

United States Railroad Retirement Board

Office of Programs

Assessment and Training

Compensation and Employer Services

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PART I Prerequisite Knowledge for Labor Employer Reporting**CHAPTER 1: What is the Railroad Retirement Board?**

The U. S. Railroad Retirement Board (RRB) is an independent agency in the executive branch of the Federal Government. The primary function of the RRB is to determine and pay retirement/survivor and unemployment/sickness benefits for the nation's railroad workers and their families under the Railroad Retirement Act (RRA) and the Railroad Unemployment Insurance Act (RUIA). The benefit payments administered by the RRB are based on earnings credits, called creditable service and compensation. The service and compensation information is collected from reports of employers covered under the RRA and the RUIA, including rail labor employers. In the context of reporting to the RRB, the term "employer" refers to both rail carriers and national rail labor organizations.

The RRB maintains lifetime records of creditable service and compensation for each railroad employee for purposes of determining benefit payments. The records of service and compensation are secured from employer reports. The RRB's authority to require an employer to submit this information is authorized by RRB regulations (20 CFR 209.2) and by Sections 7(b)(6) and 9 of the RRA and Sections 6 and 12(1) of the RUIA, respectively.

Part I, Chapter 2

CHAPTER 2: The Role of the National Reporting Officer

Each employer must designate at least one person as an official Railroad Retirement Board (RRB) contact for the various responsibilities in connection with railroad retirement reports. For the grand lodge of rail labor employers, the contact official is known as the National Reporting Officer (NRO) and has additional responsibilities because the NRO serves as the point of contact for railroad retirement report matters on behalf of the local lodge and system subordinate units.

The NRO is an agent of the RRB and is designated by the grand lodge through the Labor Member's Office (LMO). After a referral to the Chief of Compensation and Employer Services, appropriate documents are forwarded to the NRO for signature. The NRO is also provided with a written position description detailing his or her responsibilities. The position description is provided in Appendix III.

The NRO is responsible for service and compensation reports and employee earnings records. Correspondence related to these subjects, such as informational circular letters and report error referrals, will be directed to the NRO.

The NRO should:

- understand how to complete forms properly;
- answer RRB inquiries promptly;
- be familiar with the "Reporting Instructions to Labor Employers"; and,
- communicate reporting instructions to the local lodges, system subordinate units and other staff members who are involved in preparing reports.

The responsibilities of the NRO are important because if instructions are not understood, communicated, and followed properly, erroneous service and compensation information may be reported to the RRB. Erroneous reports can create difficulties and financial hardships for employees in obtaining correct benefit payments and can create unnecessary paperwork for the RRB and the employer.

Changes to the name and address of an NRO may be submitted to the LMO.

CHAPTER 3: *Reporting Instructions to Labor Employers*

The *Reporting Instructions to Labor Employers (Labor Reporting Instructions)* provide instructions to National Reporting Officers' reporting under the Railroad Retirement Act (RRA) and Railroad Unemployment Insurance Act (RUIA). The Labor Reporting Instructions cover forms and correspondence relating to the following subjects:

- annual earnings reports of creditable service and compensation;
- adjusted reports of service and compensation; and,
- clarified reports of service and compensation in order to correct employee records.

What's Not in *Labor Reporting Instructions*

The *Labor Reporting Instructions* do not provide instructions for every form you must complete for the Railroad Retirement Board. However, the *Labor Reporting Instructions* will provide basic information for the earnings-related forms which relate to Compensation and Employer Services. For example, Internal Revenue Service (IRS) Form CT-1, Employer's Annual Railroad Retirement Tax Return, is related to creditable earnings, so the *Labor Reporting Instructions* describe the purpose of Form CT-1 and the taxes on compensation. The *Labor Reporting Instructions* do not provide instructions for completing Form CT-1 nor answer railroad retirement tax questions. The RRB Jurisdiction Referral Guide, in Appendix II, refers employers to the proper party for matters not within the scope of service and compensation.

Forms OE-1/Form OE-1a are filed by the system subordinate and local lodge units with the NRO, who subsequently consolidates the information into one annual service compensation report submitted to the RRB. Filers of Forms OE-1 and OE-1a should refer to either the Form OE-1 or OE-1a instructions prepared by the RRB for distribution to the units by the NRO. The instructions are provided to assist the units in reporting creditable service and compensation and taxable earnings to the National Reporting Officer and in reporting and paying retirement taxes to the Internal Revenue Service.

For system subordinate units, the Form OE-1 instructions also explain the procedure for reporting and paying unemployment contributions.

Part I, Chapter 3

How to Use the *Labor Reporting Instructions* Effectively

The *Labor Reporting Instructions* may be used as an assistance source without reading it in its entirety. The *Labor Reporting Instructions* is organized into eight parts with numbered chapters within each part. It has exhibits which illustrate every form described and appendices with supplemental material not contained in the chapter texts. Cross references are used to guide the user to other sections of the instructions with related information about a subject.

The eight parts follow the process order in which an employer needs to know the information:

- prerequisite concept knowledge;
- descriptions and instructions for all required reports; and
- information employers must know about reports even after the original reports are submitted.

Information within a chapter in the *Labor Reporting Instructions to Labor Employers* which applies only to **system subordinate units and grand lodges** is designated in the same manner as this paragraph.

It is important to use the most current version of the *Labor Reporting Instructions*. Keep your copy up-to-date by immediately filing the updated pages which are released as needed. Discard obsolete pages to avoid confusion. The revision or effective date is shown in the header of each page.

Labor Reporting Instructions: The Implementation of Law

Because the *Labor Reporting Instructions* is based on the implementation of the RRA and RUIA and the regulations of the Railroad Retirement Board (RRB), some legal citations are included for your reference. A copy of the Railroad Retirement Act of 1974 and Railroad Unemployment Insurance Act may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. You may also purchase a copy of the Code of Federal Regulations, Title 20, Parts 1 to 399, which includes the requirements and forms prescribed for reporting to the RRB and the penalties for failure to report. This is published annually, usually during June, with revisions through March 31 of that year. In addition, a library with a public documents section may have copies of the RRA, the RUIA, and regulations, or may be able to secure loan copies from another library.

CHAPTER 4: Compensation, Tax, and Benefit Relationships

It is important to understand the relationships between compensation, employment tax, and benefits under the Railroad Retirement Act (RRA) and the Railroad Unemployment Insurance Act (RUIA).

