

## 1045.5 Purpose of Chapter

This chapter explains how survivor annuities are computed and contains instructions for estimating survivor benefits.

## 1045.10 Widow(er)'s Insurance Annuities

### 1045.10.1 Tier I

A. Original rate - An aged or disabled widow(er)'s original rate is the highest applicable PIA from the following list. A young widow(er)'s original rate is 75% of the highest applicable survivor PIA from the following list:

1. AIME PIA #1 - if the employee's eligibility year is 1979 or later.
2. Alternative PIA – The 1983 social Security Act Amendments provide an alternative method of computing the PIA for aged and disabled widow(er)s, (including remarried widow(er)s and surviving divorced spouses), if the employee died before attainment of age 62 and the widow(er) first meets all criteria to an annuity, other than filing an application, in January 1985 or later.

The alternative PIA is an AIME PIA which must be considered if:

- The employee died before attainment of age 62 but after 1978, and
  - An aged or disabled widow(er), (including remarried widow(er)s and surviving divorced spouses), first meet all eligibility requirements January 1, 1985 or later, (OBD must be 1/85 or later).
3. TRANS PIA #1 - if the employee's eligibility year is 1979-1983.
  4. AMW PIA #1 - if the employee's eligibility year is before 1979.
  5. Special Minimum PIA #1 - if the employee had RR Act or SS Act covered employment or self-employment for many years at low earnings.
  6. Frozen Minimum PIA #1 - if the employee had low earnings. The 1981 SS Act amendments eliminated the frozen minimum PIA 1-1-82 for beneficiaries in cases in which the employee's year of eligibility is 1982.

Note: The employee's year of eligibility is the earlier of:

- The month he attained age 62;
- The month he received a disability freeze; or

- The month he died.
7. Deemed PIA - if the employee was entitled to delayed retirement credits, the amount he would have received under the SS Act (PIA #9 plus DRCs) is calculated.
- Note: A deemed PIA cannot be used in computing a young mother/young father's or divorced young mother's annuity.
8. 1977 O.S. PIA - If the employee's eligibility year is 1979 or later and a PIA larger than the AIME PIA can be obtained by using the actual earnings before 1951.
- B. Reduced for maximum rate - A reduction for the SSA family maximum is always involved when there are three or more beneficiaries. It may be involved when there are two beneficiaries and one of them is an aged or disabled widow(er). See [FOM-I-1050.10](#).
- C. First adjusted rate - Ordinarily, the widow(er)'s first adjusted rate is:
- The widow(er)'s reduced for age rate if that rate is less than the RIB limitation rate; or
  - The widow(er)'s age adjusted rate if (s)he is entitled to an SSA DIB based on their own earnings record; or,
  - The RIB limitation rate if that rate is less than the reduced for age or age adjusted rate; or
  - The sole survivor minimum rate if it is higher than age reduced rate, the age adjusted rate or the RIB limitation rate;
- Note: The 1981 SS Act amendments eliminated the SSM rate effective 1-1-82 in cases in which the employee's eligibility year is 1982 or later; or
- The lesser of the original rate or the reduced for maximum rate if the above adjustments do not apply.
1. Reduced for Age Rate Prior to the Year 2000 - If the widow(er) is under full retirement age on their annuity beginning date, the annuity is subject to an age reduction. An aged widow(er) under age 62 on the annuity beginning dated is deemed to be age 62. This deeming provision does not apply to remarried widow(er)s and surviving divorced spouses. The age reduced rate is determined by multiplying the original rate or the reduced for maximum rate by the appropriate decimal from the chart in [FOM-I-10, Appendix K](#).

2. Reduced for Age Rate Effective With the Year 2000.- For widow(er)s born January 2, 1940 or later with annuity beginning dates of January 1, 2000, and later, new age reduction factors apply, however, the deeming provisions applicable prior to the year 2000 still apply. Refer to appendices "M" through "X" for the age reduction factors for widow(er)s born January 2, 1940 or later with annuity beginning dates of January 1, 2000, and later.

An aged widow(er)'s age reduction is adjusted at full retirement age to take into consideration any months their annuity was not paid between ages 62 and full retirement age due to excess earnings.

3. The age adjusted rate - Under the provisions of the Social Security Act, if an age reduced widow(er) is entitled to a disability benefit based on their own earnings record, they may be entitled to the tier 1 age adjusted rate. If this provision applies, only the amount of the widow(er)'s tier 1 which exceeds the amount of the disability annuity is reduced for early retirement.
- a. This provision applies if the following conditions are met:
- The widow(er)'s annuity is age reduced; and,
  - The widow(er) is entitled to a disability insurance benefit (DIB) under the SS Act and the date of entitlement is the same as, or earlier than, the OBD; and,
  - The DIB PIA is less than the death PIA (increased for DRC's) or the widow(er)'s share of the maximum, if applicable; and,
  - The widow(er)'s tier 1 is not reduced by an additional amount (i.e., PSP or EE tier 1) which, when added to the SS DIB, exceeds the death PIA; and,
  - The OBD is 1/1978 or later
- b. Attainment of Full Retirement Age - Under the SS Act, a disability insurance benefit is converted to a retirement insurance benefit at full retirement age. Therefore, when the widow(er) attains full retirement age, the tier 1 age reduction is removed.
- c. Tier 2 - Entitlement to this provision has no effect on the 1981 Act tier 2.
- d. RIB Limit - If the employee's annuity was age reduced, the RIB limit must be considered. If the tier 1 age adjusted rate is higher than the RIB limit, either the RIB limit amount or 82.5% of the PIA,

whichever is greater, becomes the tier 1 age adjusted rate. If the RIB limit applies, there is no change in the age reduction at full retirement age.

