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Railroad Retirement Spouse Benefits

In addition to the retirement annuities payable to employees, the Railroad Retirement Act, like the Social Security Act, also provides annuities for the spouses of retired employees. Payment of a spouse annuity is made directly to the wife or husband of the employee. Divorced spouses may also qualify for benefits.

The following questions and answers describe the benefits payable to spouses and the eligibility requirements.

1. How are railroad retirement spouse annuities computed?

Regular railroad retirement annuities are computed under a two-tier formula. The spouse annuity formula is based on certain percentages of the employee's tier I and tier II amounts.

The tier I portion of an employee's annuity is based on both railroad retirement credits and any nonrailroad social security credits that the employee also earned. Computed using social security benefit formulas, an employee's tier I benefit approximates the social security benefit that would be payable if all the employee's work were performed under the Social Security Act.

The tier II portion of the employee's annuity is based on railroad retirement credits only, and may be compared to the retirement benefits paid over and above social security benefits to workers in other industries.

The first tier of a spouse annuity is generally 50 percent of the railroad employee's tier I amount. The second tier amount is 45 percent of the employee's tier II amount.

2. How does a railroad retirement spouse annuity compare to a social security spouse benefit?

In fiscal year 2000, the average monthly railroad retirement spouse payment awarded totaled over \$590, while the average monthly social security spouse benefit was about \$320.

Annuities awarded in fiscal year 2000, to the spouses of employees age 65 or over who retired directly from the rail industry with at least 25 years of service averaged \$620 a month; and the average award to the spouses of employees retiring at age 62 or over with at least 30 years of service was about \$910.

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3. What are the age requirements for a railroad retirement spouse annuity?

The age requirements for a spouse annuity depend on the employee's age and date of retirement and the employee's years of railroad service. The following requirements apply if the employee's annuity began **after** 1974.

If a retired employee with 30 years of service is age 60 and receiving an annuity, the employee's spouse is also eligible for an annuity the first full month the spouse is age 60. Under current law, early retirement reductions are applied to the tier I portion of such a spouse annuity if the employee's annuity begins before age 62, unless the employee attained age 60 and completed 30 years' service before July 1, 1984. If a 30-year employee's annuity begins at or after age 62, an age reduction is not applied to the spouse annuity even if the spouse retires at age 60, unless the employee retired on the basis of disability.

If a retired employee with 10-29 years of service is age 62 and receiving an annuity, the employee's spouse is also eligible for an annuity the first full month the spouse is age 62. Early retirement reductions are applied to the spouse annuity if the spouse retires prior to his or her full retirement age. Full retirement age for a spouse is gradually rising to age 67, just as for an employee, depending on the year of birth. Reduced benefits are still payable at age 62, but the maximum reduction will be 35 percent rather than 25 percent by the year 2022. However, the tier II portion of a spouse annuity will not be reduced beyond 25 percent if the employee had any creditable railroad service before September 1983.

4. What if the spouse is caring for a child of the retired employee?

A spouse of an employee receiving an age and service annuity (or a spouse of a disability annuitant who is otherwise eligible for an age and service annuity) is eligible for a spouse annuity at any age if caring for the employee's unmarried child, and the child is under age 18 or the child became disabled before age 22.

5. What are some of the other general eligibility requirements?

The employee must have been married to the spouse for at least one year, unless the spouse is the natural parent of their child; the spouse was eligible or potentially eligible for a railroad retirement widow(er)'s, parent's or disabled child's annuity in the month before the month the spouse married the employee; or the spouse was previously married to the employee and receiving a spouse annuity. However, entitlement to a surviving divorced spouse, surviving divorced young mother(father), or remarried widow(er) annuity does not waive the one-year marriage requirement.