Under the RRA, creditable compensation and retirement-survivor benefits are based on two separate "layers" known as tiers. Railroad retirement taxes under the Railroad Retirement Tax Act are also computed using the tier structure. Consequently, a direct relationship exists between creditable compensation, the corresponding taxes paid to the Internal Revenue Service (IRS), and the benefit formula under the RRA.

Tier I Relationships

Tier I is the railroad retirement equivalent of social security. The railroad retirement and social security systems are coordinated by law in these areas:

- **Tax** The Tier I tax is computed on the same percentage rate and annual maximum tax base as social security. The Tier I tax is composed of three tax components; Old Age & Survivors (OASI), Disability (DI), and Health (HI) Insurance or Medicare. For example, the 1998 Tier I rate of 7.65% is composed of 5.26% OASI; .94% DI; and 1.45% Medicare. Like social security tax, Tier I tax is shared equally by employee and employer.

Amounts earned over and above the Tier I maximum are not creditable under the Railroad Retirement Act even though additional amounts earned are taxable for Medicare purposes. Taxable Medicare earnings beyond the creditable Tier I maximum are not reported to the RRB, except possibly on Form BA-11, Gross Earnings Report. If an employee earned \$75,000.00 in 1997, the employer should report \$65,400.00 as creditable Tier I compensation and \$48,600.00 as creditable Tier II compensation because those are the 1998 Tier I and Tier II maximums. The entire \$75,000.00 is taxable for Medicare purposes.

- **Earnings Base** Employees may receive Tier I compensation credit up to the same annual maximum earnings base as that year's social security wage base; \$65,400.00 in 1997.

- **Benefits** The Social Security Equivalent Benefit (SSEB) portion of the Tier I part of regular railroad retirement annuities is calculated by using the social security benefit formula. It yields amounts equivalent to social security benefits, based on combined Tier I compensation and non-railroad social security credits.

Tier II Relationships

Tier II may be compared to a private contributory pension. The benefit financing, earnings credit,

Part I, Chapter 4

and annuity benefit formula are based on employment solely in the railroad industry. Tier II differs from social security in these three areas:

- Tax Both employee and employer pay an additional tax, called Tier II tax, to finance railroad retirement benefit payments over social security levels. The rail employer's share of the Tier II tax is higher than the employee's share.
- Earnings Base The annual Tier II maximum earnings base is lower than the social security wage base; \$48,600.00 in 1997. When the Tier II maximum is attained, additional earnings remain taxable and creditable up to the applicable Tier I retirement maximum.
- Benefits The Tier II portion of regular railroad retirement annuities is calculated in such a way as to yield benefits comparable to pensions. The Tier II benefit portion is based solely on railroad service and Tier II compensation.

A sample of the "Tax Rates and Maximum Earnings Under Railroad Retirement, Social Security and Railroad Unemployment Insurance Programs" table is in Appendix VI.

RUIA Relationships

The three areas of taxes, earnings, and benefits are also related under the Railroad Unemployment Insurance Act (RUIA), but the structure of the RUIA is not based on tiers. Local lodges are exempt from the provisions of the RUIA.

- Tax The railroad unemployment-sickness benefit program is financed by taxes paid solely by railroad employers and is currently based on taxable earnings of their employees. The unemployment and sickness insurance contribution rate is experience-rated. This means that each employer pays contributions at a rate which takes into consideration the employer's actual incidence of benefit usage by its employees.
- Earnings Base An employee's taxable earnings base is subject to a monthly, rather than annual, limit. The earnings base is indexed each year by a formula related to the annual rate of increase in the maximum base for Tier I taxes.
- Benefits A new unemployment-sickness benefit year begins every July 1, with eligibility generally based on railroad service and earnings in the preceding calendar year.

Two Taxation Authorities

Employer contributions (taxes) under the RUIA are collected by the RRB, but Tier I and Tier II taxes are collected by the IRS under the authority of the Railroad Retirement Tax Act.

CHAPTER 5: Establishing New Records for New Hires

Records for newly hired railroad employees are established from the annual reports of service and compensation. Thus, it is important that the social security numbers (SSN) and names under which the employees' service and compensation are reported are correct.

A current employee may appear to be a new hire if the employee is reported under an incorrect SSN. Because the incorrect SSN will not match an existing Railroad Retirement Board (RRB) record, a new record will be established for the incorrect SSN. That error is detected and corrected only after investigation with SSA and the employer and, possibly, the employee. An incorrect SSN initiates a time-consuming and costly process which is avoidable when an employer verifies that the SSNs on a report are correct.

The RRB requests employers to verify the SSN of their new hires to help prevent records from being established under incorrect numbers. Employers are expected to review the Social Security Card of new hires. If the new hire does not have a social security number or does not have a copy of their card, have the new hire file Form SS-5, Application for Social Security Number Card, with SSA. To prevent transcription or keying errors, match the SSNs in your current report of service and compensation to the previous report. Verify that all SSNs which do not match the previous report are new hires.

How the Process Works to Establish and Verify a New Record

Step 1 A new RRB record is established when a service and compensation report is received containing a SSN which does not match an existing record. At this point, the new record is incomplete as it contains only the first five letters of the surname.

Step 2 The RRB sends all new records to SSA annually to match with SSA records. When new RRB records which match SSA records are verified, the full surname from SSA's record is posted to the RRB's records.

Step 3 New records which do not match SSA records generate referrals to employers for reconciliation. The new RRB record will remain unverified with only a five letter surname until the RRB or SSA changes their records and a match occurs. See Part VII, Chapter 4.

Part I, Chapter 6

CHAPTER 6: Employee Name Changes

Labor organizations should report an employee name change by a timely letter to the Chief of Compensation and Employer Services or by contacting a local field office of the Railroad Retirement Board (RRB) who will file the appropriate form. All name changes must include the former name, current name, and social security number.

Please note that a change of name filed with the RRB does not change the records of the Social Security Administration (SSA), and a change of name filed with SSA does not change the records of the RRB. Because the correctness of an employee's name and account number is verified through the SSA's records, change requests must be filed at both agencies. Please advise your employees to file Form SS-5, Application for Social Security Number Card, in accordance with the instructions on the form to report a change of name. Name changes may also be reported to SSA by telephoning 1(800) 772-1213.

If the labor organization changes a name in their records but fails to notify the RRB, the name on the service and compensation report filed by the labor organization will not match the name in the RRB record. The service and compensation will not be recorded in the employee's record until the name difference is resolved.

