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**IMPORTANT INFORMATION ABOUT**

**TAX WITHHOLDING**  
**AND**  
**RAILROAD RETIREMENT PAYMENTS**



**FOR USE**  
**WITH FORM RRB W-4P**

**U.S. RAILROAD RETIREMENT BOARD**  
844 NORTH RUSH STREET  
CHICAGO, ILLINOIS 60611-2092

<http://www.rrb.gov>

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**TXB-25 (01-2012)**

## Tax Withholding and Railroad Retirement Payments

Regular railroad retirement annuities consisting of Tier 1, Tier 2, and Vested Dual Benefit components, have been subject to United States Federal income tax since 1984. Supplemental annuities have been subject to Federal income tax since 1966.

### Taxable as a Social Security Benefit

The portion of the Tier 1 component of a railroad retirement annuity that is equivalent to what the Social Security Administration would pay if railroad service were covered under the Social Security Act is treated the same as a Social Security benefit for Federal income tax purposes. Special guaranty amounts paid to some railroad retirement beneficiaries are also treated like Social Security benefits for Federal income tax purposes. The portions of a railroad retirement annuity that are taxable the same as Social Security benefits are generally referred to as social security equivalent benefits (SSEB).

To find out whether any of your social security equivalent benefits are taxable, you must compare the **base amount** for your filing status with the total of:

1. All your taxable income, including taxable pensions, wages, interest, and dividends,
2. your tax-exempt interest income, and
3. one-half of your social security equivalent benefits.

Your **base amount** is:

- \$25,000 if you are single, head of household, or qualifying widow(er),
- \$25,000 if you are married filing separately and **lived apart** from your spouse at all times during the year,
- \$32,000 if you are married filing jointly, or
- \$ -0- if you are married filing separately and **lived with** your spouse at any time during the year.

If your taxable income and tax-exempt interest income, **plus one-half of the amount of your social security equivalent benefits**, is more than your base amount, some of your benefits may be taxable.

You can choose to have taxes withheld from the SSEB portion of your railroad retirement annuity by filing IRS Form W-4V. File the completed form at any Railroad Retirement Board (RRB) office. Form W-4V is available at any IRS office. The RRB will not withhold taxes from the SSEB portion of your annuity unless you file IRS Form W-4V.

**Taxes on the Non-Social Security Equivalent Benefit Portion of Tier 1, Tier 2 Benefits, Vested Dual Benefits, and Supplemental Annuity Payments**

The non-social security equivalent benefit (NSSEB) portion of Tier 1 benefits, Tier 2 benefits, vested dual benefits, and supplemental annuity payments are considered taxable income regardless of the amount of any other income you may have. These portions of your annuity are subject to Federal income tax withholding. If you file Form RRB W-4P to have taxes withheld based on your marital status and tax withholding allowances, we will withhold taxes from these portions of your annuity. We will not withhold taxes from the SSEB portion of your annuity unless you also file IRS Form W-4V.

*Railroad retirement annuities are not taxable by states in accordance with section 14 of the Railroad Retirement Act (45 U.S.C. § 231m). The RRB will not withhold state income taxes from railroad retirement payments.*

**Purpose of Form RRB W-4P**

Form RRB W-4P is used by United States citizens or residents for U.S. tax purposes. Complete Form RRB W-4P to request:

- no Federal taxes be withheld from your railroad retirement payments,
- Federal taxes be withheld based on the marital status and the number of allowances you want to claim, or
- an additional amount be withheld from your railroad retirement payments.

If you live outside the 50 states or Washington D.C., Guam, and the Northern Mariana Islands, see the note at the bottom of page 4.

You are **not** required to file a Form RRB W-4P. However, if you do not file and your combined taxable NSSEB, Tier 2, vested dual benefit, and supplemental annuity components of your monthly railroad retirement annuity exceed \$1,630.01 we will automatically withhold taxes as if you were married and claiming three allowances.

File Form RRB W-4P no earlier than 6 months before the date your annuity is subject to tax withholding. We will adjust your withholding according to your RRB W-4P request. Your request remains in effect until you change or cancel it with a new Form RRB W-4P. You may file a new Form RRB W-4P at any time. The adjustment to your payment will serve as notification that your request is in effect.

### **How to Complete Form RRB W-4P**

Complete items 1 through 6 and item 11. If you answer “Yes” to item 6, also complete items 7 through 10, as appropriate.

#### *Item 1, RRB Claim Number, and Item 3, Your Social Security Number*

Be sure to provide your RRB Claim Number and your Social Security Number.

