



FROM THE DESK OF

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Railroad Retirement Age Reductions

While railroad employees with less than 30 years of railroad service may retire at age 62, their railroad retirement annuities are subject to early retirement (“age”) reductions if they retire before attaining their full retirement age. There is no age reduction for those who retire with 30 years of railroad service.

The following questions and answers explain how full retirement age is determined and how age reductions are applied to railroad retirement annuities.

1. How is full retirement age for a railroad employee with less than 30 years of service determined?

Full retirement age - the earliest age at which someone can begin receiving a railroad retirement annuity that is not reduced for early retirement - is determined by the year a person was born. It has gradually increased from age 65 since the year 2000, as a result of amendments to the Social Security Act which impacted railroad retirement annuitants and social security beneficiaries. A chart listing employee birth years and the corresponding full retirement age is included in the answer to Question 2.

2. Does the increase in full retirement age affect the computation of railroad retirement annuities reduced for early retirement?

Yes. The early retirement annuity reduction percentages applied to railroad retirement annuities awarded before full retirement age have increased. Age reduction percentages are applied separately to the tier I and tier II components of a railroad retirement annuity. The age reduction percentage is computed using the following formula: 1/180 for each of the first 36 months the employee is under full retirement age when his or her annuity begins and 1/240 for each additional month (if any). This has resulted in the gradual increase in the annuity reduction percentage at age 62 to 30 percent for an employee, now that the full retirement age of age 67 is in effect. (*See chart below.*) However, if an employee had creditable railroad service before August 12, 1983, the full retirement age for tier II purposes is age 65, and the tier II component will not be reduced beyond 20 percent.

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The following chart shows the gradual increase in full retirement age and the corresponding increase in the age reduction percentages applied to the applicable employee annuities.

Employee Retires with Less than 30 Years of Service

Year of Birth*	Full Retirement Age**	Annuity Reduction at Age 62
1957	66 and 6 months	27.50%
1958	66 and 8 months	28.333%
1959	66 and 10 months	29.167%
1960 or later	67	30.00%

* A person attains a given age the day before his or her birthday. Consequently, someone born on January 1 is considered to have attained his or her given age on December 31 of the previous year.

** If an employee has less than 10 years of railroad service and is already entitled to an age-reduced social security benefit, the tier I reduction is based on the reduction applicable on the beginning date of the social security benefit, even if the employee is already of full retirement age on the beginning date of the railroad retirement annuity.

3. What is an example of how age reductions are applied to the annuity of an employee with less than 30 years of service who retires before attaining full retirement age?

Consider an employee who was born on March 2, 1962, and retired in 2024 at the age of 62. Assume this employee was eligible for monthly tier I and tier II components, before age reductions, of \$1,800 and \$1,200, respectively, for a total monthly annuity of \$3,000.

Upon retirement at age 62, the employee's tier I and tier II were reduced by 30 percent. This yielded a tier I amount of \$1,260 and a tier II amount of \$840, for a total monthly annuity of \$2,100. However, if the employee had railroad service before August 12, 1983, the tier II amount would be subject to a maximum reduction of only 20 percent, providing a tier II amount of \$960, and a total monthly annuity of \$2,220.

4. How are railroad retirement spouse annuities affected by these requirements?

If an employee retiring with less than 30 years of service is age 62, the employee's spouse is also eligible for an annuity the first full month the spouse is age 62. However, early retirement reductions are applied to the spouse annuity if the spouse retires prior to full retirement age.

Beginning in 2000, full retirement age for a spouse gradually began to rise to age 67, just as for an employee, depending on the spouse's year of birth. While reduced spouse annuities are still payable at age 62, the *maximum* age reduction is 35 percent.

As with employee annuities, age reduction percentages are applied separately to the tier I and tier II components of a spouse annuity. However, the tier I reduction is 1/144 for each of the first 36 months the spouse is under full retirement age when her or his annuity begins, and 1/240 for each additional month (if any). This has resulted in a gradual increase in the annuity reduction percentage at age 62 to 35 percent for a spouse, now that the full retirement age of 67 is in effect. (*See chart below.*) However, if an employee had any creditable railroad service prior to August 12, 1983, the spouse full retirement age for tier II purposes is age 65 and the maximum age reduction percentage applied to tier II would

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only be 25 percent. Age reductions are not applied to spouse annuities based on the spouse's caring for the employee's child.

The following chart shows the gradual increase in full retirement age and the corresponding increase in the age reduction percentages applied to the applicable spouse annuities.

Spouse Age Reductions

Year of Birth*	Full Retirement Age**	Annuity Reduction at Age 62
1957	66 and 6 months	32.50%
1958	66 and 8 months	33.333%
1959	66 and 10 months	34.167%
1960 or later	67	35.00%

* A person attains a given age the day before her or his birthday. Consequently, someone born on January 1 is considered to have attained her or his given age on December 31 of the previous year.

** If the employee has less than 10 years of railroad service and the spouse is already entitled to an age-reduced social security benefit, the age reduction in her or his tier I will be based on the age reduction applicable on the beginning date of the spouse's social security benefit, even if the spouse is already of full retirement age on the beginning date of her or his railroad retirement annuity.

5. What is an example of how age reductions are applied to the annuity of the spouse of an employee with less than 30 years of service whose spouse retires before full retirement age?

Consider the spouse of a railroader with less than 30 years of service who was born on March 2, 1962, and retires in 2024 at age 62, with monthly tier I and tier II components, before any reductions for age, of \$700 and \$300, respectively, for a total monthly benefit of \$1,000.

