



Railroad Retirement Information

U.S. Railroad Retirement Board

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The Importance of a Current Connection for Railroad Retirement Benefits

Under the Railroad Retirement Act (RRA), a “current connection with the railroad industry” is one of the eligibility requirements for both the occupational disability and supplemental annuities payable by the Railroad Retirement Board (RRB). A current connection is **not** required for any other type of railroad retirement benefit payable to railroad employees, or for purposes of Medicare coverage. However, a current connection is also a factor in determining which agency, the RRB or the Social Security Administration (SSA), will pay monthly benefits to the survivors of a railroad employee. (As a general rule, where survivor benefits are paid by the RRB because a current connection was maintained, the survivors receive a larger monthly payment than would be payable by SSA.)

The following questions and answers describe the current connection requirement and the ways the requirement can be met.

1. How is a current connection determined under the RRA?

To meet the current connection requirement, an employee must generally have been credited with railroad service in at least 12 months of the 30 months immediately preceding the month his or her railroad retirement annuity begins. If the employee died before retirement, railroad service in at least 12 months in the 30 months before the month of death will meet the current connection requirement for the purpose of paying survivor benefits.

However, if an employee does not qualify on this basis, but has 12 months of railroad service in an earlier 30-month period, he or she may still meet the current connection requirement. This alternative generally applies if the employee did not have any regular employment outside the railroad industry after the end of the last 30-month period which included 12 months of railroad service, and before the month the annuity begins or the month of death if earlier.

Once a current connection is established at the time the railroad retirement annuity begins, an employee never loses it, no matter what kind of work is performed thereafter.

2. Can nonrailroad work before retirement break a former railroad employee’s current connection?

Yes. Full or part-time work for a nonrailroad employer in the interval between the end of the last 30-month period including 12 months of railroad service and the month an employee’s annuity begins, or the month of death if earlier, can break a current connection, even with minimal earnings.

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Self-employment in an unincorporated business will not break a current connection. However, if the business is incorporated the individual is considered to be an employee of the corporation, and such self-employment can break a current connection. All self-employment will be reviewed to determine if it meets the RRA's standards for maintaining a current connection.

Federal employment with the Department of Transportation, National Transportation Safety Board, Surface Transportation Board, National Mediation Board, Railroad Retirement Board, or Transportation Security Administration will **not** break a current connection. State employment with the Alaska Railroad, as long as that railroad remains an entity of the State of Alaska, will not break a current connection. Also, railroad service in Canada for a Canadian railroad will neither break nor preserve a current connection.

3. Is there an exception to these normal procedures for determining a current connection?

Yes. A current connection can also be "deemed" for purposes of a survivor or supplemental annuity if the employee completed 25 years of railroad service, was involuntarily terminated without fault from his or her last job in the railroad industry, and did not thereafter decline an offer of employment in the same class or craft in the railroad industry regardless of the distance to the new position. (A "deemed" current connection does not satisfy the current connection requirement for an occupational disability.)

If all of these requirements are met, an employee may be considered to have a "deemed" current connection, even if the employee works in regular nonrailroad employment after the 30-month period and before retirement or death. This exception to the normal current connection requirement was established by amendments to the RRA and became effective October 1, 1981. It only covers employees still living on that date who left the rail industry on or after October 1, 1975, or who were on leave of absence, on furlough, or absent due to injury on October 1, 1975.

4. Would accepting a buy-out affect whether an employee could maintain a current connection under this exception?

Generally, in cases where an employee has no option to remain in the service of his or her railroad employer, the termination of the employment is considered involuntary, regardless of whether or not the employee receives a buy-out.

However, if an employee has the choice of either accepting a position in the same class or craft in the railroad industry or termination with a buy-out, accepting the buy-out is a part of his or her voluntary termination, and the employee would not maintain a current connection under the exception.

5. An employee with 25 years of service is offered a buy-out with the option of either taking payment in a lump sum or of receiving monthly payments until retirement age. Could the method of payment affect the employee's current connection under the exception?

No. The determining factor for whether the exception applies when a buy-out is paid is whether or not the employee stopped working involuntarily - not the payment option. The employee must always relinquish job rights to accept the buy-out, regardless of whether it is paid in a lump sum or in monthly payments. Neither payment option extends the 30-month period.

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An employee considering accepting a buy-out should also be aware that if he or she relinquishes job rights to accept the buy-out, the compensation cannot be used to credit additional service months beyond the month in which the employee severed his or her employment relation, regardless of whether payment is made in a lump sum or on a periodic basis.

6. What if the buy-out agreement allows the employee to retain job rights and receive monthly payments until retirement age?

The RRB considers this type of buy-out to be a dismissal allowance. When a monthly dismissal allowance is paid, the employee retains job rights, at least until the end of the period covered by the dismissal allowance. If the period covered by the dismissal allowance continues up to the beginning date of the railroad retirement annuity, railroad service months would be credited to those months. These railroad service months would provide at least 12 railroad service months in the 30 months immediately before the annuity beginning date and maintain a regular current connection. They will also increase the number of railroad service months used to calculate the railroad retirement annuity.

7. Could the exception apply in cases where an employee has 25 years of railroad retirement coverage and a company reorganization results in the employee's job being placed under social security coverage?

Yes. The RRB has considered the exception applicable in cases where a 25-year employee's last job in the railroad industry changed from railroad retirement coverage to social security coverage and the employee had, in effect, no choice available to remain in railroad-retirement-covered service. Such 25-year employees have been "deemed" to have a current connection for purposes of receiving supplemental and survivor annuities.

8. Where can a person get more specific information on the current connection requirement?

More information is available on **RRB.gov** or by contacting an RRB field office. It is important to know that while nearly all of the RRB's 53 field offices are physically closed to the public until further notice because of the COVID-19 virus outbreak, they remain accessible online and by phone. Customers are encouraged to contact their local office by accessing **Field Office Locator** at **RRB.gov** and clicking on **Send a Secure Message** at the bottom of their local office's page. Customers who prefer talking to an RRB employee can call the agency's toll-free number (1-877-772-5772); however, they may experience lengthy wait times due to increased call volume caused by COVID-19 related issues.