#### *Item 6, Withholding or No Withholding Election*

Answer “Yes” if you want Federal income tax withheld from your railroad retirement payments.

Answer “No” if you do not want Federal income tax withheld from your railroad retirement payments. If you answer “No” to item 6, **remember that having no tax withheld from your annuity payments does not reduce the amount of the taxes you may owe.** There are penalties for not paying enough tax during the year, either by tax withholding or by estimated tax payments. Internal Revenue Service Publication 505, *Tax Withholding and Estimated Tax*, explains estimated tax payments and penalties in detail.

Note: We may not accept a “No” tax withholding election on Form RRB W-4P if:

- a. The individual’s United States social security number is not provided on the form or
- b. The individual resides outside the 50 United States, Washington D.C., Guam and the Commonwealth of the Northern Mariana Islands. If the “No” box is checked, the RRB will withhold taxes as if you were married and claiming three allowances.

Item 7, Marital Status

Enter your marital status for tax withholding purposes.

Item 8, Withholding Allowance

Enter the applicable number of withholding allowances. Use the worksheets on pages 6 and 7 to figure the number of your allowances. Generally, the more allowances you claim, the less tax is withheld. If you have more than one pension or annuity or if your spouse also has a pension or annuity, you may claim all of your allowances on one Form RRB W-4P or you may claim some on each Form RRB W-4P, but you may **NOT** claim the same allowances more than once. Your withholding will usually be more accurate if you claim all allowances on the Form RRB W-4P for the largest payment and claim zero on all other Forms RRB W-4P.

**Note:** *The worksheets are only guides. They will give only **approximate** withholding allowance information.*

Item 9, Additional Dollar Amount Withheld from Annuity Payments

Answer “Yes” if you want an additional dollar amount withheld from your monthly benefits. This additional amount, which is computed on the *Multiple Pensions/More Than One Income Worksheet* on pages 6 and 7 will be added to any tax withholding amount computed based on the marital status and number of allowances you have entered in items 7 and 8 of Form RRB W-4P.

If you do not want an additional dollar amount withheld from each payment, answer “No” and go to item 11.

Item 10, Additional Dollar Withholding Amount

Enter the additional dollar amount you want withheld from each annuity payment. This includes all accrual payments regardless of the amount of the accrual. Use the amount from line 9 of the *Multiple Pensions/More Than One Income Worksheet* on pages 6 and 7. Show whole dollars. Do **not** show cents.

**Personal Allowances Worksheet**

- A. Enter "1" for **yourself** if no one else can claim you as a dependent ..... **A.** \_\_\_\_\_
- B. Enter "1" if { 1. You are single and have only one pension; or  
2. You are married, have only one pension, and your spouse has no income subject to withholding; or  
3. Your income from a second pension or a job, or your spouse's pension or wages (or the total of all) is \$1,500 or less. } ..... **B.** \_\_\_\_\_
- C. Enter "1" for your **spouse**. You may choose to enter "0" if you are married and have either a spouse who has income subject to withholding or you have more than one source of income subject to withholding. (This may help you avoid having too little tax withheld.) ..... **C.** \_\_\_\_\_
- D. Enter number of **dependents** (other than your spouse or yourself) whom you will claim on your return ..... **D.** \_\_\_\_\_
- E. Enter "1" if you will file as **head of household** on your tax return ..... **E.** \_\_\_\_\_
- F. Child Tax Credit (including additional child tax credit):** See Pub. 972 *Child Tax Credit* for more information.
- If your total income will be less than \$61,000 (\$90,000 if married), enter "2" for each eligible child; then **less "1"** if you have three to seven eligible children, or less "2" if you have eight or more eligible children. .... **F.** \_\_\_\_\_
  - If your total income will be between \$61,000 and \$84,000 (\$90,000 and \$119,000 if married), enter "1" for each eligible child ..... **F.** \_\_\_\_\_
- G.** Add lines **A** through **F** and enter total here. NOTE: This may be different from the number of exemptions you claim on your tax return ..... **G.** \_\_\_\_\_
- For accuracy, complete all worksheets that apply:*
- If you plan to **itemize or claim other adjustments to income** and want to reduce your withholding, use the **Deductions and Adjustments** Worksheet below.
  - If you have **more than one source of income subject to withholding or a spouse with income subject to withholding AND** your combined income from all sources exceed \$40,000, (\$10,000 if married), use the **Multiple Pensions/More-Than-One-Income Worksheet** below if you want to avoid too little tax withheld.
  - If **neither** of the above situations apply to you, **stop here** and enter the number from line **G** above in item 8 of Form RRB W-4P.

