



RRB News

U.S. Railroad Retirement Board

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No. 04-8

For Immediate Release
October 2004

Retiree Earnings Limits to Rise

Those railroad retirement annuitants subject to earnings restrictions can earn more in 2005 without having their benefits reduced, as a result of increases in earnings limits indexed to average national wage increases.

Like social security benefits, some railroad retirement benefit payments are subject to deductions if an annuitant's earnings exceed certain exempt amounts. These earnings restrictions apply to those who have not attained full social security retirement age, which ranges from age 65 for those born before 1938 to age 67 for those born in 1960 or later.

For those under full retirement age throughout 2005, the exempt earnings amount rises to \$12,000 from \$11,640 in 2004. For beneficiaries born in 1940 and attaining full retirement age in 2005 (age 65 and 6 months), the exempt earnings amount, for the months before the month full retirement age is attained, rises to \$31,800 in 2005 from \$31,080 in 2004.

For those under full retirement age, the earnings deduction is \$1 in benefits for every \$2 of earnings over the exempt amount. For those attaining full retirement age in 2005, the deduction is \$1 for every \$3 of earnings over the exempt amount in the months before the month full retirement age is attained.

When applicable, these earnings deductions are assessed on the tier I and vested dual benefit portions of railroad retirement employee and spouse annuities, and the tier I, tier II, and vested dual benefit portions of survivor benefits.

All earnings received for services rendered, plus any net earnings from self-employment, are considered when assessing deductions for earnings. Interest, dividends, certain rental income or income from stocks, bonds, or other investments are not considered earnings for this purpose.

(More)

Retired employees and spouses, regardless of age, who work for their last pre-retirement nonrailroad employer are also subject to an additional earnings deduction, in their tier II and supplemental benefits, of \$1 for every \$2 in earnings up to a maximum reduction of 50 percent. This earnings restriction does not change from year to year and does not allow for an exempt amount.

A spouse benefit is subject to reduction not only for the spouse's earnings, but also for the earnings of the employee, regardless of whether the earnings are from service for the last pre-retirement nonrailroad employer or other post-retirement employment.

Special work restrictions applicable to disability annuitants do not change in 2005.

Regardless of age and/or earnings, no railroad retirement annuity is payable for any month in which an annuitant (retired employee, spouse or survivor) works for a railroad employer or railroad union.

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