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**Railroad Retirement Earnings Rules Revised**

Social Security Act amendments to ease the earnings restrictions affecting social security beneficiaries working after full retirement age also apply to annuitants covered by the Railroad Retirement Act.

By law, the Railroad Retirement Board applies the Social Security Act earnings restrictions to railroad retirement annuities, in addition to certain other work restrictions specified by the Railroad Retirement Act that are not changed by this legislation.

Under the two tier railroad retirement system, tier I railroad retirement benefits and vested dual benefits paid by the Board to employees, spouses and survivors, as well as the tier II benefits paid to survivors, are subject to earnings deductions just like social security benefits, if post-retirement earnings exceed certain exempt amounts.

Retroactive to January 1, 2000, the amendments eliminate deductions of $1 in benefits for every $3 in earnings over $17,000 previously applied until age 70 to those of full social security retirement age. Full retirement age ranges from age 65 for those born before 1938 to age 67 for those born in 1960 or later. These deductions, however, will remain in effect for the months before the month of full retirement age during the calendar year of attainment.

In the years before the year of full retirement age, the earnings deduction of $1 in benefits for every $2 over the exempt amount, $10,080 in 2000, also remains in effect.

**This legislation does not eliminate the railroad retirement work restrictions** which are not included in the Social Security Act. A railroad retirement annuity is still not payable for any month in which an annuitant works for a railroad or railroad labor organization, regardless of age.

Nor does the legislation affect the tier II railroad retirement earnings deductions that apply to employees and spouses who work for their last pre-retirement nonrailroad employers. These additional deductions of $1 for every $2 in earnings up to a maximum reduction of 50 percent continue to apply to tier II benefits, and supplemental employee annuities, regardless of age or the amount of earnings. The special restrictions that apply to disability annuitants have also not changed.

Earnings consist for these purposes of all wages received for services rendered, plus any net earnings from self-employment. Interest, dividends, certain rental income or income from stocks, bonds, or other investments are not considered earnings for these purposes.

About 2,500 beneficiaries on the Board's rolls are affected by the new law. Retroactive payments, averaging about $1,700, of benefits previously withheld for excess earnings, as well as the removal of any earnings deductions applied to those affected, should be completed by early July.

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