



Railroad Retirement Board Information Related to the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010

U.S. Railroad Retirement Board
844 North Rush Street
Chicago Illinois, 60611-2092

Phone: (312) 751-7139
TTY: (312) 751-4701
Web: <http://www.rrb.gov>

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

On Friday, December 17, 2010, President Obama signed the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 which provides for the payment of extended unemployment benefits to anyone who claimed unemployment benefits during the period **July 1, 2010 through June 30, 2011**. It also sustains the voluntary tax withholding rate for unemployment claims at 10% and reduces the Tier 1 tax rate (for 2011 only) for sickness benefits subject to Tier 1 taxes.

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

Extended unemployment benefits

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 through 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**.

In summary, in order for a claimant to qualify for extended unemployment benefits under the Act, a claimant must have:

- Exhausted normal unemployment benefits, either based on earnings or 130 days, before **December 31, 2011 and**
- Claimed unemployment benefits during **Benefit Year 2008, Benefit Year 2009 and/or Benefit Year 2010**. The new law does not lengthen extended benefit periods established under prior laws.

The same rules apply as to the duration of the extended benefits:

- Railroad workers with less than 10 years of service may now be eligible for benefits up to 65 days within an extended period consisting of 7 consecutive 2-week registration periods.
- Railroad workers with 10 or more years of service may now be eligible for benefits up to 130 days within an extended benefit period consisting of 13 consecutive 2-week registration periods.

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

Voluntary Tax Withholding for Unemployment Claims

In addition, the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 sustained the federal income tax withholding rate for unemployment claims at **10%**. This rate applies to



Railroad Retirement Board Information Related to the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010

U.S. Railroad Retirement Board
844 North Rush Street
Chicago Illinois, 60611-2092

Phone: (312) 751-7139
TTY: (312) 751-4701
Web: <http://www.rrb.gov>

claimants who voluntarily elect to have income tax withheld from their unemployment payments. The rate would have increased to 15% beginning in calendar year 2011 if the legislation failed to pass.

Sickness Benefits Subject to Tier 1 Taxes

There will be a **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 claims processed for payment during calendar year 2011. The amount of any returned benefit checks re-issued for payment may be different, depending on the tax rates in effect at the time the payment is re-issued.



Special Extended Unemployment Benefits Provided Under the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010

FAQ

1. Who will receive the special extended unemployment benefits?

Railroad workers who previously were not eligible for extended unemployment benefits because they did not have 10 years of railroad service (120 cumulative service months) may be eligible for up to 65 days within an extended period consisting of 7 consecutive 2-week registration periods.

And

Railroad workers who were previously 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.

- 2. I have 5 years of railroad service and I ran out of my normal unemployment benefits on January 3, 2011. I did not claim unemployment benefits during benefit year 2009 (July 2009 – June 2010) but claimed benefits in benefit year 2010. Am I eligible to receive the special extended unemployment benefits?** Yes, you would be eligible to receive up to 65 days within an extended period consisting of 7 consecutive 2-week registration periods. Your extended benefit period would begin on January 4, 2011 and benefits would be payable provided that you were still unemployed and ready, willing and able to work.
- 3. I have 20 years of railroad service and I exhausted my extended unemployment benefits on February 1, 2011. Am I eligible to receive the special extended unemployment benefits?** Yes, you would be eligible to receive an additional 65 days within an extended period consisting of a total of 13 consecutive 2-week registration periods. Your extended benefit period would last an additional 7 consecutive 2-week registration periods past February 1. Benefits would be payable provided that you were still unemployed and ready, willing and able to work.
- 4. What effect will the new law have on sickness benefits?** No additional extended sickness benefits are payable. The extended unemployment benefit provisions of the Tax Relief, Unemployment Insurance Reauthorization and



Railroad Retirement Board Information Related to the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010

U.S. Railroad Retirement Board Phone: (312) 751-7139
844 North Rush Street TTY: (312) 751-4701
Chicago Illinois, 60611-2092 Web: <http://www.rrb.gov>

Job Creation Act of 2010 apply only to unemployment benefits. If you have less than 10 years of service, you are still not eligible for extended sickness benefits. If you have 10 or more years of service, you are still eligible to receive up to 65 days within an extended sickness benefit period consisting of 7 consecutive 2-week registration periods.

