GENERAL INFORMATION

This **original tax statement** is issued by the U.S. Railroad Retirement Board (RRB) and contains information you will need to determine if any of the railroad retirement payments made to you in 2012 are taxable. You must use the amounts from both tax statements to determine your total taxable RRB income. Payments and repayments resulting from railroad retirement annuity adjustments are shown on your tax statements and may be fully or partially taxable. This is true whether adjustments result in net amounts due or net overpayments which you are asked to repay, and whether any overpayments are recovered or waived. All the information shown on the tax statements is sent to the United States Internal Revenue Service (IRS). You may receive more than one tax statement for 2012. When only one type of tax statement pertains to you, the other tax statement type is void (blank) and contains the caption **"THIS FORM IS NOT REQUIRED FOR YOUR 2012 TAXES."** If you have questions about this form contact the RRB, U.S. Consulate/Embassy, or visit the RRB website at **www.rrb.gov**. RRB offices are generally open from 9:00 a.m. to 3:30 p.m., Monday through Friday; call 1-877-772-5772. If you received social security benefits in 2012 that were paid by the RRB, you will receive a Form SSA-1042S and Notice 703 from the United States Social Security Administration (SSA). If you do not receive the SSA forms, contact your nearest SSA office, U.S. Consulate/Embassy or call the SSA at 1-800-772-1213. You may also visit the SSA on the Internet at **www.ssa.gov**.

EXPLANATION OF ITEMS ON FORM RRB-1042S

Box 3 - Gross Social Security Equivalent Benefit Portion of Tier 1 Paid in 2012 - This is the total amount of the SSEB portion of Tier 1 benefits paid to you in 2012. It includes any SSEB benefits paid in 2012 that were for prior years.

Box 4 - Social Security Equivalent Benefit Portion of Tier 1 Repaid to RRB in 2012 - This is the total amount of SSEB benefits you repaid to the RRB in 2012. It includes any SSEB benefits you repaid in 2012 that were for prior years. You may have repaid a SSEB benefit by returning a payment, by making a cash refund, or by having an amount withheld from your annuity for overpayment recovery purposes.

Box 5 - Net Social Security Equivalent Benefit Portion of Tier 1 Paid in 2012 - This total is the amount in Box 3 **minus** the amount in Box 4. A figure in parenthesis is a negative amount. A negative amount means you repaid the RRB more than you received or were credited with receiving in 2012. If you received more than one Form RRB-1042S or Form SSA-1042S for 2012, a negative figure in Box 5 of one form can be used to offset a positive figure in Box 5 of another form. To see if any part of the SSEB is taxable, refer to **IRS Publication 915, Social Security and Equivalent Railroad Retirement Benefits**.

Box 6 - Workers' Compensation Offset in 2012 - This figure is for informational purposes only. This is the amount of any workers' compensation deducted from your SSEB payments. This amount is included in the amount in Box 3.

Box 7 - Social Security Equivalent Benefit Portion of Tier 1 Paid for 2011 - This is the amount of SSEB that was paid in 2012 and due for 2011. This amount is included in the amount in Box 3.

Box 8 - Social Security Equivalent Benefit Portion of Tier 1 Paid for 2010 - This is the amount of SSEB that was paid in 2012 and due for 2010. This amount is included in the amount in Box 3.

Box 9 - Social Security Equivalent Benefit Portion of Tier 1 Paid for Years Prior to 2010 - This total is the amount of SSEB that was paid in 2012 and due for a period prior to 2010. This amount is included in the amount shown in Box 3. Any Tier 1 benefit paid for a period prior to 1986 is treated as SSEB.

Box 10 - Country - This item indicates the country of which you were a known or assumed resident for tax purposes for the payments shown on this Form RRB-1042S.

Box 11 - Rate of Tax - This is the rate (0%, 15% or 30%) at which U.S. Federal income tax was withheld from the SSEB payments shown on this Form RRB-1042S.