- e. Notifying the Widow That the Age Adjusted Rate Applies - Code paragraph 504.5 is included on the award letter. It reads as follows:

“Since you are entitled to a Social Security disability insurance benefit, we have applied an age reduction to only a portion of your Tier 1. When you attain full retirement age, your Tier 1 age reduction will be removed.”

- f. Example - The widow(er)'s date of birth is 6-15-1936. Their ABD will be 3-1-1999. They are receiving a disability annuity based on their own earnings record from SSA. The age adjusted rate would be computed as follows:

Death PIA	\$1500.00
SS PIA	- <u>850.00</u>
Difference	650.00
Times age reduction factor	X <u>.87175</u>
Age reduced difference	566.63 rounds to 566.60
Age reduced difference	\$ 566.60
SS PIA	+ <u>850</u>
Age adjusted rate	1416.60

When the widow(er) attains full retirement age, the age adjusted rate becomes the full death PIA, \$1500.00.

4. If the employee received a reduced age and service annuity under either the 1937 or 1974 RR Act, the RIB limitation must be considered.

The chart in Appendix L, sometimes called the screening guide, can be used to determine if the RIB limitation will apply.

The RIB limitation provides that an aged widow(er)'s first adjusted rate cannot exceed the higher of:

- 82 1/2% of the tier I PIA; or
- The amount the employee would have received under the SS Act. The employee's tier I including any age reduction must be recalculated from their ABD.

The RIB limitation will not apply in initial DWIA cases because the widow(er)'s age reduced rate will always be less than the RIB limit amount.

5. Sole survivor minimum - The 1981 SS Act amendments eliminated the Sole Survivor Minimum (SSM) rate effective 1-1-82 for beneficiaries in cases in which the employee's year of eligibility is 1982 or later.

The SS Act provided that an aged widow(er)'s first adjusted rate would not be less than \$84.50 if (s)he was the sole survivor. A disabled widow(er)'s first adjusted rate would not be less than \$84.50 reduced by 43/240 of 1% for each month the widow(er) was under age 60 on their ABD.

The sole survivor minimum did not apply if the annuity of another entitled beneficiary was being withheld because of work deductions.

The sole survivor minimum did not apply in aged widow(er) cases when the ABD was after May 1976. It did not apply in disabled widow(er) cases when the ABD was after May 1977. The frozen minimum PIA after reduction for age and/or application of the RIB limit produced a higher rate.

The first adjusted rate is rounded down to the dollar before it is reduced for other benefits.

#### D. Reduction for other benefits

1. Public service pension - The widow(er)'s first adjusted rate is subject to reduction for entitlement to a public service pension (PSP) based on the widow(er)'s own earnings payable to the widow(er). The reduction does not apply, however, if social security (FICA) taxes were deducted from their government earnings on the last day of their government employment and/or the widow(er) filed for and became entitled to an annuity (including a retirement annuity which was "converted" to a survivor annuity) before 12-1-77.
  - a. The reduction applies to widow(er)s who:
    - Do not meet the January 1977 SS Act eligibility requirements (see [FOM-I-120.40.4](#)). However, the reduction does not apply beginning 12-1-82 if the annuitant is dependent and eligible for the PSP before 7-1-83; or

- Are eligible for the PSP 12-1-82 or later, and are not dependent; or
  - Are eligible for the PSP 7-1-83 or later. Dependency does not matter in this situation.
- b. The amount of the reduction is equal to:
- 100% of the PSP for months before December 1984 and 66 2/3% of the PSP beginning in December 1984 if the survivor is first eligible for the PSP before 7-1-83;
  - 66 2/3% of the PSP if the survivor is first eligible for the PSP 7-1-83 or later.
2. Social security benefits - The widow(er)'s first adjusted rate is reduced by the full amount of any social security benefit to which they are entitled. This is true even though the full amount is not payable because of excess earnings.

Remarried widow(er)s who were awarded an annuity prior to August 12, 1983, will not be reduced for any social security auxiliary benefit to which they become entitled.

3. Employee annuity tier I - The widow(er)'s first adjusted rate is reduced for any RR retirement annuity as follows:
- a. If the reduction for the employee tier I is first applied on an award with a final voucher date of 10-1-88 or later, or if the case is reopened 10-1-88 or later, the widow(er)'s first adjusted rate is reduced by the amount of the employee annuity tier I, after age reduction, for all date breaks.
  - b. If the reduction for the employee tier I is first applied on an award with a final voucher date prior to 10-1-88, the widow(er)'s first adjusted rate is reduced by the amount of the employee annuity tier I, before any age reduction, through 9-30-88. Effective 10-1-88, the widow(er)'s first adjusted rate is reduced by the amount of the employee annuity tier I, after any age reduction.
  - c. If both the employee and widow(er) started railroad work after 1974, the full amount of the survivor annuity is reduced by the full amount of the employee annuity to which the widow(er) is entitled.
- E. Net tier I - The widow(er)'s net tier I is what is left after reducing their first adjusted rate for entitlement to other benefits.

Note: Conviction and confinement for a criminal offense or being one of the categories defined in [FOM1 150](#) may require the suspension of an individual's

O/M share or the conversion of their Tier 1 tax status to all NSSEB. See [FOM1 150](#) for further information on prisoner procedures.

Under the 1988 SS Act amendments, a widow(er)'s tier I benefit is not payable from the annuity beginning date if the deceased employee had been removed/deported on or after 11-10-88, due to associations with the Nazi government of Germany during World War II, and the widow(er) is an alien who is not living in the U.S.