Labor employers may extract employee name changes from their records on an annual basis and send them on a computer listing. The listing should contain the social security number, former name, and current name and should include only changes made within the last 12 months. These listings should be reported by a cover letter addressed to the Chief of Compensation and Employer Services. In order to ensure that these changes are processed prior to the annual reports, name change listings should be received no later than January 31 each year.

CHAPTER 7: Address Reports for New Hires

Employee address records are maintained for the purpose of mailing to the employee Form BA-6, Certificate of Service Months and Compensation. Under current regulations, the Railroad Retirement Board (RRB) is prohibited from releasing Form BA-6 to anyone other than the employee.

Employee's Responsibility

It is the employee's responsibility to report any address change to the RRB. Procedure for employees to report address changes is on Form BA-6. An employee can also report an address change to their local RRB office.

Employer's Responsibility

RRB regulation 20 CFR 209.12 (b), requires submission of current address information for new hires. This report is due by April 1 each year. If you have no new hires, no address report is necessary.

Addresses may be reported on:

- Form BA-6a, Form BA-6 Address Report (See Exhibits);
- magnetic media (See Form BA-6a tape/disk format in the Appendices); or
- computer listing. The computer listing should include the fields from the paper form in the same order and should identify the tape positions at the top of each field column.

If a report submitted close to the April 1 deadline contains errors, it cannot be processed. Accordingly, submission of address reports early in the year is encouraged. If Forms BA-6 are returned to the RRB by the U.S. Postal Service, the RRB will attempt to secure a better address. If our attempt to secure this information is not successful we will contact the NRO for assistance.

Part I, Chapter 8

CHAPTER 8: Multiple Social Security Numbers

When a labor employer learns that an employee has more than one social security number, the National Reporting Officer (NRO) should notify the Chief of Compensation and Employer Services in writing. The correspondence should include the employee's name and all the social security numbers used or assigned. Upon advice from the Social Security Administration, the Railroad Retirement Board will consolidate the employee's service and compensation under one number. If the discrepancy cannot be reconciled, the NRO may be asked to file reports of employment. After the employee's account is reconciled, the NRO will be notified by the Chief of Compensation and Employer Services of the social security number to be used to report the employee's future service and compensation.

PART II Principles of Service and Compensation

CHAPTER 1: Service Months

A service month is a unit of credit used to determine eligibility for railroad retirement, unemployment and sickness benefits, as well as the amount of such benefits. A service month should be reported for the month in which service is actually or constructively performed even if the payment of compensation for the service is not made until a later month. For example, an employee begins employment on February 27 but is not paid until March. The employee works until November 27 and resigns. The last pay is received in December. The employee is entitled to service credit for February through November. Service is considered constructively performed if service is established by legal guidelines or interpretation such as in the case of pay for time lost. Under the Railroad Retirement Act (RRA), there are two types of service months: reported and deemed.

Service Months Reported by Labor Employers

As the name implies, reported service months are months reported to the Railroad Retirement Board (RRB) by the employer. A service month is reported for a calendar month in which an employee either actively or constructively rendered compensated service or received pay for time lost for an identifiable period of absence from active service. In order for service to local lodges to be considered creditable, there are two other requirements which must be met. First, the compensation for the service must be at least \$25 a month. Second, the employee must have, at some previous time, rendered creditable railroad service to a carrier employer.

A service month should be reported for every month in which service was performed regardless of when the maximum creditable compensation bases are reached. If an employee reaches the Tier I creditable maximum amount in October but works through December, the employer should report twelve months, not ten.

A period of military service which meets specific conditions may also be credited as service months for railroad retirement purposes. Creditable military service, however, is outside the scope of an employer's reporting responsibilities.

Deemed Service Months determined by RRB

Deemed service months are credited directly to an employee's record by the RRB. Service is deemed when an employee does not have all twelve months reported in the year, but has sufficient Tier II compensation and has an employment relationship in months not reported.

Part II, Chapter 1

To determine the maximum number of deemed months for an employee for a year, 1) multiply the number of reported service months by 1/12 the annual Tier II maximum compensation for the year; and 2) subtract this product from the reported Tier II compensation. If the result is zero or negative, no deemed months are possible. If the result is a positive amount, 3) divide by 1/12 the Tier II maximum compensation and 4) round up to a whole number. This is the maximum or potential number of deemed service months. The actual number of deemed months will depend on whether the employee has an employment relation in the months not worked.

Part VIII, Chapter 4 has more information and an example about deemed service months, including the conditions which permit the deeming of service months and the employer's role in the deeming of service months by the RRB.

Employment Relation and Service Months

Both reported and deemed service may only be credited for a month in which an employment relation exists with a railroad employer. In other words, service can only be reported for a month in which an individual was an employee. When a person becomes a former employee, for whatever reason, the employment relation ends and service cannot be credited after that month.

Additional Information on Service Months

See Chapter 2 of this Part for information about how an employee's employment relation affects crediting of service months.

See Chapter 4 of this Part for information on the options for reporting creditable compensation, whether on an earned or paid basis, and how this relates to reporting service months.

See Part III, Chapter 5 for a discussion on service months and vacation pay in lieu of vacation taken.

See Part III, Chapter 7 for an explanation of why deemed months should not be considered in awarding pay-for-time lost.

Part VIII, Chapter 4 has information about the procedure the RRB uses to obtain information about an employee's employment relation for purposes of deeming service.

CHAPTER 2: Employment Relation

Service months may be credited only for months in which an employment relation is maintained. An employment relation is maintained during periods in which active service is not performed because of:

- furlough;
- authorized leave of absence; or,
- continuous disability.

An employment relation ends when an employee:

- dies;
- retires or receives a company pension;
- is discharged;
- resigns; or,
- relinquishes employment rights.

See Part VIII, Chapter 4 for an explanation of why the Railroad Retirement Board may request an employee's employment status when deeming service months.

A Common Employer Error: Reporting Service Months Not Due

It is a common employer error to report service months after the employment relation has ended when a payment is made in a later month for earnings due. But a payment alone never constitutes reason for reporting a creditable service month if an employment relation does not also exist in the month.

Example of correctly reporting service months

An employee retires in November. Earnings payments due are made in December and again in the following February. The payments made after November may be credited as compensation to November (or earlier months, if earned in earlier months) or to the months paid, but no service months are creditable after November. The employee is not entitled to service credit for December or February because the employment relation ended in November.

As you can see from the above example, the employment relation is an essential factor in crediting service months but is not a requirement in crediting compensation.

