

**Rail Employer Reporting Instructions**  
**Part IV - Particular Types of Compensation Payments**  
**Chapter 13: Selected Fringe Benefits**

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**Group Term Life Insurance**

The cost of group term life insurance is considered compensation under the Railroad Retirement Act to the extent that it is included in the gross income of an employee and subject to Railroad Retirement tax. The cost of group term life insurance with respect to periods within an employment relationship is treated the same as ordinary compensation creditable for both Tier I and Tier II purposes.

**Group Term Life Insurance Reported on an Earned Basis**

If compensation is reported on an earned basis, the cost of the group term life insurance with respect to periods after the termination of the employment relation should be reported to the month the employment relation ended, up to the applicable annual Tier I and Tier II maximums. If the maximum creditable Tier I amount has been received, additional amounts would be considered miscellaneous compensation under the conditions described in [Part IV, Chapter 2](#).

**Section 125 Cafeteria Plan**

Cafeteria plans (flexible benefit plan) are benefit plans under which all participants are employees, who can choose from among cash and certain qualified benefits. If the employee elects qualified benefits, the employer contributions are excluded from creditable compensation. However, if an employee elects to receive cash instead of any qualified benefit, the cash payment is creditable compensation.

**Section 401(k) Plan or Section 457 Plan**

Employee contributions to Section 401(k) or Section 457 salary reduction plans are considered creditable railroad compensation at the time of contribution. Employer matching contributions are not considered compensation.

**Authority Over Tax Questions**

Representatives from the Railroad Retirement Board have no authority to give definitive answers to railroad retirement tax questions. Questions regarding railroad retirement taxes should be directed to the [IRS](#) at (913) 345-5622.