

Program Letter

United States
Railroad Retirement Board



Office of Programs
Quality Reporting Service Center

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Date: June 20, 2003

TO: **Unemployment and Sickness Contact Officials**

SUBJECT: **New Benefit Year Information**

Purpose

The purpose of this program letter is to inform you of:

- a new benefit year beginning date and qualifications;
- an increase in the maximum daily benefit rate; and
- a new dollar threshold for determining whether the earnings test applies.

New benefit year

A new benefit year for railroad unemployment and sickness insurance benefits begins July 1, 2003 and ends June 30, 2004.

New benefit year qualifications

To qualify for benefits in the new benefit year, an employee must have \$2,750.00 in creditable railroad earnings in calendar year 2002, counting no more than \$1,100.00 per month. If 2002 was an employee's first year of railroad work, he or she must also have railroad service in at least 5 months of 2002.

Continued on next page

New Benefit Year Information, Continued

Waiting period

Benefits are payable for days of unemployment or sickness over 7 in an employee's first 14-day claim in the new benefit year. This satisfies a required one-week waiting period. The one-week waiting period applies to both the first claim for unemployment benefits and the first claim for sickness benefits in the benefit year. In order to satisfy the waiting period requirement, the first claim must contain more than 4 days of unemployment or sickness. Initial sickness claims must begin with 4 consecutive days of sickness. After the waiting period is satisfied, benefits are generally payable for the number of days of unemployment or sickness over 4 in each 14-day claim period.

The change in benefit years will **not** cause an interruption in the payment of **normal benefits** to claimants who continue to be unemployed or sick from one benefit year into the next benefit year. An employee who continues to be unemployed or sick from one benefit year into the next needs to satisfy only one waiting period; a second waiting period is not required when the employee's benefit claims continue into a new benefit year.

Employees who are currently receiving **extended unemployment benefits or extended sickness benefits** also do not have another waiting period at this time. A new waiting period is required only if the employee claims benefits in the new benefit year. The new benefit year begins after the end of the extension of the previous benefit year.

Maximum daily benefit rate

The maximum daily benefit rate for railroad unemployment and sickness benefits increases to \$55.00 for registration periods beginning after June 30, 2003. The increase in the maximum daily benefit rate results from the indexing of the daily benefit rate to national wage levels.

The new maximum benefit rate will yield \$550.00 for two full weeks of unemployment or sickness (10 days at \$55.00 per day). Some sickness benefits are subject to withholding of 7.65% for tier I retirement taxes, which can reduce biweekly payments to \$507.92 from \$550.00 for a full 2-week claim.

Earnings test rules

Under the RUIA's earnings test provision, unemployment benefits are not payable for any registration period in which the total amount of an employee's earnings or other remuneration from railroad and non-railroad work for days in the period exceeds the amount of the RUIA monthly compensation base. For claims in benefit year 2002, the earnings test amount is \$1,050.00; for claims in benefit year 2003, the earnings test amount is \$1,100.00.

Continued on next page

New Benefit Year Information, Continued

Earnings test rules (continued)

Note: Although no benefits are payable for days denied because of the earnings test, the days remain days of unemployment for purposes of satisfying the waiting period requirement and determining periods of continuing unemployment. In addition, the earnings test **does not** apply to claims for sickness benefits.

Reporting earnings on prepayment notices

When you review our notices of unemployment claims filed by your employees, please check on whether the employee's earnings for days in the period exceeded the amount of the monthly compensation base.

Use the following table to determine how to report the amount of the employee's earnings.

If you receive prepayment claim notices...	then report the amount of the employee's earnings by...
on paper notice Form ID-4K	telephoning the RRB office shown on our notice.
electronically through RAILINC	indicating the employee's earnings in the NTE segment of your response, e.g. show "Gross Earnings Equal \$_____.

Note: Days claimed by an employee but denied because of the earnings test are indicated by a day code of **4** in the Claim Profile area on our notices of benefit claims (Forms ID-4E and ID-4K, and electronic RU1 and RU4 notices). A day code of **4** also indicates a claimed day of unemployment denied because of mileage or other work restrictions. A list of day codes and their corresponding meanings is included as attachment A with this letter.

Additional information

For additional information about the earnings test for unemployment claims and other provisions of the RUIA, please refer to our Circular Letter No. UI-C-233. For information about our prepayment notices of claims, refer to Circular Letter No. UI-C-229. Both of these letters, as well as a copy of this letter, are available on our Web site at <http://www.rrb.gov>.

Who to contact

Please call Edward Roberts of Calculation Analysis and Systems, Policy and Systems for any comments or questions about information in this program letter. His telephone number is (312) 751-7139 extension 2159.

Claim Profile - Day Codes

Unemployment

- 0 Day not claimed
- 1 Claimed day of unemployment/available for work
- 2 Employed, day not claimed
- 3 Claimed day of unemployment, denied for miscellaneous reasons (Refer to Information Codes.)
- 4 Claimed day of unemployment, denied because of work restrictions and/or denied for the earnings test
- 5 Claimed day of unemployment, denied due to improper registration
- 6 Claimed day of unemployment, denied for miscellaneous reasons
- 7 Claimed day of unemployment, benefits reduced because of receipt of social insurance
- 8 Claimed day of unemployment, denied because of unavailability for work
- 9 Claimed day of unemployment, denied because of receipt of remuneration

Sickness

- 0 Day not claimed
- 1 Claimed day of sickness
- 2 Employed, day not claimed
- 3 Claimed day of sickness, denied for miscellaneous reasons (Refer to Information Codes.)
- 4 Claimed day of sickness, denied due to improper advance registration
- 5 Claimed day of sickness, denied due to improper delayed registration
- 6 Claimed day of sickness, denied for miscellaneous reasons
- 7 Claimed day of sickness, benefits reduced because of receipt of social insurance
- 8 Claimed day of sickness, denied due to ability to work
- 9 Claimed day of sickness, denied because of the receipt of remuneration