Upon retirement at age 62, the spouse's tier I and tier II components would be reduced by 35 percent, the maximum age reduction applicable. This would yield a tier I amount of \$455 and a tier II amount of \$195 for a total monthly annuity of \$650. However, if the employee had any rail service before August 12, 1983, the tier II component would be subject to a maximum reduction of only 25 percent, providing a tier II amount of \$225, and a total monthly annuity of \$680.

6. Are age reductions applied to employee disability annuities?

Employee annuities based on disability are **not** subject to age reductions **except** for employees with less than 10 years of railroad service, but who have at least 5 years of service after 1995. Such employees may qualify for a tier I component before retirement age based on total disability if they have a disability insured status (also called a "disability freeze") under Social Security Act rules, counting both railroad retirement and social security-covered earnings. A tier II component is not payable in these disability cases until the employee attains age 62. Upon entitlement, the tier II component will be reduced for early retirement like the tier II component of an employee who retired at age 62 with less than 30 years of service.

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7. Do these changes to full retirement age affect survivor annuities?

Yes. The eligibility age for a full widow(er)'s annuity has gradually risen and is age 67 for those born in 1962 or later. (*See chart below.*) A widow(er), surviving divorced spouse or remarried widow(er) whose annuity begins at full retirement age or later will generally receive an annuity unreduced for early retirement. (However, if the *deceased employee* received an annuity that was reduced for early retirement, a reduction would be applied to the tier I component payable to his or her widow(er), surviving divorced spouse or remarried widow(er).) These age reductions apply to both the tier I and tier II components. For a surviving divorced spouse or remarried widow(er), the maximum age reduction is 28.5 percent. For a disabled widow(er), disabled surviving divorced spouse or disabled remarried widow(er), the maximum reduction is also 28.5 percent, even if the annuity begins at age 50.

The following chart shows the gradual increase in full retirement age and the corresponding increase in the age reduction percentages applied to the applicable widow(er) annuities.

Widow(er) Age Reductions

Year of Birth*	Full Retirement Age	Annuity Reduction at Age 62**
1957	66 and 2 months	19.26%
1958	66 and 4 months	19.50%
1959	66 and 6 months	19.73%
1960	66 and 8 months	19.95%
1961	66 and 10 months	20.16%
1962 or later	67	20.36%

* A person attains a given age the day before her or his birthday. Consequently, someone born on January 1 is considered to have attained her or his given age on December 31 of the previous year.

** At age 60, widow(er)s are deemed age 62.

8. What is an example of how age reductions are applied to the annuity of the widow(er) of an employee with less than 30 years of service whose widow(er) retires before full retirement age?

Consider the widow(er) of a railroader with less than 30 years of service who was born on March 2, 1962, and retires in 2024 at age 62, with monthly tier I and tier II amounts, before any reductions for age, of \$900 and \$400, respectively, for a total monthly annuity of \$1,300.

Upon retirement at age 62, the widow(er)'s tier I and tier II components would be reduced by 20.36 percent, the maximum age reduction applicable. This would yield a tier I amount of \$716 (\$716.76 before rounding) and a tier II amount of \$318.56 for a total monthly annuity of \$1,034.56.

9. Does the increase in full retirement age affect the age at which a person becomes eligible for Medicare benefits?

No, railroad retirement annuitants are still eligible for Medicare at age 65.

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10. Do these increases in full retirement age also apply to the earnings limitations and work deductions governing railroad retirement annuity payments to annuitants who work after retirement?

It depends on the type of work deductions that are applied to a railroad retirement annuity.

Like social security benefits, the railroad retirement tier I components paid to employees and spouses, and the tier I and tier II components paid to survivors, are subject to work deductions if an annuitant's earnings exceed certain exempt amounts. These earnings limitations and work deductions apply to **all** age and service employee annuitants and spouse annuitants **under full retirement age** *regardless* of how many years of service the employee has worked. These earnings deductions do **not** apply to those who have attained full retirement age. It is important to note that although railroad employees retiring at age 60 with 30 years of service have no age reduction, these earnings limitations and work deductions still apply until they reach their full retirement age, which, like other employees, is determined by the year they were born. These earnings limitations also apply to survivor annuitants, except for disabled widow(er)s under age 60 and disabled children.

Likewise, while special earnings restrictions apply to employees entitled to disability annuities, these disability earnings restrictions cease upon a disabled employee annuitant's attainment of full retirement age. This transition is effective no earlier than full retirement age even if the annuitant had 30 years of railroad service.

However, the increase in full retirement age does **not** impact the work deductions applied to the annuities of retired employees and spouses who work for their last pre-retirement nonrailroad employer. These work deductions continue to apply after the attainment of full retirement age. There is no earnings exempt amount for these deductions. They apply even if earnings do not exceed the tier I component exempt earnings limits.

11. How can individuals get more information about railroad retirement age reductions?

Individuals with questions about railroad retirement age reductions can call an RRB field office toll-free at 1-877-772-5772. Agency field offices also offer in-person service. While persons seeking in-office assistance are encouraged to schedule an appointment with their local field office by calling the agency's toll-free number, individuals without appointments will not be refused service. However, they may be asked to schedule an appointment for a later time if there is no immediate availability. Individuals should bring a photo ID when visiting a field office. Field office addresses can be found by clicking on the **Field Office Locator** tab at **RRB.gov** or by calling 1-877-772-5772. RRB field offices are generally open Monday through Friday from 9:00 a.m. to 3:00 p.m., except for federal holidays.