Part II, Chapter 3

CHAPTER 3: Creditable Maximum Compensation Amounts

The three types of creditable compensation which must be reported are known as Tier I, Tier II, and Railroad Unemployment Insurance Act (RUIA) compensation. The terms do not refer to three different types of earnings but rather to three differing compensation maximums.

For system subordinate units and grand lodges, a single payment is creditable as Tier I, Tier II, and RUIA compensation until the applicable compensation maximums are reached. Labor employers must ensure that the logical relationships between Tier I, Tier II, and RUIA compensation described below are accurately met when completing an annual report of service and compensation.

Notification of Compensation Maximums

The compensation maximums, also known as the earnings bases, for Tier I and Tier II are established by the Social Security Administration and published in the Federal Register. The Railroad Retirement Board (RRB) determines the RUIA compensation maximum. Each October, the RRB notifies all employers of the earnings maximums for the following year, via a circular letter to the NRO. This information can also be accessed through our Web site at www.rrb.gov.

Tier I and Tier II Compensation

Tier I and Tier II compensation is subject to annual maximums. Both Tier I and Tier II compensation are creditable until the annual earnings attain the Tier II maximum. Amounts earned over and above the Tier II maximum are creditable as Tier I compensation, until the annual earnings attain the Tier I maximum.

Two examples of Reporting Compensation up to the Annual Maximums

The 1997 Tier I and Tier II earnings maximums are \$65,400 and \$48,600, respectively. Example employee earns \$60,000 in 1997. The employer should report \$60,000 as creditable Tier I compensation and \$48,600 as creditable Tier II compensation.

A second employee earns \$23,500 in 1997. The employer should report \$23,500 as creditable Tier I compensation and \$23,500 as creditable Tier II compensation.

Reported Tier I and Tier II compensation amounts should never exceed the applicable annual maximums. The combined Tier I compensation (regular earnings and sick pay) reported by any one employer should not exceed the Tier I compensation maximum in a given year.

Employers should report service for every month in which service was performed regardless of when the maximum creditable compensation bases are reached. If an employee reaches the Tier I creditable maximum amount in October but works through December, the employer should report twelve months, not ten.

Compensation from Multiple Employers

Labor employers must tax and report Tier I and Tier II compensation amounts up to the applicable annual maximums regardless of whether the employee worked for another carrier employer either concurrently or in a different period in that calendar year. In other words, the employer must treat an employee as solely its employee for tax withholding and reporting purposes.

As a result, the total compensation reported by all employers for an individual may exceed the annual maximum creditable by law. In that situation, the RRB automatically adjusts the record to reflect the annual maximum creditable compensation for that employee's record.

See Chapter 4 about what an employee should do when this situation results in excess employment tax withholding. See Chapter 5 for information on RUIA compensation from multiple employers.

RUIA Compensation

RUIA compensation is subject to monthly maximums. If actual earnings in a month are less than the monthly maximum amount, actual earnings should be reported.

Example of Crediting RUIA Compensation

The 1997 RUIA monthly maximum is \$890. An employee earns \$1,500 each month while continuously employed from January through November. The employee earns \$600 December 1-3 and takes an unpaid leave of absence for the remainder of the calendar year. The employer should report \$10,390.00 in RUIA compensation for 1997 - \$890 per month for January through November, plus \$600 for December earnings.

When RUIA monthly maximums are applied correctly, the reported RUIA compensation for the year will not exceed 12 times the applicable monthly maximum. The reported RUIA compensation may, however, exceed the number of reported months times the applicable monthly maximum.

Earnings Taxed for Medicare: No Maximum, No RRB Report

Amounts earned over and above the Tier I maximum are not creditable under the Railroad Retirement Act even though additional amounts earned are taxable for Medicare purposes. Taxable Medicare earnings beyond the creditable Tier I maximum are not reported to the RRB, except possibly on Form BA-11, Gross Earnings Report.

If an employee earns \$75,000 in 1997, the employer should report \$65,400 as creditable Tier I compensation and \$48,600 as creditable Tier II compensation because those are the 1997 Tier I and Tier II maximums. The entire \$75,000 is taxable for Medicare purposes.

Part II, Chapter 4

CHAPTER 4: Taxable Compensation Under the Railroad Retirement Tax Act

The retirement, survivor, and disability benefit programs under the Railroad Retirement Act (RRA) are funded by mandatory employment taxes on both employees and employers under the Railroad Retirement Tax Act (RRTA). Under the current provisions of the RRTA, Tier I and Tier II compensation is subject to the tax rates and earnings bases in effect when payment is made. In other words, taxation under the RRTA is on a "paid basis" and is always in terms of the payment year.

Reporting Compensation: Earned vs. Paid

When crediting compensation under the RRA, employers may choose to credit compensation either to the period in which the services were rendered, "earned basis" or to the period in which payment is made, "paid basis." However, as mentioned in Chapter 3 of this part, service months are always creditable to the month when earned.

Example of Earned vs. Paid Reporting

Employee earns \$400 per week and is paid bi-weekly. The pay period for the last two weeks of the calendar year ends December 28 and the paycheck is issued on January 10 of the new calendar year. Taxes from that paycheck must be withheld at the new year's rates and the compensation begins to be counted toward the new year's maximum earnings bases. If the employer chooses to report compensation on an **earned** basis, the \$800 compensation amount earned in the final pay period of December is reported for the earlier year for creditability purposes. If the employer chooses to report compensation on a **paid** basis, the \$800 is reported for the next year. In either case and regardless of any other work or non-work in the earlier half of December, a service month is reported for December because the employee rendered service in December.

If compensation is reported on an earned basis consistent with the reporting of service months, the tax treatment of a payment made in a different calendar year than the year for which it is reported may not be consistent under the RRTA with the manner in which the payment is credited as compensation under the RRA. If, on the other hand, compensation is reported when paid in order to conform to the taxation method required by the RRTA, compensation will not necessarily be linked to the service period which is reported for that compensation.

See Part III, Chapter 1 for more important information about an employer's earned/paid election, including reporting RUIA compensation and an employee's rights with respect to the employer's earned/paid election.

IRS Jurisdiction

Because the RRTA is administered by the Internal Revenue Service (IRS), the Railroad Retirement Board has no authority to provide definitive answers to railroad retirement tax questions. A staff member in the Quality Reporting Service Center (QRSC) may be able to help you with basic information about railroad retirement taxes. If not, you will be referred to a railroad retirement tax specialist at the IRS.