## 1045.10.2 Tier II

### A. Basic rate - The widow(er)'s basic tier II rate is:

1. 30% of their dollar rounded tier I rate after offset for any public service pension for rates payable before 11-1-87, or 30% of their dollar rounded tier I rate before offset for any public service pension for rates payable 11-1-87 or later, if the employee was awarded a RRA payment or died before 10-1-81 and the widow(er)'s annuity is awarded before 10-1-86; or
2. 50% of the employee's tier II if the employee was not awarded a RRA payment and did not die before 10-1-81 or the widow(er)'s annuity is first awarded 10-1-86 or later. A reduction for the family maximum is involved if there are more than two entitled children. If the widow(er) is under full retirement age (FRA) on their ABD, their tier II is reduced for age. The reduced for age rate is determined by multiplying the basic rate or the reduced for maximum rate by the appropriate decimal from the chart in [FOM-I-10, Appendix J](#). Effective 1-1-84, a disabled widow(er)'s age reduction cannot exceed a 60 month reduction. This applies to cases on the rolls and new cases. For months before 1-1984, a disabled widow(er)s reduced for age rate was determined using the chart in [FOM-I-10, Appendix K](#).

### B. COL Increases

1. June 1, 1982 or later:
  - a. Widow(er) receiving a tier II based on 30% of their tier I rate:

In 1982 and 1983, a widow(er) received a COL increase on their tier II effective June 1 equal to 32.5% of the rise in the Consumer Price Index (CPI) between the first quarter of the previous year and the first quarter of the current year if their ABD was June 1 or earlier.

Beginning in 1984, a widow(er) will receive a COL increase on their tier II effective December 1 equal to 32.5% of the tier I COL, provided their ABD is December 1 or earlier.

If the family composition changes and causes a change in the widow(er)'s tier I amount, their tier II must be recomputed. First, fictitious tier I amounts are computed for currently eligible family members as of May 1982, or the ABD if later. Second, the widow(er)'s "new" basic tier II is 30% of their dollar rounded fictitious first adjusted tier I rate. Third, the new basic tier II is increased by the amount of all tier II COL increases from June 1, 1982, or the ABD if later, through the current date. The tier II takeback is not, however, recomputed unless the actual tier I rate paid in November 1983 was incorrect.

- b. Widow(er) receiving a tier II based on 50% of the employee's tier II.

In 1982 and 1983 the widow(er) received a COL increase on their tier II effective June 1 equal to 32.5% of the rise in the Consumer Price Index (CPI) between the first quarter of the previous year and the first quarter of the current year if their ABD was June 1 or earlier.

Beginning in 1984, a widow(er) will receive a COL increase on their tier II effective December 1 equal to 32.5% of the tier I COL, provided their ABD is December 1 or earlier.

The COL increase is applied to their basic rate after any reduction for the family maximum or age.

If the family composition changes and causes a change in the widow(er)'s share of the employee's tier II, the widow(er)'s tier II must be recomputed. First, "new" tier II amounts are computed for currently eligible family members as of May 1982, or the ABD if later. Second, the widow(er)'s new tier II is increased by the amount of all tier II COL increases from June 1, 1982, or the ABD if later, through the current date.

2. June 1, 1981 or earlier - The tier II was recomputed whenever the tier I rate after offset for any public service pension changed. This means that the widow received the benefit of a full cost-of-living increase, not only in tier I, but also tier II.

Dual Annuity Adjustment Amount – This was previously called the widow(er)'s employee annuity restored amount.

- a. A young mother, an aged or disabled widow, or a dependent aged or disabled widower is entitled to an increase in the dual annuity adjustment amount if the following conditions are met:
- The widow(er) is entitled to their own employee annuity; and



- Either the widow(er) or the deceased employee had 120 months of creditable railroad service before 1975.

In these cases, the dual annuity adjustment amount dual annuity adjustment amount is computed the same way as the vested dual benefit is computed for a vested widow or a vested dependent widower. See [FOM-1-1045.10.3](#).

The dual annuity adjustment amount is increased by the cumulative tier I COL percentage increase after 1974 but not beyond the later of the widow(er)'s employee annuity ABD or the WIA OBD. It is not increased or decreased after that date.

- b. If both the employee and widow(er) have less than 120 months of creditable railroad service before 1975, the dual annuity adjustment amount does not apply.
- c. If neither the employee nor the widow(er) have any creditable railroad service before 1975, the entire employee annuity is deducted from the widow(er)'s annuity. The employee annuity is first deducted from the widow(er)'s tier 1. If the employee annuity is greater than the widow(er)'s tier 1, the dual annuity adjustment amount is a negative number. It will be the lower of the amount of the employee annuity that could not be deducted from tier 1 or the widow(er)'s net tier 2 before the WIMA increase. It is recomputed every time there is a change in either the widow(er)'s annuity or the widow(er)'s own employee annuity

D. Additional amount - spouse minimum - Under the 1976 amendments to the RR Act, the spouse minimum guaranty provides that a spouse who was entitled to an annuity the month before the death of an employee who was insured for survivor benefits, will receive a WIA of not less than the amount (s)he received the month before the employee died. If the spouse annuity was increased under the O/M, the additional amount payable under the O/M is not included in the spouse minimum guarantee rate. The spouse minimum rate is the spouse's rate after age and other benefit reductions, but before SMIB or any actuarial adjustment.

1. Cases awarded before 8-13-81 - The tier II will be increased for the spouse minimum if:
  - a. The total WIA net tier I, the tier II basic rate and any employee annuity dual annuity adjustment amount is less than the spouse annuity tier I, tier II and wife's vested dual benefit (VDB) after the VDB cutback;

AND

  - b. One or more of the following conditions exist:

- The employee had no earnings after 1936; or
- The widow(er) is entitled to an employee annuity; or
- The widow(er) is entitled to a remarried widow(er)'s benefit at SSA; or
- The widow(er)'s original tier I rate was reduced for:
  - The SSA family maximum; or
  - An age reduction; or
  - An RIB limitation.