Box 12 - Federal Tax Withheld - This total is the amount of U.S. Federal income tax withheld from your SSEB payments in 2012 while you were a known or assumed resident for tax purposes of the country shown in Box 10. If no SSEB taxes were withheld, **-0-** will be shown in this box. If U.S. Federal income taxes were withheld from your railroad payments and not refunded to you, those taxes and the applicable nonresident alien tax withholding rate of 15% or 30% are shown on your tax statements. A rate of 30% indicates full tax withholding. If you currently reside outside of the United States and have not furnished the RRB with your citizenship and residence information for tax purposes, contact the RRB to obtain and file **Form RRB-1001, Nonresident Questionnaire**. Form RRB-1001 may also be used to claim reduced U.S. Federal income tax withholding (0% or 15%) under any tax treaty in effect between the United States and your country of residence for tax purposes. For information on tax treaties between the United States and other countries that may reduce or eliminate U.S. tax on your benefits, refer to **IRS Publication 901, U.S. Tax Treaties**.

Box 13 - Medicare Premium Total - This is only for informational purposes and the RRB does not report this amount to the IRS. This is the total amount of Part B, Part C and/or Part D Medicare premiums deducted from your railroad retirement annuity payments for the period covered by this Form RRB-1042S. The Medicare total is normally shown on Form RRB-1042S. However, if Form RRB-1042S is not required for your 2012 taxes, then this total will be shown on Form RRB-1099-R. **Medicare premiums deducted from your social security benefits, paid by a third party, paid through direct billing, or refunded to you will not be shown in this box. The basic monthly Part B Medicare premium for 2012 is $99.90 ($1,198.80 annual total); however your premium amount may be different.**

For information about SSEB, social security payments, taxability, Forms RRB-1042S and SSA-1042S, refer to **IRS Publication 915, Social Security and Equivalent Railroad Retirement Benefits**. SSEB payments shown on Form RRB-1042S are treated in the same manner as social security benefits for U.S. Federal income tax purposes.

EXPLANATION OF ITEMS ON FORM RRB-1099-R

Box 3 - Employee Contributions - This is the amount of railroad retirement payroll taxes paid by the employee that **exceeds** the amount that would have been paid in social security payroll taxes if the employee's railroad service had been covered under the Social Security Act. The IRS considers the employee contribution amount (EEC) an employee's cost or investment in any contributory [Non-Social Security Equivalent Benefit (NSSEB) and Tier 2] amounts paid. Any EEC amount shown is the entire amount attributable to a railroad account number and must be shared by all annuitants eligible to use it. The amount shown is the **latest** amount reported which may have increased or decreased from a previous Form RRB-1099-R. A change in the EEC amount may affect the nontaxable portion of your contributory amounts paid. You may need to recompute the nontaxable amount and/or file original or amended income tax return(s) using the EEC amount reported on this Form RRB-1099-R. **If this box is blank, it means that your contributory amount paid and total gross paid are fully taxable. Refer to IRS Publication 575, Pension and Annuity Income, and IRS Publication 939, General Rule for Pensions and Annuities.** For more information on the tax treatment and how to use the employee contribution amount, expected return, and the IRS actuarial tables contact the IRS or your tax preparer for assistance.

Box 4 - Contributory Amount Paid – This is the gross amount of any NSSEB and Tier 2 benefits paid in 2012, **less** any NSSEB and Tier 2 repayments made in 2012 that are attributed to 2012. Any NSSEB and Tier 2 repayments made in 2012 for an earlier year or for an unknown year are shown in Box 8. The contributory amount paid (NSSEB and/or Tier 2) may be partially taxable or fully taxable depending on the presence and use of the employee contribution amount. The amount in Box 4 is the total **contributory pension** paid for 2012 and may be used under General Rule provisions to compute a nontaxable portion of NSSEB and Tier 2 payments. For more information on the tax treatment of the contributory amount paid, see **IRS Publication 575, Pension and Annuity Income and/or IRS Publication 939, General Rule for Pensions and Annuities**.

Box 5 - Vested Dual Benefit - This is the gross amount of VDB paid in 2012, **less** any VDB repayments made in 2012 that are attributed to 2012. This is a **noncontributory pension** amount and is **fully taxable** for U.S. Federal income tax purposes. VDB repayments made in 2012 for an earlier year or for an unknown year are shown in Box 8.