**Deductions and Adjustments Worksheet**

**Note: Complete this Worksheet only if you plan to itemize deductions, claim certain credits, or claim adjustments to income.**

1. Enter an estimate of your 2012 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions ..... **1.** \$ \_\_\_\_\_
2. Enter: { \$11,900 if married filing jointly or qualifying widow(er)  
\$8,700 if head of household  
\$5,950 if single or married filing separately } ..... **2.** \$ \_\_\_\_\_
3. **Subtract** line 2 from line 1. If line 2 is greater than line 1, enter zero ..... **3.** \_\_\_\_\_
4. Enter an estimate of your 2012 adjustments to income, and any additional standard deduction (see Pub. 505) ..... **4.** \$ \_\_\_\_\_
5. **Add** lines 3 and 4 and enter the total (include any credit amounts from worksheet *Converting Credits to Withholding Allowance for 2012 in Pub. 505*) ..... **5.** \$ \_\_\_\_\_
6. Enter an estimate of your 2012 income not subject to withholding (such as dividends or interest income) ..... **6.** \$ \_\_\_\_\_
7. **Subtract** line 6 from line 5. Enter the result, but not less than zero ..... **7.** \$ \_\_\_\_\_
8. **Divide** the amount on line 7 by \$3,800 and enter the result here. Drop any fraction ..... **8.** \_\_\_\_\_
9. Enter the number from the Personal Allowance Worksheet, line G, above ..... **9.** \_\_\_\_\_
10. **Add** lines 8 and 9 and enter the total here. If you plan to use the Multiple Pensions/More Than One Income Worksheet, also enter the total on line 1 below. Otherwise stop here and enter this total on Form RRB W-4P, item 8 ..... **10.** \_\_\_\_\_

**Multiple Pensions/More Than One Income Worksheet**

**Note: Complete this Worksheet only if the instructions under line G of the Personal Allowances Worksheet above direct you here. This applies if you (and your spouse if married filing a joint return) have more than one source of income subject to withholding (such as more than one pension, or a pension and a job, or you have a pension and your spouse works).**

1. Enter the number from line G above (or from line 10 above if you used the Deductions and Adjustments Worksheet) ..... **1.** \_\_\_\_\_
2. Find the number in **Table 1** on page 10 that applies to the **LOWEST** paying pension or job and enter it here. **However**, if you are married filing jointly and the amount from the highest paying pension or job is \$65,000 or less, do not enter more than "3" ..... **2.** \_\_\_\_\_
3. If line 1 is **GREATER THAN OR EQUAL TO** line 2, **subtract** line 2 from line 1. Enter the result here (if zero, enter "0") and on Form RRB W-4P, item 8. **Do not** use the rest of this worksheet. NOTE: If line 1 is **LESS THAN** line 2, enter "0" on Form RRB W-4P, item 8. Complete lines 4–9 to calculate the additional withholding amount necessary to avoid a year end tax bill ..... **3.** \_\_\_\_\_
4. Enter the number from line 2 of this worksheet ..... **4.** \$ \_\_\_\_\_
5. Enter the number from line 1 of this worksheet ..... **5.** \$ \_\_\_\_\_
6. **Subtract** line 5 from line 4 ..... **6.** \_\_\_\_\_
7. Find the amount in **Table 2** on page 10 that applies to the **HIGHEST** paying pension or job and enter it here ..... **7.** \$ \_\_\_\_\_
8. Multiply line 7 by line 6 and enter the result here. This is the additional annual withholding needed ..... **8.** \_\_\_\_\_
9. **Divide** line 8 by the number of pay periods remaining in 2012. (For example, divide by 12 if you are paid every month, and you complete this form in December 2011) Enter the result here. See the instructions for item 9 and item 10 of Form RRB W-4P. This is the additional amount to be withheld from each payment ..... **9.** \_\_\_\_\_

Item 11. Signature and Date

The form must be signed to be valid. It must be signed and dated by the person who is responsible for signing any U.S. income tax return filed on the social security number entered in item 3.

**Accrual Payments**

Each payment you receive will be taxed based on what you claim on your RRB W-4P. This includes accrual payments. If what you claimed on your RRB W-4P along with item 10 (additional amount) is more than the accrual payment, we will withhold the entire accrual payment. Even if the tax withholding amount calculated is more than the accrual payment, we cannot withhold any portion of your SSEB, unless IRS Form W-4V is filed with the RRB.