However, if your sickness benefits are subject to Tier 1 taxes, the combined amount of Tier 1 and Medicare taxes you pay on those benefits will be reduced from 7.65% to 5.65%, increasing the net amount of benefits payable to you. This is a temporary reduction and only applies to taxable sickness benefits payable in calendar year 2011.

- 5. What must I do to receive my special extended unemployment benefits?** The Railroad Retirement Board (RRB) will mail notices to eligible employees who previously exhausted their rights to normal or extended unemployment benefits. The notice will provide them information about their extended unemployment benefit period beginning and ending dates. The RRB will also mail claim forms for days in the extended period and make the claims available online at www.rrb.gov for those who have established a PIN Password Account. If you do not receive a notice and you believe you are eligible for these added benefits, you can contact your local RRB office as outlined below.
- 6. When will my special extended unemployment benefit period begin?** In general, your special extended unemployment benefit period will begin the day after you exhausted any normal or regular extended unemployment benefits.
- 7. What is the latest date that a special extended benefit period can begin?** Special extended unemployment benefit periods can begin no later than December 31, 2011.
- 8. When will my special extended unemployment benefits end?** Special extended unemployment benefits are being paid from appropriations previously provided under WHBAA. Payment of special unemployment benefits will stop at the end of a person's extended unemployment benefit period **or** when the appropriations have been spent – ***whichever comes first.***
- 9. I returned to work and am now unemployed again. Can my special extended unemployment period beginning date be changed?** It depends. Extended benefit periods are frozen periods once they are established. If you exhausted normal benefits and did not receive any



Railroad Retirement Board Information Related to the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010

U.S. Railroad Retirement Board Phone: (312) 751-7139
844 North Rush Street TTY: (312) 751-4701
Chicago Illinois, 60611-2092 Web: <http://www.rrb.gov>

extended unemployment benefits, we can change the beginning date of your special extended unemployment benefit period. If, however, you already received some extended unemployment benefits but it would be to your advantage to change the beginning date of your extended unemployment period, in certain cases you may withdraw those claims and begin your extended unemployment benefits at a later date. The claims withdrawn will result in a debt that would be offset or paid from subsequent claimed days. We would need a signed statement indicating your wish to withdraw the claims.

10. How can I file my claims? Upon receipt of your unemployment or sickness claims, you may file your claims by mailing them to your local RRB office or by filing them over the Internet at www.rrb.gov. You will need to establish a PIN/password to file your claims over the Internet.

11. What is the fastest way to get my benefits? Filing your claims over the Internet and signing up for direct deposit help ensure faster delivery of your claims and benefit payments. You can establish a PIN/password account at www.rrb.gov so that you can file your claims over the Internet for faster processing.

In addition, **please notify your local RRB office if you have moved or if your bank account information has changed.** You may contact your local RRB office to sign up for direct deposit, make changes to your existing direct deposit information and update your address. If you are filing claims over the Internet, you can update your address and bank information with any claim you file.

12. What if I exhaust all of my normal, regular extended and/or special extended unemployment benefits? A new benefit year begins July 1, 2011. You may receive unemployment benefits beginning July 1 or later if your railroad earnings were at least \$3,325 in calendar year 2010, counting no more than \$1,330 a month. You can obtain an application for benefits at your local RRB office or file an application over the Internet at www.rrb.gov. Applications are also available through railroad employers and many labor organizations. If you file for unemployment benefits, your application must be received within 30 days of the first day for which you want to claim benefits, or you may lose benefits.

13. For more information...Please contact your local RRB office at 1-877-772-5772 (1-877-RRB-5RRB), or check our website at www.rrb.gov for further information.