



Employer Exchange

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2010 Annual Reports Are Due

The deadline for filing your 2010 Forms BA-3, "Annual Report of Creditable Compensation" and BA-11, "Report of Gross Earnings" is the last day of **February 2011**. Form BA-6a, "Address Report" is due by **April 1, 2011** and can be filed on-line through the Employer Reporting System (ERS). Please include a Form G440, "Report Specifications Sheet" with these (and all other) reports when you submit them to the RRB. RRB forms can be found on our website in the "Employer Forms and Publications Section". Employers who do not have creditable service and compensation to report for 2010 on a BA-3; or who have no employees for the BA-11 with social security numbers ending with the digits "30", must advise the Railroad Retirement Board (RRB), by filing Form G-440 and checking the appropriate item.

U.S. RRB Tax Rates and Compensation Bases

Component	2010 Tax Rate	2011 Tax Rate	Earnings Base
Employee Tier I	6.20%	4.20%	\$106,800
Employee Medicare	1.45%	1.45%	No limit
Employer Tier I	6.20%	6.20%	\$106,800
Employer Medicare	1.45%	1.45%	No limit
Employee Tier II	3.90%	3.90%	\$79,200
Employer Tier II	12.10%	12.10%	\$79,200
Employer Unemployment (RUIA)	Variable	Variable	\$1,330.00 per month
Employer Unemployment (RUIA) Maximum	Variable	Variable	\$1,718.00 per month

Preparing a Form BA-3, Annual Report of Compensation

When preparing your Form BA-3, Annual Report of Compensation check the following before submitting to the RRB:

- ✓ Use Software (**NOT** Paper)
- ✓ Submit electronically-using secure e-mail or FTP
- ✓ Submit no later than February 28, 2011
- ✓ Fax the G-440 with authorized signature
- ✓ Use New Daily Pay Rate up to \$200.00 (not \$99.99)
- ✓ Use New Service Months Codes
1= worked

8= not worked but has employment relation
 9=not worked & has no employment relation
 0=not worked & employment relation is unknown

- ✓ Include RUIA 2 Monthly Maximum Amount.

Taking advantage of these timesaving and protective measures will reduce the amount of paperwork employers must complete and return to the RRB.

PC Reporting Software Available for Download on the RRB.gov Website

The latest version of the Railroad Retirement Board (RRB) Employer Reporting (PC) Program (v51) is now available online. This program will assist employers in creating and filing automated service and compensation reports in the new expanded format. In order to safeguard the information, this software includes the ability to encrypt and electronically transmit any report to the RRB using e-mail. It is simple, accurate, secure and efficient. We urge **all** paper filers to download the program by logging onto http://www.rrb.gov/mep/er_services.asp then scroll down and click the link entitled Employer Reporting (PC) Program & Instructions (Version51). If you have problems gaining access to the site contact a Compensation Reporting Specialist in the Quality Reporting Service Center (QRSC) by phone or via e-mail.

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010

Recently passed by the Congress and signed into law by President Obama on December 17, 2010, affects current railroad workers in two key ways. The law provides a 1-year reduction of 2 percentage points in social security payroll taxes paid by employees and it provides more extended unemployment benefits for railroad employees.

As a result, the Tier I tax rate on railroad employees will drop from 6.2 percent to 4.2 percent during 2011. This also affects the Tier I tax rate for any sickness benefits processed for payment in calendar year 2011. **The monthly Form ID-6 and annual summary Form ID-6Y reflect the 4.2 percent Tier I tax withheld from employee RRB sickness payments. The employer share remains 6.2 percent.** Employees will continue to pay a 1.45 percent tax for Medicare hospital insurance, for a total tier I payroll tax rate of 5.65

percent. The maximum amount of earnings subject to the new rate of 4.2 percent remains at \$106,800, but there is no maximum on earnings subject to the Medicare rate. The employer Tier I tax rate remains 7.65 percent. For more information, see program letter PL 2011-03 by going to the RRB website at www.rrb.gov and selecting the Program Letters to Employers link.

Canadian Employees without a Valid U.S. Social Security Number (SSN)

Employers are required by law to report any service and compensation for a Canadian employee by using a valid U.S. SSN. But if a Canadian employee does NOT have an SSN, employers may use their valid Canadian Social Insurance Number (SIN). Employers are no longer allowed to report service and/or compensation to the RRB using pseudo numbers (i.e. numbers beginning with 999 or 000). Employers should continue to file reports for Canadian employees with a valid U.S. SSN in accordance with the Reporting Instructions to Employers manual. Instructions on how to complete an annual or adjustment report for employees who do **NOT** have a valid U.S. SSN, can be found in program letter PL 2005-05 by going to the RRB website at www.rrb.gov and selecting the Program Letters to Employers link.

Return to Railroad Service

Annuitants who return to work for employers covered under the RRA are not entitled to retirement annuities from the RRB. If you are incorrectly crediting former employees with service for pay in lieu of vacation, back pay or any payment not associated with actual work or a negotiated agreement, you may be subjecting them to overpayments. Compensation can be credited to an employee's account when paid, regardless of when the employee retires or resigns. However, service months must be credited when the service is performed. No additional service months can be credited to an

employee's earnings record after the employee actually stops working and relinquishes his/her rights to work for your company. If service has been reported for a former employee after his /her retirement annuity began you will receive a Form GL-132, Notice of Service Reported for Annuitant Who is Receiving an RRB Annuity.

Deemed Service - Forms GL-99

The RRB recently released Forms GL-99, "Employer's Deemed Service Questionnaire" which you should have already received. Please complete the forms and return them as soon as possible. The information you provide on the forms may result in the RRB awarding additional months of service to your employees based on their employment relationship and the reported Tier II compensation for calendar years 2008 and/or 2009.

Reminder: RUIA Deposits

Please remember to use your new **2011** contribution rates when calculating your RUIA deposits. We notified you of your rates on Forms ID-40R/S which were sent out to all employers in October 2010. The maximum earnings subject to RUIA contribution for 2011 remains \$1,330 per month. If you did not receive the notification please contact us at (312) 751-4992 or at qrsc@rrb.gov.

Contact Official (s) Changes

If your organization has experienced *any* personnel or office location changes, please complete a new Form G-117a, Designation of Contact Officials and return by mail or fax to our office. Please remember that this form must be completed every time your organization experiences any kind of change. A copy of the form can be downloaded from the RRB website at <http://www.rrb.gov/pdf/AandT/g117a.pdf>. Keeping this information updated in our records will guarantee that the appropriate contact official(s) of your company receives all communication from us in a timely manner.

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Third Class

