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

1. Circumstances of information collection - Section 2 of the Railroad Retirement Act (RRA) (45 U.S.C. 231a) 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 the following changes to the AA-4:

- **On Page 1, changed grey section at the top of the page to "DO NOT WRITE IN THIS SPACE - RRB Official Use Only".**
- **On Page 1, Paperwork Reduction Act/Privacy Act Notices, 1) changed 2nd sentence to "This information is needed to determine whether your self-employment or business activity (which includes all forms of work or investment regardless of profit or passive income) will affect your railroad retirement benefits under the RRA.", 2) added new 4th sentence "If there are self-employment, business or any other type of earnings reported to the RRB that are miscategorized or incorrectly associated to you, then please inform an RRB representative so that you are given instructions on how to correct your earnings record.", and 3) changed last sentence to "Railroad Retirement Board, ATTN: Bureau of Information Services/Policy & Compliance, 844 N. Rush Street, Chicago, IL 60611-1275.".**
- **In Section 1, changed year for example date to "June 6, 2026."**
- **In Section 2, removed instructions below item 4.**
- **In Section 2, removed instructions below item 5.**
- **In Section 3, changed section title to "Information About Your Self-Employment Or Business Activity" and item 7a to "Enter the name and address of your business or business activity."**
- **In Section 3, item 7b, added "Gig Work (ex. ride-share) and "Limited Liability Company (LLC)" business or business activity options.**
- **In Section 3, added item 7c "Enter the name of the government Agency where your business or business activity is registered/incorporated."**
- **In Section 3, item 8a, added "Director/Board Member", "Farmer" and "Landlord" to job title options.**
- **In Section 3, item 8c, added "phone number(s)" for persons or organizations for whom you perform service.**
- **In Section 3, item 12, changed to "Do you advertise your services?"**
- **In Section 4, inserted "did not" in first sentence between "you" and "perform".**
- **In Section 5, item 23, added "Note: If you need to report your earnings for any additional year(s), then provide the information in Section 6."**

- **In Section 5, item 27a, inserted “agreement” between “written” and “in accordance”.**

- **In Section 5, item 28, changed to “Do you risk personal financial loss in your business or business activity?”**

- **In Section 7, item 31, changed certification to “I certify that all the information I gave the Railroad Retirement Board (RRB) on this form is true to the best of my knowledge. I know that if I have made a false or fraudulent statement on this form or withhold information in order to receive benefits from the RRB, I am committing a crime which is punishable under Federal law by fine or imprisonment or both.”**

3. Planned use of improved information technology or technical/legal impediments to further burden reduction – Due to 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 and technology limitations, this information collection does not allow for electronic submission as described in the Government Paperwork Elimination Act (GPEA). However, we will reevaluate electronic signatures after the completion of the RRB’s Internet-based retirement/Employer Wage Reporting modernization, as applicable.

4. Efforts to identify duplication – To our knowledge, no other agency has a similar form to Form AA-4 though the Social Security Administration uses several forms relating to self-employment, the information collection does not duplicate any other RRB 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 44882 of the July 17, 2026, 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 https://www.rrb.gov/sites/default/files/2017-06/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 Number	Annual Responses	Time (Minutes)	Burden (Hours)
AA-4 (With assistance)	1,109	40	739
AA-4 (Without assistance)	58	70	68
Total	1,167		807

Proposed Burden

Form Number	Annual Responses	Time (Minutes)/1	Burden (Hours)
AA-4 (With assistance)	968	40	645
AA-4 (Without assistance)	51	70	60
Total	1,019		705

1/The RRB has been collecting the information on these forms since OMB approved the information collection. Based on a sampling done when the form was originally created, the office calculated the estimated time, which includes time for getting the needed data and reviewing the completed form.

	Responses	**Hours**
Total Burden Change	1,019	705
Adjustment	-148	-101

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 - The overall annual responses decreased by 148, from 1,167 to 1,019 and the overall burden hours decreased by 101, from 807 to 706 due to a decrease in RRB annuity applicants. The decrease is an adjustment.

16. Time schedule for data collection and publication - N.A.

17. Request not to display OMB expiration date - The RRB started an extensive multi-year IT Modernization Initiative at the beginning of Fiscal Year 2019 to transform our operations into the 21st Century using multiple contractor services to improve mission performance, expand service capabilities, and strengthen cybersecurity and modernization is still in progress. The RRB hired a new CIO on November 4, 2024, who was briefed on the modernization initiative status and if requested, the RRB will provide OMB with any updates to the consolidated project timeline.

    Given that the form in this collection is seldom revised; the costs associated with redrafting, reprinting, and distributing forms to keep the appropriate OMB expiration date in place; and our desire to reevaluate after the completion of the modernization project, **the RRB requests the authority to not display the expiration date on the forms**.

18. Exceptions to Certification Statement - None