

## 1025.10 SPAR (Spouse Partial Annuity Rate)

Purpose - To expedite payment in initial spouse cases, compute a partial rate at the time you take an application and enter the rate on the Form G-626 screen except when:

1. The spouse's entitlement is based on a minor or disabled child; or

NOTE: For this exception, contact RIS by e-mail to have them review the case to determine if a possible partial payment can be made once eligibility is determined.

2. The application is for a divorced spouse annuity; or
3. The spouse is included in the O/M computation of the employee's annuity or is entitled to a remarried widow(er)'s insurance annuity.

### 1025.10.1 How to Compute SPAR Amount

For spouses of retired employees, use the data available on PREH of the RRAPID Main Menu to determine the employee's tier I, tier II and other entitlement data. For spouses of retiring employees, use the Tier data available on the latest MARC file.

#### Step 1

Gross Tier I - Tier I should not be included in the SPAR in certain cases. Enter zero if:

- The EE is disabled, under FRA, with a worker's compensation (WC) or public disability benefit (PDB).

In other cases, enter one-half the employee's tier I PIA before:

- Delayed retirement credits (DRC); or
- Age reduction, when both the employee and spouse are over age 62.

DRC consideration - When the employee is over FRA on his ABD, and thus entitled to DRCs, use the tier I PIA from the MARC or the PREH screen TIER I INFORMATION (T1).

Reduced 60/30 exception - In reduced 60/30 cases, if the employee or spouse is under age 62 on the spouse's ABD, enter one-half the employee's ABD tier I amount after age reduction. This reduced tier 1 applies even if the spouse's annuity is based on age or a child in care.

NOTE: If the employee is in final payment status, you should be able to secure the ABD PIA I and 60/30 age reduction amount for the ABD tier I from the PREH screen

entitled RHHSKP (3270) 1 of 1. The reduced 60/30 spouse Tier I is one-half of the net ABD Tier I (PIA-I-AT-ABD-AMT less ABD-AGE-RED-AMT).

Round the resulting gross tier 1 down to the dollar.

## Step 2

### Adjustment for EE's Duplicate Earnings and/or NCSP:

- A. EE's Duplicate earnings - Make a reduction for erroneously posted wages if you use the MARC tier I and the employee worked for one of the following employers during the years shown:

ALSO SEE THE VDB INSTRUCTIONS in [FOM-1-1015.5.4](#) IF BEG. & END "\*" IS SHOWN

RAILROAD	BA #	YEARS
A.T. & S.F. Employees' Benefit Assn.	9702	1978 to 80
Atlantic Land and Improvement Co.	9517	1972 or later*
Association of American Railroads	7304	1985 - 85
Baltimore and Annapolis RR Co.	5402	1978 - 78
Bessemer and Lake Erie RR Co.	1303	1978 or later
Brotherhood of Railway and Airline Clerk	8922	1978 - 85
Canton Railroad Co.	4310	1978 - 89
Clarendon and Pittsford RR Co.	2103	1978 - 78
Colorado and Wyoming Railway Co.	1724	1980 - 85
Conemaugh and Black Lick RR Co.	4320	1984 - 85
Cybernetics and Systems	9518	1972 or later*
Delaware and Hudson Railway Co.	1203	1987 - 88
Florida East Coast Inspection, Inc.	7529	1969 or later*
Fruit Growers Express	6401	1978 - 85
Genesee and Wyoming RR Co.	2209	1989 - 89

