



RRB News

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Railroad Unemployment and Sickness Benefits Will Slightly Decrease Under Adjusted Sequestration Rate

Beginning October 1, 2016, the U.S. Railroad Retirement Board (RRB) will reduce railroad unemployment and sickness insurance benefits by 6.9 percent, up from the current 6.8 percent reduction, as required by law.

The adjusted reduction amount is based on revised projections of benefit claims and payments under the Railroad Unemployment Insurance Act. It will remain in effect through September 30, 2017, the end of the fiscal year. Reductions in future fiscal years, should they occur, will be calculated based on applicable law.

The daily benefit rate is \$72, so the 6.9 percent reduction in railroad unemployment and sickness benefits will reduce the maximum amount payable in a 2-week period with 10 days of unemployment from \$720.00 to \$670.32.

Certain railroad sickness benefits are also subject to regular tier I railroad retirement taxes, resulting in a further reduction of 7.65 percent. Applying the 6.9 percent reduction to these sickness benefits will result in a maximum 2-week total of \$619.04.

These reductions are required under the Budget Control Act of 2011 and a subsequent sequestration order to implement the mandated cuts. The law exempted social security benefits, as well as railroad retirement, survivor, and disability benefits paid by the RRB, from sequestration.

When sequestration first took effect in March 2013, railroad unemployment and sickness benefits were subject to a 9.2 percent reduction. This amount was then adjusted to 7.2 percent in October 2013, 7.3 percent in October 2014, and 6.8 percent in October 2015, as required by law.

In fiscal year 2015, the RRB paid \$12.2 billion in retirement and survivor benefits to about 558,000 beneficiaries, and net unemployment-sickness benefits of \$83.2 million to approximately 25,000 claimants.

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