



# **How Work Affects Your Railroad Retirement Benefits**

## **Introduction**

Here is important information for individuals receiving an employee or spouse annuity under the Railroad Retirement Act about how work and earnings affect benefits.

**A railroad retirement annuity is not payable for any month in which you work for a railroad or railroad labor organization.** This rule applies to all beneficiaries, including retired employees and their spouses, regardless of age or amount of earnings.

You can work for a **nonrailroad employer** and still receive retirement benefits from the Railroad Retirement Board (RRB). However, your benefits will be reduced if you earn over certain limits and are under full retirement age (FRA). Once you attain FRA, there are no Tier I and vested dual benefit deductions because of earnings. However, if you work for your last pre-retirement nonrailroad employer, your benefits may be reduced, regardless of the amount of your earnings or your age.

## **What Are the Year 2025 Earnings Limits?**

Like social security benefits, railroad retirement Tier I benefits and vested dual benefits paid to retired employees and their spouses are reduced if you are under FRA, work, and earn over a certain exempt amount. FRA extends from age 65 for beneficiaries born before 1938, to age 67 for those born in 1960 and later.

If you are under FRA in all of 2025, you can earn up to \$23,400 in 2025 with no reduction in your railroad retirement benefits. If you earn more than that, \$1 in benefits is withheld for every \$2 you earn over \$23,400.

If you attain FRA in 2025, you can earn up to \$62,160 in the months before you reach FRA with no reduction in your railroad retirement benefits. If you earn more than that amount, \$1 in benefits is withheld for every \$3 you earn over \$62,160.

If you also receive monthly social security benefits, your social security benefits are reduced if you earn more than the exempt amount, but your Tier I railroad retirement benefits are not reduced because of your earnings.

| <b>Summary of Earnings Limits<br/>2023-2025</b>                                                                                                                                                                                                                  |                           |                |                     |                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------|---------------------|----------------|
| A summary of the annual earnings exempt amounts and the special one-year monthly exempt amounts is shown below. Remember that these limits apply to earnings deductions in Tier I benefits and vested dual benefits paid to retired employees and their spouses. |                           |                |                     |                |
| Year                                                                                                                                                                                                                                                             | Under Full Retirement Age |                | Full Retirement Age |                |
|                                                                                                                                                                                                                                                                  | Yearly Amount             | Monthly Amount | Yearly Amount       | Monthly Amount |
| 2025                                                                                                                                                                                                                                                             | \$23,400                  | \$1,950        | \$62,160            | \$5,180        |
| 2024                                                                                                                                                                                                                                                             | \$22,320                  | \$1,860        | \$59,520            | \$4,960        |
| 2023                                                                                                                                                                                                                                                             | \$21,240                  | \$1,770        | \$56,520            | \$4,710        |
| <b>An earnings test applies in the calendar year in which a beneficiary attains FRA, but only to the months prior to the month the beneficiary reaches FRA.</b>                                                                                                  |                           |                |                     |                |

## **Special One-Year Rule**

A special rule applies to earnings for one year, usually the first year of retirement, if you are under FRA. Under this rule, you can receive a full annuity for any month you are “retired” and your monthly earnings do not exceed a certain limit, regardless of your annual earnings. Different rules apply to self-employed individuals subject to the monthly test. The amount of time spent in self-employment during a month, as well as the nature of work performed, is considered in determining whether the special one-year rule applies.

In 2025, a person under FRA is considered retired if monthly earnings do not exceed \$1,950. For example, John Smith retires at age 62 on August 25, 2025. He made \$25,000 through August. He begins a part-time job in September. He earns \$600 per month. Although his earnings for the year exceed the year 2025 limit of \$23,400, Mr. Smith will receive his full railroad retirement annuity for September through December because his earnings in those months are less than \$1,950, the special one-year monthly exempt amount. Beginning in 2026, only the yearly limits will apply to Mr. Smith because he will have already used his special one-year rule eligibility.

## **Work for Your Last Pre-Retirement Nonrailroad Employer**

If you are a retired railroad employee or the spouse of a retired employee, part of your annuity is subject to earnings deductions if you work for your last pre-retirement nonrailroad employer. Your Tier II benefits and supplemental annuity, if any, are reduced \$1 for every \$2 in earnings from your last pre-retirement nonrailroad employer, subject to a maximum reduction of 50 percent. The reduction applies regardless of the amount of your earnings or your age.

A retired employee’s work for a last pre-retirement nonrailroad employer can also cause a reduction in the spouse’s Tier II benefits.

Here’s an example of how the reduction works. Mr. Jones, a retired railroad employee, has a monthly Tier II benefit of \$300, and no supplemental annuity. He earns \$400 each month from work for his last pre-retirement nonrailroad employer. His monthly Tier II benefits are reduced to \$150. Although the reduction for his earnings is calculated to be \$200, the reduction is limited to 50 percent of his Tier II benefits.

## **What Earnings Count?**

If you work for someone else, your gross wages count when we calculate your earnings deduction. If you are self-employed, we count only your net earnings from self-employment. We count your earnings from both railroad and nonrailroad employment to determine if you earned over the annual exempt amount. We do not count non-work income such as investment earnings, interest, pensions, gifts, inheritances, and capital gains.

## **Reporting Your Earnings**

In most cases, we calculate how much to reduce your annuity because of your earnings based on either the earnings estimate you gave us when you applied for benefits, or on reports submitted by employers to the Social Security Administration. You do not have to report your earnings to us unless:

- ▶ You stop working;
- ▶ You start working and expect to earn more than the annual exempt amount;
- ▶ Your employment is not covered under the Social Security Act (i.e., FICA taxes are not deducted from your pay);
- ▶ You work for a railroad or railroad labor organization;
- ▶ You return to work for your last pre-retirement nonrailroad employer; or
- ▶ We ask for a report of your earnings.

Contact the nearest RRB office at any time during the year if you think we are either withholding too much or too little from your benefits because of your earnings. Failure to report as directed may result in the application of penalties.

Remember to count your gross earnings, including salaries, wages, commissions, and bonuses before any deductions. Count net earnings from self-employment.

***Note: There are special rules that apply to individuals who receive railroad retirement disability benefits. They must report all work to the RRB. In addition, a railroad retirement disability annuity is not payable for any month in which the annuitant earns \$1,260 or more, after deducting disability related expenses. Contact the nearest office of the RRB for additional information.***

Visit our Website at <https://www.rrb.gov>.