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Dual Benefit Payments

The payment of a railroad retirement annuity can be affected by entitlement to social security benefits, as well as certain other government benefits. Such dual entitlement, if not reported to the Railroad Retirement Board (RRB), can result in benefit overpayments which have to be repaid, sometimes with interest and penalties. The following questions and answers describe how the RRB adjusts dual benefit payments for annuitants eligible for social security benefits and/or other benefit payments.

1. How are dual benefits paid to persons entitled to both railroad retirement and social security benefits?

If a railroad retirement annuitant is also awarded a social security benefit, the Social Security Administration determines the amount of the social security benefit due, but a combined monthly dual benefit payment should, in most cases, be issued by the RRB after the railroad retirement annuity has been reduced by the amount of the social security benefit.

2. Why is a railroad retirement annuity reduced when a social security benefit is also payable?

The tier I portion of a railroad retirement annuity is based on both the railroad retirement and social security credits acquired by an employee and figured under social security formulas. It approximates what social security would pay if railroad work were covered by social security. Tier I benefits are, therefore, reduced by the amount of any actual social security benefit paid on the basis of nonrailroad employment, in order to prevent a duplication of benefits based on social security-covered earnings.

The tier I dual benefit reduction also applies to the annuity of an employee qualified for social security benefits on the earnings record of another person, such as a spouse. And, the tier I portion of a spouse or survivor annuity is reduced for any social security entitlement, even if the social security benefit is based on the spouse's or survivor's own earnings. These reductions follow principles of social security law which limit payment to the higher of any two or more benefits payable to an individual at one time. An annuitant is required to advise the RRB if any benefits are received directly from the Social Security Administration or if those benefits increase (other than for a cost-of living increase).

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The tier II portion of a railroad retirement annuity is based on railroad service and earnings alone, is computed under a separate formula, and is not reduced for entitlement to a social security benefit.

3. Are there any exceptions to the railroad retirement annuity reduction for social security benefits?

No. A limited number of annuitants may have an additional component in their annuity known as a vested dual benefit, which is intended to offset, in part, the dual benefit reduction. However, this component is only payable if an employee qualified for both railroad retirement and social security benefits before 1975 and met certain vesting requirements. Only two vested dual benefits were awarded in fiscal year 2015.

4. Can Federal, State, or local government pensions also result in dual benefit reductions in a railroad retirement annuity?

Tier I benefits for employees first eligible for a railroad retirement annuity **and** a Federal, State or local government pension after 1985 may be reduced for receipt of a public pension based, in part or in whole, on employment not covered by social security or railroad retirement after 1956. This may also apply to certain other payments not covered by railroad retirement or social security, such as from a non-profit organization or from a foreign government or a foreign employer. Usually, an employee's tier I benefit will not be reduced by more than 1/2 of his or her pension from noncovered employment. However, if the employee is under age 65 and receiving a disability annuity, the tier I benefit may be reduced by an added amount if the pension from noncovered employment is a public disability benefit.

Military service pensions, payments by the Department of Veterans Affairs, or certain benefits payable by a foreign government as a result of a totalization agreement between that government and the United States will not cause a reduction.

5. How does the public service pension apply to spouse or widow(er)s' benefits?

The tier I portion of a spouse's or widow(er)'s annuity may be reduced for receipt of any Federal, State or local government pension separately payable to the spouse or widow(er) based on her or his own earnings. The reduction generally does not apply if the employment on which the public service pension is based was covered under the Social Security Act throughout the last 60 months of public employment. Most military service pensions and payments from the Department of Veterans Affairs will not cause a reduction. Pensions paid by a foreign government or interstate instrumentality will also not cause a reduction. For spouses and widow(er)s subject to a public service pension reduction, the tier I reduction is equal to 2/3 of the amount of the public service pension.

6. What dual benefit restrictions apply when both persons in a marriage are rail employees entitled to railroad retirement annuities?

If both the employee and spouse started railroad employment after 1974, the amount of any spouse or divorced spouse annuity is reduced by the amount of the employee annuity to which the spouse is also entitled.

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If both the employee and spouse are railroad employees and either had some railroad service before 1975, the spouse tier I amount is reduced by the amount of the railroad employee tier I to which the spouse is entitled and that initial reduction is restored in the spouse tier II amount. The spouse tier I amount cannot be reduced below zero.

In survivor cases, if the widow(er) is entitled to a railroad retirement employee annuity and neither the widow(er) nor the deceased employee had any railroad service before 1975, the survivor annuity (tier I and tier II) payable to the widow(er) is reduced by the total amount of the widow(er)'s own employee annuity.

If a widow or dependent widower is also a railroad employee annuitant, and either the widow(er) or the deceased employee had 120 months of railroad service before 1975, the tier I reduction may be partially restored in the survivor tier II amount.

If either the deceased employee or the widow(er) had some railroad service before 1975 but less than 120 months of service, the widow(er)'s own employee annuity and the tier II portion of the survivor annuity would be payable to the widow(er). The tier I portion of the survivor annuity would be payable only to the extent that it exceeds the tier I portion of the widow(er)'s own employee annuity.

7. Can workers' compensation or public disability benefits affect railroad retirement benefits?

If an employee is receiving a railroad retirement disability annuity, tier I benefits for the employee and spouse may, under certain circumstances, be reduced for receipt of workers' compensation or public disability benefits.

8. How can an annuitant find out if the receipt of any dual benefits affects his or her railroad retirement annuity?

If an annuitant becomes entitled to any of the previously-discussed dual benefit payments, or if there is any question as to whether a dual benefit payment requires a reduction in an annuity, he or she should contact an RRB field office by calling toll-free at 1-877-772-5772, or by visiting the agency's website at www.rrb.gov. Persons can also find the address of the RRB office serving their area by calling the toll-free number, or at www.rrb.gov. Most RRB offices are open to the public on weekdays from 9:00 a.m. to 3:30 p.m., except on Wednesdays when offices are open from 9:00 a.m. to 12:00 p.m. RRB offices are closed on Federal holidays.

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