunity at the same address.

Fraud and Abuse Hot Line

Call the toll-free Fraud and Abuse Hot Line if you have reason to believe that someone is receiving railroad retirement or unemployment-sickness benefits to which (s)he is not entitled; that persons responsible for the financial affairs of minors or incompetent beneficiaries are misappropriating benefits; or that a doctor, hospital, or other provider of health care services is performing unnecessary or inappropriate services or is billing Medicare for services not received. You may also use the Hot Line to report any suspected misconduct by a Railroad Retirement Board (RRB) employee. The Hot Line has been installed by the RRB's Inspector General to receive any evidence of fraud or abuse of the RRB's benefit programs.

Call (toll-free) 1-800-772-4258. Or you may send your complaints in writing to the Railroad Retirement Board, OIG, Hot Line Officer, 844 North Rush Street, Chicago, Illinois, 60611-2092. Please do not call the Hot Line with questions about eligibility requirements, delayed claims, or similar problems. Such matters should be directed to the nearest RRB field office.