

# Program Letter

United States  
Railroad Retirement Board  
Office of Programs



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Quality Reporting Service Center

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Letter No. 2014-04

Date: July 11, 2014

TO: Certification Contact Officials

SUBJECT: Crediting Service Months Due to Vacation Pay

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**Please distribute this notice to all individuals within your organization who may need the information in connection with their work.**

The Office of General Counsel (OGC) of the Railroad Retirement Board (RRB) issued legal opinion L-2014-31, Crediting Service Months Due to Vacation Pay on June 13, 2014, which discusses the crediting of a service month for an employee who is absent from work due to illness.

When an employee receives vacation pay in a given month during a period of absence from work due to illness, the payment for that day is considered creditable compensation. The legal opinion quotes Section 1 of the Railroad Retirement Act ([45 USC 231\(h\)\(1\)](#)) in that "A payment made by an employer to an individual through the employer's payroll shall be presumed...to be compensation for services rendered... as an employee of the employer in the period with respect to which the payment is made". Board regulations also specify that creditable compensation includes vacation pay and state "Payments made to an employee with respect to vacation...shall be considered creditable compensation whether or not the employee takes the vacation..." ([20 CFR §211.4](#)).

Therefore, based on the legal opinion, if an employee is credited with vacation pay during the period of absence from work due to illness, the employee is also entitled to receive service month credit for the period the vacation is credited.

Information regarding the reporting of creditable service months due to vacation pay can be found in [Part IV, Chapter 4](#) of the Employer Reporting Instructions or [Part IV, Chapter 5](#) of the Labor Employer Reporting Instructions.

If you have questions regarding the crediting of service months due to vacation pay, please contact the Quality Reporting Service Center at the email and/or telephone number shown above.