The additional amount is computed as follows:

- No age reduction in the spouse annuity or the age reduction was based on the spouse tier I, tier II and wife's VDB, if any.

Step 1 - The widow(er)'s net tier I, basic tier II and dual annuity adjustment amount, if any, are added together.

Step 2 - The step 1 result is subtracted from the spouse's annuity rate in the month before the employee's death. The result is the additional amount due to the spouse minimum.

- The spouse annuity was reduced for age and the age reduction was based on the spouse tier I, tier II and an RIB/DIB VDB.

Step 1 - The age reduction on the spouse annuity VDB is subtracted from the total spouse annuity age reduction.

Step 2 - The step 1 result is subtracted from the sum of the spouse annuity net tier I and tier II amounts for the month before the employee's death.

Step 3 - The widow(er)'s net tier I, basic tier II and dual annuity adjustment amount, if any, are added together.

Step 4 - The step 2 result is subtracted from the step 3 result. The result is the additional amount due to the spouse minimum.

The additional amount due to the spouse minimum does not increase because of COL increases. On the contrary, it decreases as the net tier I and the tier II basic rate increase. It is intended to preserve only the amount that the widow(er) was receiving as a spouse in the month before the employee's death. It is possible, after one or more COL increases, that the

net tier I, the basic tier II and the dual annuity adjustment amount, if any, will exceed the spouse minimum rate. At that time, the additional amount due to the spouse minimum will be zero.

2. Cases awarded 8-13-81 or later - The tier II will be increased for the spouse minimum if the sum of the total WIA net tier I, the basic tier II and any dual annuity adjustment amount is less than the spouse annuity tier I, tier II and any VDB after the VDB cutback.

The additional amount is computed as follows:

Step 1 - The spouse annuity net tier I and tier II amounts, the VDB after cutback, and any RR grandfather increase for the month before the employee's death are added together.

Step 2 - The widow(er)'s net tier I, the basic tier II and any dual annuity adjustment amount are added together.

Step 3 - The step 2 result is subtracted from the step 1 result. The result is the additional amount due to the spouse minimum.

The spouse minimum computation must be made on a case by case basis when:

- The spouse annuity was an initial 1974 Act award (ABD or filing date after 12-1974) that was increased for O/M increase (grandfather or 100% O/M increases); or
- The spouse annuity was a conversion case (ABD and filing date before 1-1975) and the spouse was entitled to an O/M grandfather equalization amount in the month before the employee died.

The additional amount due to the spouse minimum does not increase because of COL increases. On the contrary, it decreases as the net tier I and the basic tier II increase. It is intended to preserve only the amount that the widow(er) was receiving as a spouse in the month before the employee's death. It is possible, after one or more COL increases, that the net tier I, the basic tier II, and the dual annuity adjustment amount, if any, will exceed the spouse minimum rate. At that time, the additional amount due to the spouse minimum will be zero.

If the widow(er) becomes entitled to a RIB or DIB in or after the month of the employee's death, the tier II spouse guaranty rate must be reduced. This reduction is the lesser of the gross spouse annuity tier I amount or RIB/DIB amount.

If the spouse annuity was reduced for public pension, the spouse minimum rate reflects this reduction. However, if the widower becomes entitled to a public pension in or after the month of the employee's death, the spouse minimum rate is not recomputed.

- E. Additional amount - equalization - If the widow(er)'s insurance annuity was initially awarded under the 1937 RR Act and the widow(er) is not entitled to a vested dual benefit, they may be entitled to an additional amount due to equalization.

If the amount that (s)he would have received in January 1975 under the 1937 RR Act exceeds the net tier I, the basic tier II and the dual annuity adjustment amount, if any, in January 1975; the excess is the additional amount due to equalization.

The additional amount due to equalization does not increase because of COL increases. On the contrary, it decreases as the net tier I and the other components of tier II (except the additional amount spouse minimum) increase. It is intended only to preserve the amount that the beneficiary would have received in January 1975 under the 1937 RR Act. It is possible, after one or more COL increases, that the net tier I and the other components of tier II will exceed the equalized rate. At that time, the additional amount due to equalization will be zero.

- F. Solvency Reduction - A chart in the appendix summarizes the effect of the tier II solvency reduction on widow(er)s and other survivors.

The first solvency reduction is effective on 12-1-83 or the survivor's ABD, if later. The first solvency reduction cannot exceed the difference between the survivor's 12/83 and 11/83 net tier I amounts if the survivor's ABD was before 12/83. The first solvency reduction is equal to the difference between the employee's 12/83 and 11/83 net tier I amounts as explained in the above chart if the survivor's ABD is after 11/83 and the solvency reduction provisions are applicable.

The full amount of the employee's solvency reduction is deducted from the last computed tier II rate of each survivor annuity. The survivor's tier II cannot, however, be reduced below \$10.00. Also, there is no reduction if the survivor's last computed tier II rate is less than \$10.00.

If the survivor's ABD was before 12-1-84, a second and final solvency reduction was effective on 12-1-84. It was equal to the difference between the total solvency reduction and the reduction made on 12-1-83 or the survivor's ABD. The survivor's tier II could not, however, be reduced below \$10.00. Also, there was no reduction if the survivor's last computed tier II rate was less than \$10.00.

Examples: Employee A died in 8/81; his widow will attain age 60 in 1/84 and has filed an application for an annuity to begin in that month. She is entitled to a 1974 Act tier II which is not subject to the solvency reduction.

Employee B was awarded a 60/30 annuity beginning 6/83; he died in 12/83. His widow filed an application for an annuity to begin in 1/84, the month she will attain age 60. She is entitled to a 1981 amendment tier II. Her annuity is subject to the solvency reduction.

