

## 1055.5 Lump-Sum Death Payment (LSDP)

### 1055.5.1 Methods for Computing the LSDP

There are two methods for computing the maximum lump-sum death payment (LSDP) amount:

- A. If the employee has at least 120 months of creditable service before January 1975, the maximum LSDP is 10 times the basic amount. Computing the basic amount is a two step process. The following explanation of the basic amount computation is simplified and may be used to answer questions for beneficiaries. It should not be used to compute and pay an LSDP.

First, the employee's average monthly remuneration (AMR) is computed. The AMR is obtained by averaging the creditable compensation and wages earned after 1936, but before the LSDP closing date. The closing date is the earliest of the following dates:

1. The first day of the calendar year in which the employee attained age 65;
2. The first day of the calendar year in which the employee died;
3. January 1, 1975.

The basic amount is computed by adding 52.4% of the AMR up to and including \$75.00, to 12.8% of the AMR exceeding \$75.00. The sum of these two computations is multiplied by 1% for each year between 1936 and 1974 in which the employee earned over \$200.00 (these are the increment years). Finally, the number of increment years is added to the sum of the two previous computations. The result is the basic amount.

If the resulting basic amount is less than \$18.14, the basic amount is increased to \$18.14.

An estimate of the basic amount used in computing the LSDP may be found on the MARC file. The maximum LSDP is approximately \$1,200.00.

- B. If the employee acquired his 120th month of creditable railroad service after 1974, the LSDP is \$255.00.

### 1055.5.2 Amount of the LSDP

The actual amount of the LSDP depends in part upon who receives it.

- A. An eligible widow(er) receives the maximum LSDP.

- B. An LSDP payable to a funeral home is equal to the amount of the unpaid burial expenses or the maximum LSDP, whichever is less.

NOTE: If the employee acquired his 120th month of creditable railroad service after 1974 and died after August 1981, an LSDP cannot be made to a funeral home.

- C. An LSDP payable to equitably entitled persons is equal to the amount of reimbursable burial expenses paid by such persons or the maximum LSDP, whichever is less.

NOTE: If the employee acquired his 120th month of creditable railroad service after 1974 and died after August 1981, an LSDP cannot be made to an equitably entitled person.

## 1055.10 Deferred Lump-Sum Death Payment

The deferred LSDP is equal to the amount by which the LSDP exceeds the total amount of insurance annuities accruing (after all deductions due to work or child not in care) the survivors of an employee in the 12-month period beginning with the month the employee died.

## 1055.15 Residual Lump-Sum (RLS)

### 1055.15.1 Gross RLS

The gross RLS is equal to the following percentages of the employee's creditable compensation including any creditable military service:

Percent	Period
4%	1-1937 through 12-1946;
7%	1-1947 through 12-1958 (or through 5-1959, if employee died before 6-1959);
7 ½%	1-1959 through 12-1961 (for deaths after 5-1959);
8%	1-1962 through 12-1965 (or through 10-1966, if employee died before 10-30-66);
8.1%	1-1966 through 12-1966 (for deaths after 10-29-66);
8.65%	1-1967 through 12-1967;
8.8%	1-1968 through 12-1968;

9.45%	1-1969 through 12-1970;
9.85%	1-1971 through 12-1972;
10.1%	1-1973 through 9-1973 (or until the moratorium on change in pay rates expires for employees covered by negotiated pension plan and such a moratorium);
5.35%	10-1973 through 12-1974.

The maximum compensation amounts which may be credited per month for computing the RLS are:

<b>Compensation</b>	<b>Period</b>
\$300.00	1-1937 through 6-1954;
\$350.00	7-1954 through 5-1959;
\$400.00	6-1959 through 10-1963;
\$450.00	11-1963 through 12-1965;
\$550.00	1-1966 through 12-1967;
\$650.00	1-1968 through 12-1971;
\$750.00	1-1972 through 12-1972;
\$900.00	1-1973 through 12-1973;
\$1,100.00	1-1974 through 12-1974.

An estimate of the gross RLS may be found on the BIC or MARC file. The maximum RLS equals \$13,813.00.

### **1055.15.2 Net RLS**

When benefits were paid to the employee and others during his lifetime or to others after his death the amount of the RLS is equal to the gross RLS minus the sum of all deductible benefits paid.

#### **A. Deductible benefits**

- All regular retirement annuities payable through 12-31-74 to an employee and his spouse, in a 1937 Act case;
- Regular retirement annuities payable to an employee and his spouse from 1-1-75 in a 1937 Act conversion case and from the ABD in a 1974 Act case, excluding tier I amounts based on SS Act wages and the vested dual benefit component;
- Retirement annuities paid to a divorced wife;
- The portion of any SS benefits paid during the employee's life, based on his RR compensation;
- Any benefits paid to his survivors after his death, based on combined RR and SS earnings;

NOTE: The full amount of any survivor benefits paid under the SS Act is deductible even though no RR compensation is actually used in the computation of such benefits.

- The tax refund;
- Any payment in a lump-sum not awarded because the \$4.00 tolerance rule was applied and the person(s) not awarded the lump-sum payment will not be eligible for the RLS;
- Any unrecovered overpayment; and

NOTE: If recovery of an overpayment was waived, the overpayment is nevertheless deducted from the RLS because the money was in fact paid out to the employee or others deriving benefits from the employee.

- Any overpayment recovered by actuarial adjustment.

NOTE: The amount of the annuity payments deducted in such case would be the amount after the reduction for the actuarial adjustment.

#### B. Non-deductible benefits

- The tier I portion of regular retirement annuities payable to an employee and his spouse from 1-1-75 in a 1937 Act conversion case and from the ABD in a 1974 Act case, based on SS Act wages, and the vested dual benefit component of such annuities;
- Pension under section 6 of the 1937 RR Act;
- Supplemental annuities; and

- Any insurance benefits paid under the SS Act to the employee and others during his life, based solely on his SS employment.