**Statement of Annuity Payments and Taxes Withheld**

No later than January 31 following the tax year, you will receive a statement showing the total annuity payments made to you during the preceding calendar year. This statement also shows the total amount of any taxes withheld from your payments. Use this statement to complete any income tax return you must file with the Internal Revenue Service for the tax year.

**Tax Refunds**

You may request a refund of any excess taxes withheld by filing an income tax return with the Internal Revenue Service after the end of the tax year. If you decide that too much tax is being withheld from your railroad retirement benefits, you can request a change in your withholding by filing a new Form RRB W-4P and/or IRS Form W-4V.

**For Further Information**

Contact the nearest office of the Internal Revenue Service if you need more information about taxation, tax withholding, your personal tax obligations, or if you need help completing Form RRB W-4P. Contact the nearest office of the RRB for any information you need about your railroad retirement payments.

**Nondiscrimination on the Basis of Disability**

Under Section 504 of the Rehabilitation Act of 1973 and RRB regulations, no qualified person may be discriminated against on the basis of disability. RRB programs and activities must be accessible to all qualified applicants and beneficiaries including those who are vision or hearing-impaired. Disabled persons needing assistance should contact the nearest RRB office. Complaints of alleged discrimination by the RRB on the basis of disability must be filed within 90 days in writing with the Director of Administration, Railroad Retirement Board, 844 North Rush Street, Chicago Illinois 60611-2092. Questions about individual rights under this regulation may be directed to the RRB’s Director of Equal Opportunity.

**Paperwork Reduction/Privacy Act Notice**

The information requested on Form RRB W-4P is required to carry out the Internal Revenue laws of the United States. The Internal Revenue Code requires this information under section 3405(e) and 6109 of their regulations. Failure to provide this information may result in inaccurate withholding on your payment(s). Routine use of this information includes giving it to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia for use in administering their tax laws. You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete form RRB W-4P will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping . . . . . 39 min.
- Learning about the Law or the form . . . . . 24 min.
- Preparing and sending the form. . . . . 59 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form RRB W-4P simpler, send them to the Chief of Information Resources Management, **Railroad Retirement Board**, 844 North Rush Street, Chicago, Illinois 60611-2092. Please DO NOT return the form to this address.

<b>Table 1</b>			
<b>Married Filing Jointly</b>		<b>All Others</b>	
If wages from <b>LOWEST</b> paying pension or job is	Enter on <b>Line 2</b> Pages 6 & 7	If wages from <b>LOWEST</b> paying pension or job is	Enter on <b>Line 2</b> Pages 6 & 7
0 ---- 5,000	0	0 ---- 8,000	0
5,001 ---- 12,000	1	8,001 ---- 15,000	1
12,001 ---- 22,000	2	15,001 ---- 25,000	2
22,001 ---- 25,000	3	25,001 ---- 30,000	3
25,001 ---- 30,000	4	30,001 ---- 40,000	4
30,001 ---- 40,000	5	40,001 ---- 50,000	5
40,001 ---- 48,000	6	50,001 ---- 65,000	6
48,001 ---- 55,000	7	65,001 ---- 80,000	7
55,001 ---- 65,000	8	80,001 ---- 95,000	8
65,001 ---- 72,000	9	95,001 ---- 120,000	9
72,001 ---- 85,000	10	120,001 ---- and over	10
85,001 ---- 97,000	11		
97,001 ---- 110,000	12		
110,001 ---- 120,000	13		
120,001 ---- 135,000	14		
135,001 ---- and over	15		

<b>Table 2</b>			
<b>Married Filing Jointly</b>		<b>All Others</b>	
If wages from <b>HIGHEST</b> paying pension or job is	Enter on <b>Line 7</b> Pages 6 & 7	If wages from <b>HIGHEST</b> paying pension or job is	Enter on <b>Line 7</b> Pages 6 & 7
0 ---- 70,000	570	0 ---- 35,000	570
70,001 ---- 125,000	950	35,001 ---- 90,000	950
125,001 ---- 190,000	1,060	90,001 ---- 170,000	1,060
190,001 ---- 340,000	1,250	170,001 ---- 375,000	1,250
340,001 ---- and over	1,330	375,001 ---- and over	1,330

The RRB offers nationwide toll-free telephone service to better serve the railroad community. You can contact us at 1-877-772-5772 or you can visit our website at [www.rrb.gov](http://www.rrb.gov).