Employee C died in 1/84; he never applied for an annuity. His widow's tier II will not be subject to a solvency reduction.

- G. The Widow(er)'s Initial Minimum Amount (WIMA) – Effective February 1, 2002, a widow(er) who is paid under the 1981 Amendments may receive an additional tier II amount called the “Widow(er)'s Initial Minimum Amount”, (WIMA). The WIMA guaranty provides that the widow(er)'s annuity will be calculated using 100 percent of the tier II that would have been used to compute the annuity for the deceased employee on the survivor OBD.

The WIMA is computed as follows:

1. The statutory share of the OBD PIA is determined.
2. The statutory share of the OBD PIA is adjusted for the family maximum, the widow(er)'s age reduction and/or the employee's RIB limit. The statutory share of the OBD PIA is **not** adjusted for a public service pension, social security benefits, dual annuity entitlement, or excess earnings. NOTE: A maximum of 60 months is used to compute the age reduction for disabled widow(er)s with an OBD before January 1984.
3. 100 percent of the employee tier II on the survivor OBD reduced for the tier 2 maximum, age and takeback(s). (If the tier II family maximum applies, 130 percent of the tier II is payable. The widow(er) is entitled to a 100 percent proportional share.)
4. Add the result of step two, rounded down to the dollar, to step three. This is the WIMA guaranty amount.

Once the WIMA has been determined, it will be compared to the widow(er)'s regular annuity rate effective the later of February 1, 2002 or the OBD and on each datebreak thereafter to determine if a WIMA increase is payable. If the WIMA is higher than the regular annuity rate, the additional amount is added to the widow(er)'s tier II.

The WIMA is recomputed if there is a change in the family group or a young mother/father switches to a widow(er)'s annuity. If there is a break in entitlement, (for instance, a young mother's annuity terminates when her child attains age 18,

but the young mother has future entitlement as a widow), the WIMA will be recomputed based on the new survivor OBD.

The WIMA is also recomputed for ARFs and RIB/DIB adjustments effective November 2006 and later. SURPASS has been programmed for these calculations.

H. Net Tier II - The net tier II is the last computed rate.

### 1045.10.3 Vested Dual Benefit (VDB)

A vested widow or a vested dependent widower can be paid a vested dual benefit (VDB) if the annuity was authorized for payment before August 13, 1981, and:

- The widow(er)'s date of birth is before August 14, 1919; or
- The widow(er)'s date of entitlement to a disability insurance benefit under the SS Act is August 1981 or earlier.

A widow(er) cannot be paid a vested dual benefit if it was erroneously denied before 8-13-81. The 1981 RR Act amendments prohibited payment of a VDB in all cases in which entitlement was not determined prior to 8-13-81, including cases when entitlement was denied incorrectly.

A widow(er) who was born before August 14, 1919, and whose annuity was authorized for payment before August 13, 1981, can be paid a VDB when they become entitled to a retirement insurance benefit under the SS Act even if the date of entitlement is after August 1981. The reason for this is that their VDB was technically awarded before August 13, 1981, even though the VDB amount at that time was zero.

Example: A vested widow born on August 13, 1919 was awarded an RR Act annuity effective August 1, 1979 (age 60). She later applies for her SS Act retirement insurance benefit and selects a January 1, 1982, date of entitlement. She can be paid a VDB from January 1, 1982.

Under the November 1976 Amendments to the RR Act, the VDB was equal to the 1937 RR Act WIA plus the COL increases after 1974 through the later of the widow(er)'s SS ABD or RR ABD minus the sum of the net tier I and the tier II payable.

The widow(er)'s dual annuity adjustment amount is equal to the 1937 RR Act WIA plus the COL increases after 1974 through the later of the widow(er)'s employee ABD or WIA ABD minus the sum of the net tier I and the basic tier II.

The 1937 RR Act WIA was computed as follows:

- A. Basic rate - The basic rate is the WIA basic amount. This is generally slightly less than the lump-sum basic amount which is shown on the MARC because the lump-sum basic amount deems the employee to have died on 1-1-75.

- B. 1968 table increase - The basic rate is increased by the amount shown in the following chart which corresponds to the employee's AMW:

<b>AMW</b>	<b>Increase</b>
Up to 100	7.53
101 - 150	9.26
151 - 200	10.62
201 - 250	12.07
251 - 300	13.34
301 - 350	14.70
351 - 400	16.06
401 - 450	17.24
451 - 500	18.60
501 - 550	19.87
551 - 600	22.96
Over 600	25.95

- C. 1968 SS benefit reduction - An SS benefit reduction is made in the 1968 and 1970 rate computations if the following conditions are met:

- Widow(er) not entitled to an employee annuity VDB.
- The widow(er) is eligible for an SS benefit on their own account (i.e., they are either age 62 or entitled to a DIB).
- Widow(er) entitled to an employee annuity VDB.
- The widow(er)'s employee annuity was initially awarded under the 1974 RR Act; and
- The widow(er) is eligible for an SS benefit on their own account (i.e., they are either age 62 or entitled to a DIB); and

- The widow(er)'s employee annuity PIA #4 (PIA based on SS earnings through their vesting year) is less than their regular PIA #21 (PIA based on SS earnings through the employee's vesting year).

The reduction is equal to:

- 10.27% of PIA #21 if the widow is not entitled to an employee annuity VDB;

OR

- 10.27% of the difference between PIA #21 and PIA #4 if the widow is entitled to an employee annuity VDB.

D. Net table increase - The net table increase is the result of step B minus step C. If the result is \$5.00 or more, it is added to the basic rate. Skip to step H.