Box 6 - Supplemental Annuity - This is the gross amount of supplemental annuity paid in 2012, **less** any supplemental annuity repayments made in 2012 that are attributed to 2012. This is a **noncontributory pension** amount and is **fully taxable** for U.S. Federal income tax purposes. Supplemental annuity repayments made in 2012 for an earlier year or for an unknown year are shown in Box 8.

Box 7 - Total Gross Paid - (Sum of Boxes 4, 5, and 6) - **This amount represents the total pension paid in 2012**.

Box 8 - Repayments - This amount represents any NSSEB, Tier 2, VDB and supplemental annuity repayments made to the RRB in 2012 for years before 2012 **or** for unknown years. **This amount has not been deducted from the paid amounts in Boxes 4, 5, or 6.** You may have repaid a benefit by returning a payment, by making a cash refund, or by having an amount withheld from your annuity for overpayment recovery purposes. Refer to **IRS Publication 575, Pension and Annuity Income**, for instructions on how to handle prior year repayments for income tax purposes.

Box 9 - Federal Income Tax Withheld - This is the total amount of U.S. Federal income tax withheld from your NSSEB, Tier 2, VDB, and supplemental annuity payments in 2012. Include this amount on any tax year 2012 United States income tax return as taxes withheld. If no taxes were withheld, **-0-** will be shown in this box. If U.S. Federal income taxes were withheld from your railroad payments and not refunded to you, those taxes and the applicable nonresident alien tax withholding rate of 15% or 30% are shown on your tax statements. A rate of 30% indicates full tax withholding. For information on tax treaties between the United States and other countries that may reduce or eliminate U.S. income tax on your benefits, refer to **IRS Publication 901, U.S. Tax Treaties**.

Box 10 - Rate of Tax - If you are being taxed as a U.S. citizen, this item does **not** apply to you. If you are being taxed as a nonresident alien of the United States, this is the rate (0%, 15% or 30%) at which taxes were withheld from the NSSEB, Tier 2, VDB, and supplemental annuity payments shown on this Form RRB-1099-R.

Box 11 - Country - If you are being taxed as a U.S. citizen, this item does **not** apply to you. If you are being taxed as a nonresident alien of the United States, this item indicates the country of which you were a known or assumed resident for tax purposes for the payments shown on this Form RRB-1099-R.

Box 12 - Medicare Premium Total - This is only for informational purposes and the RRB does not report this amount to the IRS. This is the total amount of Part B, Part C and/or Part D Medicare premiums deducted from your railroad retirement annuity payments for the period covered by this Form RRB-1099-R. The Medicare total is normally shown on Form RRB-1042S. However, if Form RRB-1042S is not required for your 2012 taxes, then this total will be shown on Form RRB-1099-R. **Medicare premiums deducted from your social security benefits, paid by a third party, paid through direct billing, or refunded to you will not be shown in this box. The basic monthly Part B Medicare premium for 2012 is $99.90 ($1,198.80 annual total); however your premium amount may be different.**

The amounts shown on Form RRB-1099-R are the pension annuity components. **The NSSEB and Tier 2 are shown as a single combined amount in Box 4, Contributory Amount Paid.** Explanations for each box item on Form RRB-1099-R are shown above. For more information about NSSEB, Tier 2, VDB, supplemental annuity benefits, pension taxability, and Form RRB-1099-R, refer to **IRS Publication 575, Pension and Annuity Income. Any amounts shown on your Form RRB-1099-R are considered a "normal distribution". Use distribution code "7" if you are asked for a distribution code for those amounts.** Railroad retirement payments shown on Form RRB-1099-R are treated as private pensions for U.S. Federal income tax purposes.

Our records indicate that you are being taxed as a nonresident alien of the United States. A nonresident alien is an individual **who is neither a citizen nor resident of the United States**. If you currently reside outside of the United States and have not furnished the RRB with your citizenship and residence information for tax purposes, contact the RRB to obtain and file **Form RRB-1001, Nonresident Questionnaire**. Form RRB-1001 may also be used to claim reduced U.S. Federal income tax withholding (0% or 15%) under any tax treaty in effect between the United States and your country of residence for tax purposes. For additional information on filing requirements for Nonresident Aliens; refer to **IRS Publication 519, U.S. Tax Guide for Aliens.**