Gettysburg Railroad Co.	2331	1982 - 89
Graysonia, Nashville & Ashdown RR Co.	2807	1987 or later
Hamburg Industries	9512	1974 or later*
International Association of Machinists and Aerospace Workers	8907	1978 - 84
International Brotherhood of Boilermakers and Blacksmiths	8908	1978 - 78
Livingston Rebuild Center, Inc.	9619	1990 or later
Maine Central RR Co.	1107	1988 or later
National Railroad Passenger Corp.	8301	1978 - 80
New Orleans Public Belt Railroad	4525	1985 - 89
New York, Susquehanna and Western RR	3251	1978 or later
Northern Railroad	8056	1988 or later
Philadelphia, Bethlehem and New England RR Co.	4343	1984 - 84
Pittsburgh and Conneaut Dock Co.	4249	1979 - 79
Pittsburgh and Shawmut RR Co.	2234	1983 - 83
Port Authority Trans-Hudson Corp.	5219	1978 - 78
Providence and Worcester RR Co.	8093	1987 or later
RSTX, Inc.	9831	1978 - 78
Railroad Concrete Crosstie Corp.	9515	1981 - 84
Railway Employee's Department of the American Federation of Labor	8913	1980 - 80
Sheet Metal Workers Int'l. Assn.	8911	1978 or later
Soo Line Railroad	1606	1978 - 78
Southwest Railway Equipment Corp.	9832	1967 or later*

Springfield Terminal Ry. Co.	2112	1987 or later
Texas City Terminal Ry. Co.	4820	1989 or later
Texas Mexican Railway Co.	1821	1978 - 80
Trans Kentucky Transportation RR Co.	3587	1989 or later
United Transportation Union	8936	1978 or later
Vermont Railway, Inc.	2114	1978 - 84
Wabash Valley RR Co.	3326	1978 - 78
Washington Terminal Co.	4353	1981 - 81
Western Weighing Inspection Bureau	7225	1978 - 88
Wichita Terminal Assn.	4737	1989 - 89
Winchester and Western RR Co., Inc.	3412	1987 - 89

NOTE: The MARC file will show an "S" in column "D" if the employee worked for an employer which incorrectly reported compensation under both the SS and RR Acts. (Disregard codes "I" and T;" the PIA will not be overstated.)

Subtract \$5.00 for each year that SSA may have posted RR compensation as wages. This reduction assures that the SPAR will be underestimated.

EXAMPLE: A former employee of Hamburg Industries had a date last worked in 1979. He and his spouse are now filing simultaneously. SSA could have erred in 6 years. \$30 should be deducted from the tier I amount.

- B. Employee Entitled to a Non-covered Service Pension If the spouse is filing at the same time as the employee, or the employee has filed but is not yet in final pay status, the SPAR tier I amount must be reduced if the employee is receiving a non-covered service pension that does not qualify for exemption. Reduce the SPAR Tier I by one-half of the employee reduction amount.

If the employee is in final pay status, the reduction is incorporated into the employee's tier I amount, and therefore, no additional reduction needs to be applied to the SPAR amount.

Step 3Spouse PSP Reduction - Subtract 2/3 (.66667) of any public service pension being received or expected by the spouse.

If the spouse has filed for PSP benefits, and has no idea of the amount due, or received a lump sum in lieu of monthly payments, deduct tier I in full.

NOTE 1: No reduction is necessary if the spouse received a lump-sum payment that was strictly a refund of contributions plus interest.

NOTE 2: No reduction in the final award is necessary in certain cases (see FOM-I-120.40.4). Most commonly, a spouse annuity is exempt from PSP offset if the spouse was employed by a unit of state or local government, or a branch of the military service and had FICA taxes deducted on the last day of employment.

#### Step 4

Age Reduction - Calculate an age reduction in the following cases, if the spouse does not have a child in care:

- Reduced 60/30 - The employee was awarded a reduced 60/30 annuity, and both the employee and spouse attained age 62 before the month the spouse's annuity begins;
- Other reduced age cases - The spouse is age under FRA on her ABD and is not eligible for a 60/30 annuity.

Use the table in Appendix I of this article to determine the correct age reduction factor, which is based on the number of months the spouse is under FRA on the annuity beginning date.

#### Step 5

SS Benefit - Subtract the amount of the SS benefit being received or expected by the spouse. Use the rate shown on the SSA MBR. If the spouse has filed for SS benefits and has no idea of the amount due, subtract tier I in full and do not include a tier I in the SPAR.

Applicants should be questioned carefully concerning their intent to file at SSA, especially in advance filing situations. Make sure they understand that they could be overpaid if the temporary rate is not reduced for potential SS entitlement based on their own or any earnings record.

If the spouse claims filing or possible filing (i.e., age 65 and enrolled for Medicare), but also indicates that (s)he has cancelled or never received an SS benefit payment, continue to apply the SS benefit reduction. The final rate will accurately reflect current SS entitlement status.