E. Minimum increase - The minimum increase is \$5.00 and must be considered when the step D result is less than \$5.00.

F. 1968 SS benefit reduction - If an SS benefit reduction was made in step C, it must also be made here. The SS benefit reduction to be applied to the minimum increase is:

- 3.44% of PIA #21 if the widow(er) is not entitled to an employee annuity VDB;

OR

- 3.44% of the difference between PIA #21 and PIA #4 if the widow(er) is entitled to an employee annuity VDB;

BUT NOT MORE THAN

- 5.8% of the basic rate.

G. Net minimum increase - The net minimum increase is the result of step E minus step F. The net minimum increase is compared to the net table increase. The higher increase is added to the basic rate.

H. 1970 increase - The gross 1970 increase is 15% of the last computed rate but not more than \$25.00. If the result is less than \$5.00, it is added to the 1968 rate. Skip to step K.

I. 1970 SS benefit reduction - If an SS benefit reduction was made in step C, it must also be made here. The SS benefit reduction to the 1970 increase is:



- 8.87% of PIA #21 if the widow(er) is not entitled to an employee annuity VDB;

OR

- 8.87% of the difference between PIA #21 and PIA #4 if the widow(er) is entitled to an employee annuity VDB.

- J. Net 1970 increase - The net 1970 increase is the result of step H minus step 1. If the result is less than \$5.00, it is increased to \$5.00. The result is added to the 1968 rate.
- K. Combined 1971/1972 increase - The combined 1971/1972 increase is obtained by multiplying the 1970 rate by 1.32.
- L. 1974 increase - The 1974 increase is obtained by adding 9.9099% of PIA #8 to the step K result.
- M. 1937 Act rate - The step L result, if it does not end in 5c/, is rounded up to the next 5c/. The result is the 1937 Act WIA rate.
- N. COL increase - The 1937 Act WIA rate is multiplied by the appropriate percentage in the chart located in the appendix.
- O. VDB computation - The VDB was the difference between:
- The 1937 RR Act WIA rate plus appropriate COL increases;

AND

- The total of the net tier I and the net tier on the later of the VDB date of entitlement or the widow(er)'s RIB/DIB date of entitlement.

VDB cutback - Under the 1981 RR Act amendments, the VDB must be cut back whenever the Congress appropriates less to the Dual Benefits Payment Account for a fiscal year than what is needed to make full VDB payments.

- P. Additional amount - VDB equalization - If the widow(er)'s insurance annuity was initially awarded under the 1937 RR Act and the widow(er) was entitled to SS benefits on December 31, 1974, (s)he may be entitled to an additional amount due to equalization.

If the amount that (s)he would have received in January 1975 under the 1937 RR Act exceeds the net tier I and the tier II in January 1975, the excess is the additional amount due to equalization.

The additional amount due to equalization is frozen and does not increase or decrease.

- Q. Additional Amount - Spouse Minimum - (Cases awarded before 8-13-81 only.)  
The VDB will be increased for the spouse minimum if the widow(er) was entitled to a spouse annuity RIB/DIB VDB based on their own earnings, in the month before the employee died.

NOTE: In some cases, both the tier II and the VDB can be increased due to the spouse minimum guarantee.

The additional amount is computed as follows:

Step 1 - The sum of the widow(er)'s net tier I, net tier II and VDB benefit is subtracted from the spouse's railroad retirement formula annuity rate (before any actuarial reduction) for the month before the employee's death. The result is the additional amount due to the spouse minimum.

Step 2 - The additional amount due to the spouse minimum is added to the VDB. Unlike the tier II spouse minimum amount, the VDB spouse minimum amount is frozen.

- R. Dual annuity adjustment amount - The employee annuity dual annuity adjustment amount is the difference between:

- The 1937 RR Act WIA rate plus appropriate COL increases;

AND

- The total of the net tier I and the basic tier II on the later of 1-1-75, the WIA ABD or the widow(er)'s employee annuity ABD.

### **1045.10.4 WIA Rate**

The WIA rate is the sum of the net tier I, net tier II and the VDB, if any.

### **1045.15 Remarried Widow(er)'s Annuity**

A remarried widow(er)'s annuity consists of a tier I amount only. The tier I is computed as explained in [FOM-I-1045.10.1](#) except that:

- When the remarried widow(er) previously received a WIA, the age reduction in their remarried widow(er)'s annuity is based on the number of months they were actually under FRA on their WIA ABD.
- A remarried widow(er) age 60-61 is not deemed to be age 62 when computing the age reduction.
- A remarried widow(er)'s annuity may be recomputed at age 62 if they did not receive payment for month(s) between their ABD and attainment of age 62 due to excess earnings.

A remarried widow(er)'s tier I amount will be less than their WIA tier I if they began to receive a WIA prior to attainment of age 62.

## 1045.20 Surviving Divorced Spouse's Annuity

- A surviving divorced spouse's annuity consists of a tier I amount only. The tier I is computed as explained in [FOM-I-1045.10.1](#) except that:
- The public service pension offset applies to a surviving divorced spouse who was married to the employee for 10, but less than 20 years.
- The surviving divorced spouse's annuity is not reduced for the SSA family maximum nor is their annuity rate considered in computing the SSA family maximum.

## 1045.25 Divorced Young Mother's Or Father's Annuity

A divorced young mother's or father's annuity consists of a tier I amount only. The tier I is computed as explained in [FOM-I-1045.10.1](#), except that the public pension offset applies to a divorced young mother who was married to the employee for 10, but less than 20 years.

A divorced young mother's or father's annuity rate is considered in computing the SSA family maximum and their annuity can be reduced for the SSA family maximum.

