



RRB News

U.S. Railroad Retirement Board

Office of Public Affairs 844 North Rush Street Chicago, Illinois 60611-2092

312-751-4777
312-751-7154 (fax)
www.rrb.gov

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Railroad Retirement Benefit Increases

Most railroad retirement annuities, like social security benefits, are scheduled to increase in January 2005 on the basis of the rise in the Consumer Price Index (CPI) during the 12 months preceding October 2004.

Cost-of-living increases are calculated in both the tier I and tier II benefits included in a railroad retirement annuity. Tier I benefits, like social security benefits, will increase by 2.7 percent, which is the percentage of the CPI rise. Tier II benefits will increase by 0.9 percent, which is 32.5 percent of the CPI rise. The vested dual benefit payments and supplemental annuities also paid by the Railroad Retirement Board are not adjusted for the CPI rise.

In January 2005, the average regular railroad retirement employee annuity will increase \$35 a month to \$1,692 and the average of combined benefits for an employee and spouse will increase \$48 a month to \$2,390. For those aged widow(er)s eligible for an increase, the average annuity will increase \$21 a month to \$884. However, widow(er)s whose annuities are being paid under the Railroad Retirement and Survivors' Improvement Act of 2001 are not receiving annual cost-of-living adjustments until their annuity amount is exceeded by the amount that would have been paid under prior law, counting all interim cost-of-living increases otherwise payable. Almost 33 percent of the widow(er)s on the Board's rolls are being paid under the 2001 law.

If a railroad retirement or survivor annuitant also receives a social security or other government benefit, such as a public service pension or another railroad retirement annuity, the increased tier I benefit is reduced by the increased government benefit. However, tier II cost-of-living increases are not reduced by increases in other government benefits. If a widow(er) whose annuity is being paid under the new law is also entitled to an increased government benefit, her or his annuity may decrease.

(More)

However, the total amount of the combined railroad retirement widow(er)'s annuity and other government benefits will not be less than the total payable before the cost-of-living increase and before increased Medicare premium deductions.

For those beneficiaries covered by Medicare, the basic Part B premium generally deducted from monthly benefits increases from \$66.60 to \$78.20 in 2005.

In late December the Railroad Retirement Board will mail notices to all annuitants providing a breakdown of the annuity rates payable to them in January 2005.

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