

Program Letter

United States Railroad Retirement Board Office of Programs



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Date: December 27, 2010

TO: Certification Registration, Retirement and Unemployment Contact Officials

SUBJECT: Benefits Provided under The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010

Please distribute this notice to all individuals within your organization who may need the information in connection with their work.

The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 provides for up to 13 weeks of additional temporary extended unemployment benefits to certain railroad workers who received normal unemployment benefits for any days between **July 1, 2010 and June 30, 2011**, and who have exhausted their rights to benefits under the RUIA. The Act provides for the use of the funds previously apportioned under the Worker, Homeownership and Business Assistance Act (WHBAA) of 2009 for these temporary extended unemployment benefits. The benefits will stop at the end of a person's extended unemployment benefit period **OR** when the total funding has been spent – whichever comes first. The latest date that an extended benefit period may begin under the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 is **December 31, 2011**.

- Railroad workers who previously were not eligible for extended unemployment benefits because they did not have 10 years (120 cumulative months of service) may be eligible for up to 65 days within an extended period consisting of 7 consecutive 2-week registration periods.
- Railroad workers who previously were eligible for extended unemployment benefits of up to 65 days may now be eligible for extended benefits of up to 130 days within an extended period consisting of 13 consecutive 2-week registration periods.
- The latest date that an extended benefit period under these special provisions may begin is December 31, 2011.
- Payment of these special extended benefits will cease when the funds previously apportioned under the Worker, Homeownership and Business Assistance Act (WHBAA) of 2009 has been expended.

The RRB will notify eligible individuals of their new rights to extended benefits and provide additional information about those benefits as soon as possible.

Any special extended unemployment benefits paid based on the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 will be charged to the \$175 million appropriation. These benefits will not be charged to the claimant's base year employer's benefit account balance and consequently will not be used when calculating the base year employer's experience rated RUIA contribution rate for any future years.

In addition, the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 provides for a 2 percentage point reduction in the Tier 1 tax rate for any sickness benefits processed for payment in calendar year 2011 that are subject to Tier 1 taxes. The current, overall tax rate of 7.65% includes 6.2% for Tier 1 and 1.45% for Medicare. The new, reduced rate will be 5.65% which now includes 4.2% for Tier 1 and 1.45% for Medicare, thus increasing the net amount of sickness benefit payments, except for claimants injured on duty. This is a temporary provision, only applicable to sickness claims processed for payment during calendar year 2011

If you have any questions regarding the benefits paid based on the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, please contact the Railroad Retirement Board.