#### Step 6

Reduction For Own EE Annuity - Subtract the amount of the spouse's own railroad retirement employee annuity net tier I. If both the employee and spouse started railroad work after 1974, deduct the full amount of the spouse's own employee annuity.

## Step 7

Work Deduction - When either the employee or spouse has excess earnings (from LPE or S/E), and the spouse's tier I is not reduced for social security benefits, subtract one-half of the portion of the employee tier I subject to work deductions. Apply work deductions even if the earnings are expected to cease (DLW-LPE) in the ABD month.

On the MARC, the employee work deduction amount is the difference between PIA 1 and PIA 17, also referred to as PIA 2.

If the employee annuity is in final payment status, you may secure the employee's TierI-Subt-WD-Amt from the RHTier I (3210) Screen 1 of 2 in PREH.

In reduced 60/30 cases, if the spouse is under age 62 on the spouse's ABD, the spouse work deduction component should be based on one-half of the EE's ABD PIA 1 after age reduction, less the ABD PIA 17 amount after age reduction. However, to simplify handling in this type of instance and to ensure an underpayment of the SPAR amount, use the PIA-1-AT-ABD-AMT and the PIA-17-AT-ABD-AMT located on screen RHHSKP(3270) of PREH. Subtract the PIA 17 amount from the PIA 1 amount before age reduction and divide the result by 2 to obtain the spouse work deduction component.

If you are unable to determine the portion of the employee tier I subject to work deductions do not include a tier I in the SPAR.

Safety Factor - Subtract \$20.00 as a margin for error. Round the net Tier 1 down to the dollar.

## TIER II

### Step 1

The spouse's basic tier II is 45% of the employee's tier II before age reduction. If the employee has not retired, you may use 45% of the Tier II amount on the MARC file. If the employee has retired as a 60/30, use 45% of the Tier II amount indicated as T2-NET-AMT on screen RHTIER2(3215) 1 of 2 on PREH. If the employee has retired as a reduced age, use 45% of the Tier II amount indicated as T2-AFT-VDB-RED-AMT on screen RHTIER2(3215) 1 of 2 on PREH. Since this amount does not include cumulative employee T2 COLAs, the Tier 2 amount for spouses of reduced age employees will be slightly understated. NOTE: The Tier II amount is zero for a male spouse whose entitlement is based on a minor child.

Step 2 See Step 6 for the SPAR Tier I. If the spouse is not a dual annuitant, omit this step.

EE Annuity Restored Amount - Add the amount of the spouse's tier I that was reduced for the spouse's own employee annuity, if either the employee or spouse had some railroad service before 1975.

Please realize that marking a case for manual review will increase the time lapse to a partial payment being made to the spouse, but do not let this deter use of this procedure when necessary.

### **1025.10.2 How SPAR Will Be Handled at Headquarters**

Before a SPAR can be paid, the APPLE application data must be accepted by RASI. REQUEST shows the date of acceptance under the caption "INTO RASI." RASI may process a partial annuity award within a week, but there are many reasons for delays of 30 days or more:

- RASI has not determined the spouse's ABD;
- The actual ABD is other than the first day of the month or a future date. RASI will not process a partial award earlier than the first of the month following the first full month of entitlement.
- The employee has not been paid at least a partial rate;
- The case is coded for manual review (this requires an examiner's eligibility determination and, if necessary, reentry of the SPAR.);
- RASI puts the spouse into "final mode." REQUEST shows "TRACE" as the pending action (Note: a claims examiner may be able to force a partial payment to be made);
- A name or address change is required;
- No employee data has been found in the Research record for use in a spouse-only case in RASI.

Usually, the SPAR rate will be paid with no retroactivity. The partial spouse payments will show up on REQUEST if paid on RASI.

### **1025.10.3 Award Notification**

The annuitant will receive an RL-20/RL-20e award letter showing the assumed ABD, the total amount of the monthly award (no tier breakdown) and a paragraph explaining that this is only the partial rate.

The award letter will be released about 2 days before the Treasury Department releases the check.