6. Under what conditions can the divorced spouse of a rail employee receive a spouse annuity?

A spouse annuity may also be payable to the divorced wife or husband of a retired employee if their marriage lasted for at least 10 years, both have attained age 62 for a full month, and the divorced

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spouse is not currently married. The amount of a divorced spouse's annuity is, in effect, equal to what social security would pay in the same situation (tier I only) and therefore less than the amount of the spouse annuity otherwise payable. The average divorced spouse annuity awarded in fiscal year 2000 was over \$310, slightly less than the average monthly social security spouse benefit of about \$320.

7. Would the award of an annuity to a divorced spouse affect the monthly annuity rate payable to a retired employee and/or the current spouse?

No. If a divorced spouse becomes entitled to an annuity based on the employee's railroad service, the award of the divorced spouse's benefit would not affect the amount of the employee's annuity, nor would it affect the amount of the railroad retirement annuity that may be payable to the current spouse.

8. Are spouse annuities subject to offset for the receipt of other benefits?

The tier I portion of a spouse annuity is reduced for any social security entitlement, regardless of whether the social security benefit is based on the spouse's own earnings, the employee's earnings or the earnings of another person. This reduction follows principles of social security law which, in effect, limit payment to the higher of any two or more benefits payable to an individual at one time.

The tier I portion of a spouse annuity may also be reduced for receipt of any Federal, State or local pension separately payable to the spouse based on the spouse's own earnings. The reduction generally does not apply if the employment on which the public pension is based was covered under the Social Security Act on the last day of public employment. (A special rule applies to Federal employees who switch from the Civil Service Retirement System to the Federal Employees Retirement System.) Most military service pensions and payments from the Department of Veterans Affairs will not cause a reduction. For spouses subject to the government pension reduction, the tier I reduction is equal to 2/3 of the amount of the government pension.

9. Are there other factors which could limit or reduce the annuity amount payable to a spouse?

For employees first eligible for a railroad retirement annuity and a Federal, State or local government pension after 1985, there may be a reduction in the tier I amount for receipt of a public pension based, in part or in whole, on employment not covered by social security or railroad retirement after 1956. If the employee's tier I benefit is offset for a noncovered service pension, the spouse tier I amount is 50 percent of the employee's tier I amount **after the offset**.

The spouse tier I portion may also be reduced if the employee is under age 65 and is receiving a disability annuity as well as worker's compensation or public disability benefits.

In addition, under current law the total amount of monthly annuities payable under the Railroad Retirement Act to an employee and spouse at the time the employee's annuity begins is limited to a maximum geared to the employee's average monthly earnings immediately prior to retirement. Most retirees and spouses are not affected by this maximum on benefit payments, but the percentage of

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annuities affected is expected to increase in future years. In cases where a maximum reduction is required, it is usually limited to the tier II portion of the spouse annuity. Of the 7,900 spouse annuities (excluding divorced spouses) awarded in fiscal year 2000, about 10 percent required reductions, averaging nearly \$115 per month.

10. What if a husband and wife are both railroad employees?

If both the husband and wife are qualified railroad employees and either had some railroad service before 1975, both can receive separate railroad retirement employee and spouse annuities, without a full dual benefit reduction. But, if both the husband and wife started railroad employment after 1974, only the railroad retirement employee annuity or the spouse annuity, whichever he or she chooses, is payable.

11. Are railroad retirement annuities subject to garnishment or property settlements?

Certain percentages of any railroad retirement annuity (employee, spouse or survivor) may be subject to legal process (i.e., garnishment) to enforce an obligation for child support and/or alimony payments.

Also, with the exception of the tier I portion of a railroad retirement annuity, all other portions of an **employee's** annuity are subject to court-ordered property settlements in proceedings related to divorce, annulment or legal separation.

12. How can a person get more information about railroad retirement spouse annuities?

For more information and/or a benefit estimate, a person should contact the nearest office of the Railroad Retirement Board. Most Board offices are open to the public from 9:00 a.m. to 3:30 p.m., Monday through Friday.

Persons can find the address and phone number of the Board office serving their area by calling the automated toll-free RRB Help-Line at 1-800-808-0772. They can also get this information from the Board's web site at www.rrb.gov.

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