

Labor Employer Reporting Instructions
Part IV – Particular Types of Compensation Payments
Chapter 3: Delegate Service and Other Exclusions to Creditable Compensation

Payments Not Considered Creditable Compensation

The following payments made to an employee by an employer are not considered creditable compensation under the RRA and the RUIA, and therefore should NOT be reported to the RRB:

- Payments made by a national labor organization to delegates for attending the sectional, regional, or national convention. These earnings are considered non-railroad earnings and are subject to the monthly earnings limit for disabled employee annuitants.
- Earnings from a local lodge of less than \$25 a month for services to a railway labor organization do not generate a service month and are not creditable as compensation.
- Earnings of any amount for services to local lodges of railway labor organizations are not creditable as compensation under the RUIA. (Earnings of \$25 or more a month for services to a local lodge are creditable as Tier I and Tier II compensation.)
- Contributions and payments for pension or profit sharing under a plan which qualifies for exclusion from income under the Internal Revenue Code. (Note- This exclusion does not apply to amounts withheld from the employee's compensation for deposit into the pension plan in lieu of a wage increase, as negotiated with a labor union, including 401(k) and 401(a) plans.)
- The exercise of a statutory stock option. Under Public Law (P.L.) 108-357, effective with tax year 2002, the exercise of a statutory stock option does not yield creditable compensation under the RRA or RUIA. See [PL 05-04](#), "Changes in Creditable Compensation for Stock Options".

Reimbursements for employment-related expenses incurred where reimbursement is not subject to tax are not considered creditable compensation. For reimbursements to be excluded from compensation, documentation of expenses is required. The following reimbursements are not creditable compensation:

- Educational assistance that is excluded from compensation under Section 127 of the Internal Revenue Code.
- Allowances or provisions for meals and lodging which are excluded from compensation under Section 119 of the Internal Revenue Code. That section covers meals and lodging provided by the employer and usually on the employer's premises.
- Allowances or reimbursements for travel, meals, and lodging which are incurred while traveling in the business of the employer and where paid under a plan in which the employee must account for expenditures. Any expenditures not accounted for are creditable compensation.

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- Reimbursement for moving expenses which are deductible under Section 217 of the Internal Revenue Code.