## 1045.30 Child's Insurance Annuity (CIA)

### 1045.30.1 Tier I

- A. Original rate - A child's original rate is 75% of the highest applicable survivor PIA from the following list:
1. AIME PIA #1 - if the employee's eligibility year is 1979 or later.
  2. TRANS PIA #1 - if the employee's eligibility year is 1979- 1983.
  3. AMW PIA #1 - if the employee's eligibility year is before 1979.
  4. Special Minimum PIA #1 - if the employee had RR Act or SS Act covered employment or self-employment for many years at low earnings.
  5. Frozen Minimum PIA #1 - if the employee had low earnings. The 1981 SS Act amendments eliminated the frozen minimum PIA 1-1-82 for beneficiaries in cases in which the employee's year of eligibility is 1982.

Note: The employee's year of eligibility is the earlier of:

- The month he attained age 62;
  - The month he received a disability freeze; or
  - The month he died.
6. 1977 O.S. PIA - If the employee's eligibility year is 1979 or later and a PIA larger than the AIME PIA can be attained by using the actual earnings before 1951.
- B. Reduced for maximum rate - A reduction for the family maximum is always involved when there are three or more beneficiaries. It may be involved when there are two beneficiaries and one of them is an aged or disabled widow(er) or a remarried aged or disabled widow(er).
- C. First adjusted rate - Ordinarily, the child's first adjusted rate is the lesser of:
1. The original rate (75% of the PIA); or
  2. The reduced for maximum rate; but not less than

The 1981 SS Act amendments eliminated the SSM rate effective 1-1-82 in cases in which the employee's eligibility year is 1982 or later.

The SS Act provided that a child's first adjusted rate would not be less than the amount shown in the following charts if (s)he was the sole survivor.

The sole survivor minimum did not apply if the annuity of another beneficiary was being withheld because of work deductions.

- Employee's eligibility year was before 1979.

<b>SSM Rate</b>	<b>Effective</b>
\$114.30	6-1-77
121.80	6-1-78
133.90	6-1-79
153.10	6-1-80
170.30	6-1-81
182.90	6-1-82
189.30	12-1-83

195.90	12-1-84
201.90	12-1-85

- Employee's eligibility year was after 1978. The sole survivor minimum rate was equal to the frozen minimum PIA of \$122.00 increased for months after May of the year in which the employee died. Since the frozen minimum PIA did not receive a COL increase during a year in which no individual was entitled to a benefit, the sole survivor minimum rate could not receive a COL increase for any year in which no individual was entitled to an annuity.

- D. Reduction for other benefits - The child's first adjusted rate must be reduced, but not below zero, by the full amount of any social security benefit (s)he is entitled to. This is true even though the full amount is not payable because of excess earnings.
- E. Net tier I - The child's net tier I is what is left after reducing the first adjusted rate for entitlement to social security benefits and rounding down to the next dollar.

Note: Conviction and confinement for a criminal offense or being one of the categories of individuals defined in [FOM1 150](#) may require the suspension of an individual's O/M share or the conversion of their Tier 1 tax status to all NSSEB. See [FOM1 150](#) for further information on criminal activity procedures. Under the 1988 SS Act amendments, a child's tier I benefit is not payable from the annuity beginning date, if the deceased employee had been removed/deported on or after 11-10-88, due to associations with the Nazi government of Germany during World War II, and the child is an alien who is not living in the U.S.

### 1045.30.2 Tier II

- A. Basic rate - The child's basic rate is:
- 30% of their first adjusted tier I rate if the employee was awarded a RRA payment or died before 10-1-81 and the child's annuity was awarded before 10-1-86; or
  - 15% of the employee's tier II if the employee was not awarded a RRA payment before 10-1-81 and died after 9-30-81 or the child's annuity is first awarded 10-1-86 or later. This tier II amount is subject to the family maximum tier II of 80% of the employee's tier II and minimum of 35% of the employee's tier II.
- B. COL Increases
1. June 1, 1982 or later

- a. Child receiving a tier II based on 30% of tier I rate - In 1982 and 1983, a child received a COL increase on tier II effective June 1 equal to 32.5% of the rise in the Consumer Price Index (CPI) between the first quarter of the previous year and the first quarter of the current year if their ABD was June 1 or earlier.

Beginning in 1984, a child will receive a COL increase on their tier II effective December 1 equal to 32.5% of the tier I COL, provided this ABD is December 1 or earlier.

If the family composition changes and causes a change in the child's tier I amount, their tier II must be recomputed. First, fictitious tier I amounts are computed for currently eligible family members as of May 1982, or the ABD if later. Second, the child's "new" basic tier II is 30% of their dollar rounded fictitious first adjusted tier I rate. Third, the new basic tier II is increased by the amount of all tier II COL increases from June 1, 1982, or the ABD if later, through the current date.

- b. Child receiving a tier II based on 15% of the employee's tier II - In 1982 and 1983, a child received a COL increase on their tier II effective June 1 equal to 32.5% of the rise in the Consumer Price Index (CPI) between the first quarter of the previous year and the first quarter of the current year if their ABD was June 1 or earlier.

Beginning in 1984, a child will receive a COL increase on their tier II effective December 1 equal to 32.5% of the tier I COL, provided their ABD is December 1 or earlier.

The COL increase is applied to their basic rate after any reduction for the family maximum.

If the family composition changes and causes a change in the child's share of the employee's tier II, the child's tier II must be recomputed. First, "new" tier II amounts are computed for currently eligible family members as of May 1982, or the ABD if later. Second, the child's new tier II is increased by the amount of all tier II COL increases from June 1, 1982, or the ABD if later, through the current date. The solvency reduction is not, however, recomputed unless the actual tier I rate paid in November 1983 was incorrect.

2. June 1, 1981 or earlier - The tier II was recomputed whenever the tier I first adjusted rate changed due to COL inclusion. This gave the effect of getting a full cost-of-living percentage increase to the combined tier I and tier II.

