

Justification  
**Self-Employment and Substantial Services Questionnaire**  
 RRB Form AA-4

1. Circumstances of information collection - Section 2 of the Railroad Retirement Act (RRA) provides for payment of annuities to qualified employees and their spouses. In order to receive an age and service annuity, Section 2(e)(3) states that the applicant must stop all railroad work and give up any rights to such work. However, applicants are not required to stop nonrailroad work or self-employment.

The RRB considers some work claimed as "self-employment" to actually be employment for an employer. Whether the RRB classifies a particular activity as self-employment or work for an employer depends upon the circumstances of each case. These circumstances are prescribed in 20 CFR 216.

Under the 1988 amendments to the RRA, the applicant is no longer required to stop work for a "Last Pre-Retirement Nonrailroad Employer" (LPE). However, Section 2(f)(6) of the RRA requires that a portion of the employee's Tier II and supplemental annuity be deducted for earnings from an "LPE."

The "LPE" is the last person, company, or institution, with whom the employee or spouse applicant was employed concurrently with, or after, the applicant's last railroad employment and before their annuity beginning date. If the spouse never worked for a railroad, the LPE is the last person for whom he or she worked.

Employment for other than a railroad or LPE, and self-employment, affect the annuity only to the extent of work deductions under Section 2(f)(1) of the RRA. There is one exception: If the applicant has any month in the "Grace Year" in which there is no "substantial service" in self-employment, work deductions under Section 2(f) or Section 2(g)(2) of the RRA do not apply to that month.

A "Grace Year" is basically the first year of annuity entitlement in which there is a month(s) in which the applicant did not perform "substantial service" in self-employment. The exception does not apply to subsequent years of entitlement to that annuity. Some activities claimed by the applicant as "self-employment" may actually be employment for someone else (e.g., training officer, consultant, salesman). The person is not self-employed if they work in an incorporated business since, in this situation, the corporation is the person's employer. These requirements are prescribed in 20 CFR 216.

2. Purposes of collecting/consequences of not collecting the information - **Form AA-4, Self-Employment and Substantial Service Questionnaire**, obtains information needed by the RRB to determine if an applicant's work is for an LPE, railroad service, or self-employment. If the work is self-employment, the questionnaire identifies any months in which the applicant did not perform substantial service.

Form AA-4 is a supplement to Form AA-1, Application for Employee Annuity, OMB No. 3220-0002, and Form AA-3, Application for Spouse/Divorced Spouse Annuity, OMB No. 3220-0042. The form is completed by those applicants who indicate on either Form AA-1 or AA-3 that they are or were recently self-employed. Occasionally, to have their Last Pre-Retirement Nonrailroad Employment or railroad service determination made in

advance, individuals request to complete the questionnaire before filing an annuity application. Items 1-3 are completed by the RRB.

**The RRB proposes no changes to Form AA-4.**

To our knowledge, no other agency has a comparable form, though the Social Security Administration uses several forms relating to self-employment.

3. Planned use of improved information technology or technical/legal impediments to further burden reduction - The RRB's Internet-based retirement initiative has been deferred due to the development of necessary changes to the RRB's Employer Wage Reporting Information Systems and forms.
4. Efforts to identify duplication - This information collection does not duplicate any other information collection.
5. Small business respondents - N.A.
6. Consequences of less frequent collection - N.A.
7. Special Circumstances - N.A.
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 page 89522 of the December 12, 2016, Federal Register. No comments or requests for additional information were received.
9. Payments or gifts to respondents - None
10. Confidentiality - Privacy Act System of Records, RRB-22, Railroad Retirement, Survivor, and Pensioner Benefit System. In accordance with OMB Circular M-03-22, a Privacy Impact Assessment for this information collection was completed and can be found at <http://www.rrb.gov/pdf/PIA/PIA-BPO.pdf>.
11. Sensitive questions - N.A.
12. Estimate of respondent burden - We estimate that approximately 5 percent of all AA-4's are completed without help from RRB field office personnel, i.e., self-administered.

The current estimated annual burden for the collection follows.

**Current Burden**

Form	Annual Responses	Time (Min)	Burden (Hrs)
AA-4 (With assistance)	570	40	380
AA-4 (Without assistance)	30	70	35

Total	600		415
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13. Estimated annual cost to respondents or record keepers - N.A.
14. Estimated cost to Federal Government - N.A.
15. Explanation for change in burden - N.A.
16. Time schedule for data collection and publication - N.A.
17. Request not to display OMB expiration date - The AA-4 is a low-usage form that is seldom revised. Given the costs associated with redrafting, reprinting, and distributing the form in order to keep the appropriate expiration date in place, the RRB requests the authority to not display the OMB expiration date on the form.
18. Exceptions to Certification Statement - None