



Surcharge in RUIA Tax Rate For 2021 October 8, 2020

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SUBJECT: Trigger of Surcharge in RUIA Contribution Rate

The Railroad Retirement Board recently determined that a surcharge of 2.5 percent will be added to the basic RUIA contribution rate for each established employer beginning January 1, 2021. There was no surcharge in 2020. New employers are not affected, as their rate will be the average rate for all employers from 2017 through 2019.

The RUIA Experience Rating System provides for the addition of a surcharge to the RUIA contribution rate if the accrual balance in the RUI Account falls below certain levels as of June 30 of each year. On June 30, 2020, that account had an accrual balance of \$53.7 million. The 2.5 percent threshold is the higher of \$50 million or \$50 million indexed to changes in the system compensation base. The current thresholds are \$147.3 million for the 1.5 percent surcharge and \$73.7 million for the 2.5 percent surcharge. Since the RUI Account balance is less than the indexed amount for \$50 million, the surcharge is 2.5 percent for calendar year 2021.

Official notice of the surcharge will be included in the annual rate notices to be sent out to individual employers by October 15.