

# Railroad Retirement Board

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# History

- Private Pensions originated in the railroad industry in 1874
- By 1927, over 80% of all railroad employees in the US worked for employers who had formal plans in operations

# History

- Defects of the then pension plans:
  - Paid inadequate benefits
  - Limited provisions for disability retirements
  - Credits could not be transferred from one employer to another
  - Employers could terminate plans at will
  - Plans were inadequately financed and could not withstand temporary difficulties

# History

- Great Depression of the early 1930's
  - Movement for retirement plans on a national basis
- Many older workers in industry
  - General deterioration of employment conditions

# History

- Social Security in planning stage
  - No credit for service prior to 1937
- Railroad Retirement System broadened existing programs under uniform national plan
  - Needed immediate benefits for service before 1937

# History

- Railroad legislation was enacted in 1934, 1935 and 1937
  - Railroad Retirement Act of 1934 set up the first retirement system for nongovernmental workers
  - Benefits paid:
    - 1937 to 50,000 pensioners
    - 1938 to 100,000 pensioners (80% non disabilities)

# RRB vs SSA

- Similarities:
  - Retirement @ RRB with less than 30 years
    - Same Age Reductions/Full Retirement Ages
    - Same Offsets
    - Same COLA
  - Total & Permanent Disabilities
  - Spouse Benefits
  - Survivor Benefits

# RRB vs SSA

- Differences:
  - Retirement with 30 years of service or more @ age 60; no age reduction
  - Qualify with as little as 60 service months
  - Tier 2
  - Occupational Disability
  - Spousal benefits @ age 60 with no reduction
  - No benefits payable to children when employee is alive

# RRB vs SSA

- What is paid in Railroad Retirement
  - Tier 1
    - Tax rate and wage base is the same as under SSA (Annual maximum \$113,700)
    - Calculated using SSA formulas
    - Reduced for age if necessary
    - Same offsets (PSP, SSA, Wkrs Comp)

# RRB vs SSA

- What is paid in Railroad Retirement
  - Tier 2
    - Employee contributes 4.4% (4.9% historically)
    - Employer contributes 12.6% (16.1% historically)
    - Tax base is less than that of SSA (\$84,300 for 2012)

# RRB vs SSA

- What is paid in Railroad Retirement
  - Tier 2
    - Computed under a separate formula
      - Based solely on railroad work
      - Based on highest 5 years & total service months
    - Comparable to an industrial pension
    - Reduced for Age if required

# RRB vs SSA

- Total & Permanent Disabilities
  - Same provisions as under SSA

# RRB vs SSA

- Occupational Disabilities
  - Only have to be disabled from current railroad job
    - Under age 60 / 20 years of service
    - Age 60 to FRA / 10 years of service
    - Both need a current connection

# RRB vs SSA

- The RRB has jurisdiction for the payment of combined benefits under the Railroad Retirement Act and Social Security Act for all covered railroaders and their spouses while the railroader is alive.
- Survivor benefits are paid through RRB or SSA, depending on the insured status

# RRB vs SSA

- Working after retirement
  - Must cease all railroad work to collect
  - May have additional work deductions if continuing in same non-railroad work

# Medicare

- Hospital Insurance (Part A) helps pay for inpatient hospital care, skilled nursing facility, home health care and hospice.
  - Financed by payroll tax on employees and employers – 1.45% of all earnings
    - Additional taxes are 0.9% of Earnings in Excess of \$200,000.00

# Medicare

- Medical insurance (Part B) helps pay for doctors' services, outpatient care, medical services and supplies and some preventive services
  - Financed by monthly premiums
  - Premiums are the same as under SSA
  - IRRMA applies / Determined by SSA

# Medicare

- Part B (cont)
  - Carrier for all RRB Part B claims is Palmetto GBA in Augusta, GA
  - RRB has no regional carriers and it is not the same as SSA covered beneficiaries
  - RRB has jurisdiction over Medicare for all qualified RRB beneficiaries
  - RRB claim numbers have prefixes as opposed to SSA which has suffixes

# Medicare

- National vs Regional Handbooks
  - Secured by Medicare
  - [www.medicare.gov](http://www.medicare.gov)
  - 1-800-633-4227

# Medicare

- Part B Claims – to get the status of Medicare Part B claims only

Palmetto GBA

Railroad Medicare Claims

PO Box 10066

Augusta, GA 30999

1-800-833-4455 (for beneficiaries)

1-877-288-7600 (for providers)

# Medicare

- Medicare Advantage Plans (Part C)
- Medicare Prescription Drug Coverage (Part D)
  - Enrollment voluntary
  - Variety of options available with different coverage and costs