See Part V, Chapter 5 for information about an employer's annual employment tax return which is submitted to the IRS and about the supplemental tax on compensation.

Excess Tax Withholding Treatment in Multiple Employer Situations

Employees who have paid employment tax for Tier I, Tier II, or Medicare in excess of the annual maximum taxable amounts because they had two or more employers in a calendar year, and the sum of their earnings exceeded the maximum creditable amount, should claim an income tax credit on their annual tax return with the IRS. Instructions on how to compute the credit amount are in IRS Publication 17, Your Federal Income Tax. QRSC has developed a worksheet to help employees determine their tax credit. The worksheet is specific for each year's tax return. To request a worksheet for a specific tax year, contact QRSC.

There is no provision for a credit or refund of tax to the employers in this situation.

Employees who have paid employment tax Tier I or Tier II in excess of the annual maximum from a single employer must seek their refund from that employer.

Part II, Chapter 5

CHAPTER 5: Taxation of Compensation under the Railroad Unemployment Insurance Act

Unlike compensation under the Railroad Retirement Act and the Railroad Retirement Tax Act, the monthly maximum taxable and creditable compensation amount under the Railroad Unemployment Insurance Act (RUIA) for an employee may be allocated among multiple concurrent employers. In other words, if an employee worked only for a system unit in a month, earnings are creditable and taxable under the RUIA up to the monthly maximum. If the employee also worked for a railroad carrier in the same month, the employee's combined earnings are creditable up to the RUIA monthly maximum. If the combined earnings exceed the RUIA monthly maximum, the creditable RUIA compensation may be allocated or prorated between the two employers. The method of proration is not set by the Railroad Retirement Board, but by agreement between the two employers. Any method which yields the correct total RUIA compensation and produces payment of the RUIA contribution liability is acceptable to the RRB. Part III, Chapter 2 and the Form OE-1 handbook have more detailed information about alternative ways, including examples, to apportion RUIA earnings between multiple employers.

If a labor employer does not report or tax RUIA compensation because of primary carrier earnings, proper documentation must exist in the system subordinate unit's records to substantiate non-reporting of RUIA earnings. Because the RUIA maximum earnings are monthly, substantiation must exist for each month non-reporting and the corresponding non-payment of RUIA contributions is assumed. Substantiation is needed to prevent the underpayment of RUIA tax and possible resultant penalties and interest.

PART III Particular Types of Compensation Payments

CHAPTER 1: Regular Earnings

Regular earnings are payments made for services rendered as an employee. This includes payments to part-time and periodic employees, as well as regular earnings paid to employees who are not working due to illness, injury, or pregnancy. Any payment made through the regular payroll system is presumed to be regular earnings. Regular earnings are creditable as follows:

National or System Unit	Tier I, Tier II, and RUIA compensation and service month credit.
Local Lodge	Tier I and Tier II compensation for payments of \$25 or more per month and service month credit.

Non-Monetary Earnings

Earnings may be paid as a commodity, a service, or a privilege. For example, a local lodge may pay earnings in the form of union dues. However, if an employee is to be paid in any form other than money, the employee and employer must first agree upon the value of the commodity, service, or privilege, and that payment is to be in the form of the commodity, service, or privilege. Non-monetary earnings are creditable in the amount of agreed-upon value. Earnings in the form of union dues are creditable compensation in the amount of the dues.

Reporting Compensation on a Paid or Earned Basis

Regular earnings may be reported as compensation for the period the payment was earned, referred to as "earned basis," or when the payment was made, referred to as "paid basis."

- **Paid Basis:** Compensation is credited and reported with respect to the reporting period in which compensation is paid, actually or constructively, regardless of when the services which generated the compensation were performed.
- **Earned Basis:** Compensation is credited with respect to the payroll period in which it was earned even though paid and reported at a later date.

Employers choosing to report compensation on a paid basis are subject to the proviso that an employee, within four years after the report, may request to have the compensation reported, by way of an adjustment, for the year in which it was earned. This proviso is found in RRB regulations 20 CFR 209.7 (3). Employee requests to have compensation adjusted to an earned basis may be made to the employer directly or to the Railroad Retirement Board who will notify the employer to file an adjustment report. Requests made under this proviso must be honored.

Service Months

Employees of national and system labor organizations earn service credit. Service is always reported

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when the service was actually or constructively performed. Therefore, service can never be reported for months after the employee retired, resigned, died, or relinquished employment rights. Compensation may be made and credited to former employees but former employees no longer perform service and are not credited with service months.

Adverse Effect of Erroneous Service Months

Reporting a service month when no service month is creditable can adversely affect both the employee and the employer. The employee may be denied benefits for the month of reported service or may receive benefits in excess of the correct amount based on the erroneous service month.

The employer's Railroad Unemployment Insurance Act contribution may be adversely affected in two ways. The employer may be erroneously determined to be the last employer on record and be charged for benefits paid. Also, the employee may be paid more than the correct amount of unemployment benefits which will then be charged to the employer when determining the employer's contribution rate.

CHAPTER 2: RUIA Compensation and Multiple Employers

Unlike compensation under the Railroad Retirement Act and the Railroad Retirement Tax Act, compensation and contributions under the Railroad Unemployment Insurance Act (RUIA) may be prorated among the multiple employers. If an employee of a national or system unit also worked for a rail carrier in the same month, the employee's combined earnings are creditable up to the monthly RUIA maximum. If the combined earnings exceed the RUIA monthly maximum, the creditable RUIA compensation may be prorated or allocated between the two employers. The method of proration is not set by the RRB but by agreement between the two employers. Any method which yields the correct RUIA compensation is acceptable to the RRB.

If RUIA is prorated between a national or system unit and the rail carrier, the national or system unit must retain the records of the employee's carrier earnings **for the full payroll retention period** (5 years), provided by the employee. Records retention is in Part VI, Chapter 3.

Examples of Prorated RUIA Compensation

Method 1

One common method of apportioning RUIA compensation between two employers is for the system unit to report RUIA compensation only in the amount not reported by the primary employer. If the carrier has reported RUIA compensation in an amount less than the monthly maximum, subtract the compensation reported by the carrier from the monthly maximum. This remainder is the amount of RUIA compensation reported by the system unit. However, do not exceed the total earnings paid by the system unit for the month.

