

1020.5 Purpose Of Chapter

This chapter explains how a supplemental Annuity (SUPP ANN) is calculated.

1020.10 Full SUPP ANN Rate

The full SUPP ANN rate is based on the employee's years and months of service and can be determined from the following chart:

Years of Service	1937 Act Supplemental Annuity Rate (Rounded)	1974 Act Supplemental Annuity Rate
25	\$45.05	\$23.00
25-1/12	45.45	23.33
25-2/12	45.85	23.67
25-3/12	46.25	24.00
25-4/12	46.75	24.33
25-5/12	47.15	24.67
25-6/12	50.05	25.00
25-7/12	50.05	25.33
25-8/12	50.05	25.67
25-9/12	50.05	26.00
25-10/12	50.05	26.33
25-11/12	50.05	26.67
26	50.05	27.00
26-1/12	50.45	27.33
26-2/12	50.85	27.67
26-3/12	51.25	28.00
26-4/12	51.75	28.33
26-5/12	52.15	28.67
26-6/12	55.05	29.00
26-7/12	55.05	29.33
26-8/12	55.05	29.67
26-9/12	55.05	30.00
26-10/12	55.05	30.33
26-11/12	55.05	30.67
27	\$55.05	\$31.00
27-1/12	55.45	31.33
27-2/12	55.85	31.67
27-3/12	56.25	32.00
27-4/12	56.75	32.33
27-5/12	57.15	32.67

27-6/12	60.05	33.00
27-7/12	60.05	33.33
27-8/12	60.05	33.67
27-9/12	60.05	34.00
27-10/12	60.05	34.33
27-11/12	60.05	34.67
28	60.05	35.00
28-1/12	60.45	35.33
28-2/12	60.85	35.67
28-3/12	61.25	36.00
28-4/12	61.75	36.33
28-5/12	62.15	36.67
28-6/12	65.05	37.00
28-7/12	65.05	37.33
28-8/12	65.05	37.67
28-9/12	65.05	38.00
28-10/12	65.05	38.33
28-11/12	65.05	38.67
29	65.05	39.00
29-1/12	65.45	39.33
29-2/12	65.85	39.67
29-3/12	66.25	40.00
29-4/12	66.75	40.33
29-5/12	67.15	40.67
29-6/12	70.00	41.00
29-7/12	70.00	41.33
29-8/12	70.00	41.67
29-9/12	70.00	42.00
29-10/12	70.00	42.33
29-11/12	70.00	42.67
30	70.00	43.00

While supplemental annuities awarded under the 1937 Railroad Retirement Act were and will continue to be paid at higher rates, they were accompanied by a reduction in the regular employee annuity which is not made under the 1974 RR Act. Consequently, the net amounts received are about the same.

1020.15 Reduction for Employer Pension

An employee's SUPP ANN is reduced when he is entitled to a pension from his former employer based in any part on employer contributions. Part of a "contributory" pension is based on employer contributions, whereas all of a "non-contributory" pension is based on employer contributions. FOM Part I, Article 3, Appendix A, indicates whether a particular plan is contributory or non-contributory.

There are two rules for computing the reduction:

- A. If the employer supplemental pension is not reduced because of entitlement to a SUPP ANN, the reduction in the SUPP ANN is the amount of the employer supplemental pension based on employer contributions.

For purposes of the reduction requirement, the amount of the employer pension is as follows:

1. When the pension plan has a joint and survivor option, the amount before the reduction for the joint and survivor option;
 2. When the pension is reduced for early retirement,
 - If the SUPP ANN begins on or after age 65, the pension equals the amount before reduction for age;
 - If the SUPP ANN begins before age 65 and the pension begins at the same time as or later than the SUPP ANN, the pension equals the amount after reduction for age;
 - If the pension begins before age 65 and before the SUPP ANN, the pension equals the net pension plus a portion of the age reduction;
 3. When a lump-sum is paid in lieu of monthly payments, the monthly amount that would be payable if the pension had not been paid in a lump-sum.
- B. If the employer supplemental pension is is reduced because of entitlement to a SUPP ANN, the reduction in the SUPP ANN is limited to the difference between the full SUPP ANN and the amount by which the employer supplemental pension is reduced.

1020.20 Pensions Which Do Not Cause Reduction In SUPP ANN

The following types of employer pensions do not cause a reduction in SUPP ANN payments:

- A. Pensions paid by railway labor organizations (identified by the symbol (L) in FOM Part I, Article 3, Appendix A).
- B. Pensions that are not paid under a formal plan (identified by the symbol (NP) in FOM Part I, Article 3, Appendix A).
- C. Pensions that are based on 100% employee contributions (identified by a footnote in FOM Part I, Article 3, Appendix A).

- D. Pensions based entirely on non-creditable service when this information is verified by the employer. (If a pension is based on both creditable and non-creditable service, only that part of the pension based on creditable service can be used as a deduction from the SUPP ANN.)

1020.30 SUPP ANN Rate

The SUPP ANN rate is the full rate minus any reduction(s) for an employer pension.