Method 2

Another method of apportioning RUIA compensation is for each employer to report RUIA compensation in a ratio equal to the ratio of the gross earnings paid by the two employers. 1) Determine the total earnings for the month and the total creditable RUIA compensation based on the total earnings. 2) Determine the ratio of the system unit earnings to the total earnings. 3) Multiply the creditable RUIA compensation by the system unit ratio. This will yield the system unit share of RUIA compensation under this method.

These two methods of RUIA compensation proration are illustrated in Appendix V.

CHAPTER 3: Delegate Service and other Exclusions to Creditable Compensation

The following payments made to an employee by an employer are not considered creditable compensation under the Railroad Retirement Act and the Railroad Unemployment Insurance Act:

- Payments made by a labor organization to delegates for attending the sectional, regional, or national convention.

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- Earnings from a local lodge of less than \$25 a month for services to a railway labor organization do not generate a service month and are not creditable as compensation. (All earnings, regardless of the amount are subject to conversion to work hours for supplemental tax.)
- Earnings of any amount for services to local lodges of railway labor organizations are not creditable as compensation under the Railroad Unemployment Insurance Act. (Earnings of \$25 or more a month for services to a local lodge are creditable as Tier I and Tier II compensation.)
- Contributions and payments for pension or profit sharing under a plan which qualifies for exclusion from income under the Internal Revenue Code. (Note - This exclusion does not apply to amounts withheld from the employees compensation for deposit into the pension plan in lieu of a wage increase, as negotiated with a labor union, including 401(k) and 401(a) plans.)
- Payments made to an employee's survivor or to an estate in the year after the employee died. (Payments made after death but in the year of death are creditable compensation.)
- Reimbursements for employment-related expenses incurred where reimbursement is not subject to tax. For reimbursements to be excluded from compensation, documentation of expenses is required. The following reimbursements are not creditable compensation:
 - Educational assistance which is excluded from compensation under Section 127 of the Internal Revenue Code.
 - Allowances or provisions for meals and lodging which are excluded from compensation under Section 119 of the Internal Revenue Code. That section covers meals and lodging provided by the employer and usually on the employer's premises.
 - Allowances or reimbursements for travel, meals, and lodging which are incurred while traveling in the business of the employer and where paid under a plan in which the employee must account for expenditures. Any expenditures not accounted for are creditable compensation.
 - Reimbursement for moving expenses which are deductible under Section 217 of the Internal Revenue Code.

CHAPTER 4: Selected Fringe Benefits**Group Term Life Insurance**

The cost of group term life insurance is considered compensation under the Railroad Retirement Act to the extent that it is included in the gross income of an employee and subject to railroad retirement tax. The cost of group term life insurance with respect to periods within an employment relationship is treated the same as ordinary compensation creditable for both Tier I and Tier II purposes.

If compensation is being reported for the period in which the compensation was earned, the cost of group term life insurance, with respect to periods after the termination of the employment relation, should be reported to the month in which the employment relation ended, up to the applicable annual Tier I and Tier II maximums. If the maximum creditable Tier I amount has been received, additional amounts would be considered miscellaneous compensation because the payment meets all the conditions described in the Part VIII, Chapter 2 about miscellaneous compensation.

If compensation is being reported for the period the payment was made, the cost of group term life insurance would be reported as Tier I, Tier II, and RUIA compensation for the year paid. No service month can be reported because the individual is no longer an employee.

Pension Plans

Amounts withheld from the employee's compensation for deposit into an employer pension plan account, amounts deposited into an employer pension plan account in lieu of a pay increase, as negotiated with a labor union, or amounts deposited into a 401(k) pension plan for the employee, are considered to be the employee's funds and are creditable railroad compensation at the time of contribution. These amounts are subject to the railroad retirement tax. Employer matching funds are not considered compensation and are not subject to the railroad retirement tax.

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CHAPTER 5: Vacation Pay

The Railroad Retirement Board does not establish vacation policy for employers. These instructions are intended only to provide information on correct reporting of service and compensation in various vacation pay situations. Every example is not applicable to every employer.

Although related, a determination of creditable service is made separately from a determination of creditable compensation. These instructions clearly distinguish between determinations of creditable service and determinations of creditable compensation.

Vacation Taken

Employees of national and system units may earn a paid vacation. Vacation compensation may be credited to the actual vacation period or may be credited when paid. It is assumed that only current employees with employment rights can actually take a vacation. Service is creditable for the actual vacation period. There is no option to credit service to the month paid. For example, employee Larry Lineman took vacation from December 15 through December 29. He was paid the following January 10. Service for the vacation period is creditable to December, when the vacation was taken.

The vacation compensation may be credited to December, if compensation is reported when earned, or may be credited to January if compensation is reported when paid.

Former Employees

If vacation is paid to former employees it is presumed to be vacation paid in lieu of a vacation taken.

See Vacation Pay in Lieu of Vacation Period later in this chapter. No service month can be reported if an employee is no longer in an employment relation when paid. Thus, in the above example, if Mr. Lineman terminated his employment in November, the vacation payment made to him in January may be credited as compensation in November or January but no service month is creditable after November.

Vacation Pay Credited after Date Last Worked

Vacation pay may be credited to a period after the date last worked when the vacation period would have extended into the month after the month last worked, if the vacation had immediately followed the date last worked. However, this is not an option if the employee does not have an employment relation during this period. Service for a vacation period cannot be credited after the employee retires, resigns, or otherwise relinquishes employment rights.

The option of crediting vacation pay after the date last worked may be exercised if it is to the employee's advantage, such as when the employee needs an additional service month for eligibility for an annuity under the Railroad Retirement Act (RRA). If the employee has already retired to accept an annuity under the RRA, additional service credit for vacation pay is generally not advantageous. An employee cannot receive an annuity under the RRA and work for an employer covered under the RRA for the same month. If additional service is credited after the month last worked, the employee is not entitled to receive an annuity for that month. If an annuity was already paid, the amount will be recovered from the employee.

Vacation Pay in Lieu of Vacation Period

If a vacation period was not taken, but rather, the accrued vacation was paid in a lump sum payment(s), a service month is not creditable based solely on the vacation pay. The vacation pay is creditable as compensation and is reported the same as you report compensation generally, but no service month is reported.

As stated in Chapter 1 of this part, any payment made through the regular payroll system is presumed to be regular earnings creditable as Tier I, Tier II, and RUIA compensation and generating service months. This is also true for vacation payments. If an employee receives five days vacation pay in the pay period ending July 26 and ten days vacation pay in the pay period ending August 9, it is presumed that service is creditable for July and August.

Vacation paid in lieu of a vacation period is often an accounting reconciliation. For example, if an employee is limited to twenty one days of accrued vacation going into the new year, and the employee has accrued twenty two days, one day will be paid at the end of the accounting year. Another common situation is when an employee resigns and is paid any unused vacation.

Example 1: Vacation pay and retirement

An employee worked from January through August 19, took vacation from August 20 through September 30, and retired October 1. On December 15, it was determined that the employee had three accrued vacation days which had not been taken. The three days were paid on December 28.

The employee is credited with nine service months, including the vacation month of September, but is not entitled to a service month for December. The vacation payment made in December is included in the employee's creditable compensation reported for the year.

Example 2: Vacation pay in-lieu-of vacation period while on leave

An employee is on extended medical leave and has been in receipt of sickness benefits from the RRB from the beginning of the year. In June the employee requests that all accrued vacation be paid. On June 18, the employee is paid \$2600 in a lump sum. No service months are creditable for June. The \$2600 is included in the employee's creditable compensation for the year. The employee is entitled to sickness benefits for all days in June since the vacation payment is not attributable to a vacation period.

Example 3: Vacation period while on leave

An employee is on extended medical leave and received sickness benefits from the RRB from the first of the year. The employee requests accrued vacation of thirteen days, beginning June 24 through July 10 and the employer's vacation policy allows an employee to take a vacation period while on leave.

The employee is paid \$2000 on July 12 and \$600 on July 26, for the pay periods included the vacation days. Service months are creditable for June and July. The \$2600 is included in the employee's creditable compensation for the year. The employee is not entitled to sickness benefits for June 24 through July 10 because he/she received vacation pay for those days.

You will note that examples 2 and 3 are the same except that in example 2, the employee requested a payout of accrued vacation, whereas in example 3, the employee requested to take a vacation period.

Example 4: Vacation period taken in individual days while on leave

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An employee is on extended medical leave and has been in receipt of sickness benefits from the RRB and supplemental sick pay from Trustmark since the beginning of the year. In June, the employee requests that accrued vacation of 13 days be taken as follows:

June 10 & 11
July 1 & 2
August 1 & 2
September 3 & 4
October 1 & 2
November 1 & 4
December 2

The employee is paid \$400 vacation pay in each of the months June through November and \$200 in December. The employee is credited with service for seven months June through December. The employee is not entitled to sickness benefits under the Railroad Unemployment Insurance Act for the days for which he took vacation. The \$2600 is included in the employee's creditable compensation for the year.

Example 4 is similar to example 3 except that the employee in example 4 has spread his vacation over seven months to increase his service months. Again, whether an employee may elect vacation in the above manner is the policy of the employer not the RRB. These instructions are intended to inform you how to report should your personnel policy allow for this situation.

Example 5: Vacation pay to employee's survivors

An employee works through April 20 and is killed. On May 25, the employer pays to the survivors \$2250 for the twelve days of vacation the employee had accrued. No service can be credited to May or any other month after the month the employee dies. The \$2250 is subject to payroll taxes and is reported as creditable compensation. If, however, the accrued vacation was paid in a year subsequent to the year the employee died, the payment would not be creditable or taxable.

CHAPTER 6: Back Pay**Back Pay Defined**

Back pay, as used in these instructions, is a retroactive wage increase. For example, a negotiated contract expires 12/31/96 but employees continue to work while a new contract is negotiated. A new contract is approved in August 1998 which includes a pay increase retroactive to 1/01/97 and 1/01/98. The retroactive increase, or back pay, is paid in September, for work done beginning January 1, 1997.

Like other compensation, back pay may be creditable for the month compensation is paid or for the period earned. Also, like other compensation, if back pay is reported for the month paid and the employee makes a timely request that it be allocated instead to the month(s) earned, the employer must submit an adjustment report accordingly. See Part VII, Chapter 2 for more information about employee protests of service and compensation records.

Service should not be reported for the month back pay was paid unless service is otherwise creditable for that month. In the case of a retroactive wage increase, it is presumed that service has already been credited based on the initial wage payment prior to the increase.

Back Pay vs Pay For Time Lost

Back Pay, as used in these instructions, is not pay for time lost. Employers have used the term back pay to refer to pay for time lost. For example, an employer may indicate that a discharged employee won reinstatement with back pay from the termination date. This would be payment for the period of lost wages, not back pay as defined above. The name the employer gives to the payment does not govern the rules under which the payment is creditable. An employer can use the term "back pay" for pay for time lost as long as the employer reports the pay to the RRB as though it were pay for time lost. See the next chapter for instructions on reporting pay for time lost.

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CHAPTER 7: Pay For Time Lost

Because pay for time lost is an award of both service and compensation, it applies to national and system units. Pay for time lost is a type of creditable compensation attributable to wages lost for an identifiable period of absence from active service. Its statutory basis is Section 1(h)(2) of the Railroad Retirement Act (RRA), Section 1(h)(I) of the Railroad Unemployment Insurance Act (RUIA), and Sections 211.3 and 322.6 of the regulations.

Pay for time lost differs from other compensation in that the payment may not be credited when paid, but by definition, must be credited to the period for which the time was lost. Applicable payroll taxes are assessed at the rates applicable when the payment was made. See the example later in this chapter.

Types of Pay For Time Lost

Types of pay for time lost include, but are not necessarily limited to, the following:

- personal injury settlements which allocate a portion of the damages as lost wages for a specific period following the injury;
- dismissal allowances (See Part VIII, Chapter 1);
- guaranteed wages;
- displacement allowances paid for loss of earnings resulting from displacement to a less remunerative position.

Awards for Time Lost Which Do NOT Result in Creditable Compensation

In the following two situations, an award for time lost will not result in creditable service and compensation. One is where no payment was actually made and the other is where payment was made but because the recipient was not an employee, the payment was not subject to tier tax.

- Reinstatement awards often include awards for time lost, possibly referred to as “back pay.” If an award for time lost does not result in a payment to the employee, then no service or compensation is creditable under the RRA. This might occur if a reinstatement award is reduced for other earnings. If the award is reduced to zero, no service or compensation is creditable.
- Hiring discrimination awards may or may not include an element of time lost. If the payment is made to an individual who is not in an employment relation with the employer making the payment and the payment is not subject to tier tax, the payment would not result in creditable service or compensation.

General Principles Governing Reporting of Pay For Time Lost

- The compensation is considered earned in the missing months or the months the employee was displaced to a less remunerative position. Therefore, it should be reported as service and compensation for those months. If you are not sure of the open service months of record, telephone or write to the Protest Section. The telephone number is (312) 751-4809, 4883, 4823 or 4882.
- As with all compensation, an employment relationship must exist for that period. (See 20 CFR 204.6.) If a settlement agreement requires that an employee resign to receive the payment, the employment relationship ceases effective with the resignation. Allocation into the future is permissible as long as an employment relation is maintained. It may not, however, be credited until the period is elapsed and proven to be time lost. There is no provision for crediting service in advance.
- An allocation may not be arbitrarily made to any period of missing service, but must relate to an actual period of absence. Therefore, an allocation based on a reinstatement may not be prior to the dismissal. The specific months must be identified on Form BA-4, Report of Creditable Compensation Adjustments.
- In most instances, a pay-for-time-lost allocation increases service as well as compensation, often eliminating or reducing any deemed service months in the year(s) involved. Therefore, deemed service months in the year(s) of the allocation should not be considered in counting an employee's total service months. See Part VIII, Chapter 4 for an explanation of deemed service months. An example illustrating why we advise ignoring deemed service in determining months to allocate follows.
- The amount of the pay for time lost must relate to an employee's normal monthly pay. (See 20 CFR 211.3(b).) By regulation a monthly allocation must be at least ten times the employee's daily pay rate in effect on the date of injury. For example, if an employee normally earns \$120 a day, the amount of pay for time lost allocated to each month should be at least \$1200.
- As with all compensation, pay for time lost is taxed under the Railroad Retirement Tax Act when paid. See taxation of compensation in Part II, Chapter 4. Because pay for time lost represents a period other than the current, the taxed amount and the creditable amount of the pay for time lost may differ.

Example of allocating service when deemed service months are involved

Employee Bob Brakeman worked from January through April 18, 1997, when he was injured on the job. Mr. Brakeman returned to work on October 6, 1997, and worked through December. Mr. Brakeman was reported to have service months of January through April and October through December and creditable compensation of \$38,956. Based on the creditable Tier II earnings, Mr. Brakeman would be entitled to ten months. Since seven months were reported, an additional three months may be deemed. ($\$38,956 \div 4050 = 9.6$, rounded up to ten total months. The 4050 is the

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1997 Tier II earnings base of \$48,600 divided by 12.) Because Mr. Brakeman has an employment relation in all months in 1997, the months of May, June, and July are deemed as service months.

In 1998, Mr. Brakeman is awarded a settlement for personal injury which includes pay for time lost, due to the injury, of \$1500 per month. Because Mr. Brakeman has deemed service for three months, the pay for time lost allocation is \$3000 for the two remaining months of August and September 1997. Mr. Brakeman now has total Tier II compensation of \$41,956 in 1997 and reported service for the months January through April and August through November. Based on the Tier II compensation of \$41,956, Mr. Brakeman is entitled to eleven service months in 1997. ($\$41,956 \div 4050 = 10.3$ rounded up to 11 months.) In this example, Mr. Brakeman is now short one service month. As you can see, deemed service months are the product of a calculation and when the components of the calculation are adjusted, the deemed months may also be adjusted.

Example of crediting compensation to period lost and assessing taxes when paid

Employee Carry Clerk was dismissed in July 1995. As a result of a Public Law Board decision, she was ordered reinstated with full seniority rights and full pay for the period July 1, 1994, through October 31, 1997. Ms. Clerk returned to work in November 1997 and in December received a payment of \$56,000, \$2000 per month for the period July 1995 through October 1997. The total amount of \$56,000 should be considered together with the other compensation paid to Ms. Clerk in November and December 1997 to determine the correct amount of railroad retirement tax due for 1997. The 1997 tax rates and maximum earnings bases are used for the purpose of computing the tax.

Service months and compensation in the amount of the award are creditable as if they had been earned in the period July 1, 1995, through October 31, 1997, using the appropriate maximums for that period. This award requires an adjustment as follows:

1995 Increase service months for July through December;
Increase Tier I and II compensation by \$12,000, or by amounts to bring 1995 compensation to the maximums;
Increase RUIA compensation by \$5100 ($\850×6).

1996 Increase service months for January through December;
Increase Tier I and Tier II compensation by \$24,000;
Increase RUIA compensation by \$10,380 ($\865×12).

The amount paid for 1997, \$20,000, would be included on the Form BA-3a, Annual Report of Creditable Compensation, filed for 1997, along with the earnings paid in or for 1997.

- As with all compensation, withholding and depositing the proper taxes is not sufficient in itself to update an employee's record of service and compensation. An appropriate report of service and compensation must be submitted to the RRB.

- Service months and RUIA compensation are creditable based on an award for time lost.
- If an employee has filed for an annuity, the employer will likely receive Form G-88a, Retirement Contact Form. Any current payments for time lost should be included on this form. The “date last worked” should reflect the last day paid for lost time, if that date is later than the actual date worked. Also attach a copy of the award for time lost.

Settlement For Personal Injury Which Includes an Allocation for Time Lost

- Allocation for time lost must relate to the time lost resulting from the injury. Therefore, the allocation cannot begin prior to the date of the injury.
- If the personal injury claim includes time lost and the settlement or court order does not specify an amount for time lost, or does not allocate an amount to factors other than time lost, the entire amount of the settlement is presumed payable for time lost and compensation is creditable and taxable based on the full amount.

Employee in Receipt of Sickness or Unemployment Benefits

If a payment is made for time lost which covers a period for which unemployment or sickness benefits under the RUIA were previously paid, reimbursement is due the RRB. You should contact the Claims Adjustment and Settlement Section to learn the correct amount to withhold from the award to reimburse the RRB. Refer to Appendix II, Jurisdiction Guide, Subject: Request for Lien Amount under Section 12(o) of the RUIA, for the telephone number.

The amount withheld for reimbursement of benefits is in addition to employment taxes which must be withheld on a payment for time lost. Reimbursement of sickness benefits yields a tax credit for the employer of any Tier I employer tax paid. Reimbursement of unemployment benefits is credited to the employer’s record in determining the RUIA contribution rate.

Reopening a Pay-For-Time-Lost Award

The reopening of a pay-for-time-lost award to make an additional award of service and/or compensation is considered a correction of the original record. The law limits the period during which corrections to service and compensation records may be filed. The period during which corrections may be filed begins with the date the report of the original award was due at the RRB. See Part VI, Chapter 2, to determine time limits for filing corrections.