- C. Additional amount - equalization - If the child's insurance annuity was initially awarded under the 1937 RR Act, the child may be entitled to an additional amount due to equalization.

If the amount that (s)he would have received in January 1975 under the 1937 RR Act exceeds the net tier I and the basic tier II rate, in January 1975, the excess is the additional amount due to equalization.

The additional amount due to equalization does not increase because of COL increases. On the contrary, it decreases as the net tier I and the basic tier II increase. It is intended only to preserve the amount that the beneficiary would have received in January 1975 under the 1937 RR Act. It is possible, after one or more COL increases, that the net tier I and the basic tier II will exceed the equalized rate. At that time, the additional amount due to equalization will be zero.

- D. Solvency Reduction - See [FOM-I-1045.10F](#) for an explanation of the solvency reduction.
- E. Net Tier II - The net tier II is the last computed rate.

### 1045.30.3 CIA Rate

The CIA rate is the sum of the net tier I and the net tier II.

## 1045.35 Parent's Insurance Annuity

### 1045.35.1 Tier I

- A. Original rate - A parent's original rate is 82 1/2% (75%, if two parents are entitled) of the highest applicable PIA from the following list:
1. AIME PIA #1 - if the employee's eligibility year is 1979 or later.
  2. TRANS PIA #1 - if the employee's eligibility year is 1979- 1983.
  3. AMW PIA #1 - if the employee's eligibility year is before 1979.
  4. Special Minimum PIA #1 - if the employee had RR Act or SS Act covered employment or self-employment for many years at low earnings.
  5. Frozen Minimum PIA #1 - if the employee had low earnings. The 1981 SS Act amendments eliminated the frozen minimum PIA 1-1-82 for beneficiaries in cases in which the employee's year of eligibility is 1982.

Note: The employee's year of eligibility is the earlier of:

- The month he attained age 62;

- The month he received a disability freeze; or
  - The month he died.
6. 1977 O.S. PIA - If the employee's eligibility is 1979 or later and a PIA larger than the AIME PIA can be obtained by using the actual earnings before 1951.
- B. Reduced for maximum rate - A reduction for the SSA family maximum is not involved when there are one or two entitled parents.
- C. First adjusted rate - Ordinarily, the parent's first adjusted rate is the original rate. It may be the sole survivor minimum rate if the parent is the sole survivor.

The 1981 SS Act amendments eliminated the SSM rate effective 1-1-82 in cases in which the employee's eligibility year is 1982 or later.

The SS Act provides that a parent's first adjusted rate will not be less than the amount shown in the following charts if (s)he is the sole survivor.

The sole survivor minimum did not apply if both parents were entitled and one parent's annuity was being withheld because of work deductions.

- Employee's eligibility year is before 1979

<b>SSM Rate</b>	<b>Effective</b>
\$114.30	6-1-77
121.80	6-1-78
133.90	6-1-79
153.10	6-1-80
170.30	6-1-81
182.90	6-1-82
189.30	12-1-83
195.90	12-1-84
201.90	12-1-85
204.50	12-1-86



213.10	12-1-87
221.60	12-1-88
232.00	12-1-89
244.00	12-1-90
253.00	12-1-91
260.50	12-1-92

- Employee's eligibility year is after 1978 - The sole survivor minimum rate was equal to the frozen minimum PIA of \$122.00 increased for months after May of the year in which the employee died. The sole survivor minimum rate did not receive a COL increase for any year in which no individual was entitled to an annuity.

D. Reduction for other benefits - The parent's first adjusted rate must be reduced by the amount of the following benefits:

1. Social Security benefit - The parent's first adjusted rate is reduced by the full amount of any social security benefit to which (s)he is entitled. This is true even though the full amount is not payable because of excess earnings or a worker's compensation offset.
2. Employee annuity tier I - The parent's first adjusted rate is reduced for any RR retirement annuity, as follows:
  - a. If the reduction for the employee tier I is first applied on an award with a final voucher date of 10-1-88 or later, or if the case is reopened 10-1-88 or later, the parent's first adjusted rate is reduced by the amount of the employee annuity tier I, after age reduction, for all date breaks.
  - b. If the reduction for the employee tier I is first applied on an award with a final voucher date prior to 10-1-88, the parent's first adjusted rate is reduced by the amount of the employee annuity tier I, before any age reduction, through 9-30-88. Effective 10-1-88, the parent's first adjusted rate is reduced by the amount of the employee annuity tier I, after any age reduction.

If the parent's employee annuity net tier I is zero, there is no reduction in the parent's insurance annuity.

E. Net tier I - The parent's net tier I is what is left after reducing the first adjusted rate for entitlement to other benefits and rounding down to the next dollar.

Note: Conviction and confinement for a criminal offense or being one of the categories of individuals defined in [FOM1 150](#) may require the suspension of an individual's O/M share or the conversion of their Tier 1 tax status to all NSSEB. See [FOM1 150](#) for further information on prisoner procedures.

### 1045.35.2 Tier II

A parent's insurance annuity includes a tier II only when the employee was not survived by a widow(er) or child who could ever qualify for monthly benefits.

Under the 1988 SS Act amendments, a parent's tier I benefit is not payable from the annuity beginning date if the deceased employee had been deported on or after 11-10-89, due to associations with the Nazi government of Germany during World War II, and the parent is an alien who is not living in the U.S.

A. Basic rate - The parent's basic rate is:

- 30% of their first adjusted rate if the employee was awarded a RRA payment or died before 10-1-81 and the parent's annuity was awarded before 10-1-86; or
- 35% of the employee's tier II if the employee was not awarded a RRA payment before 10-1-81 and died after 9-30-81 or the parent's annuity is first awarded 10-1-86 or later.

B. COL Increases

1. June 1, 1982 or later

- a. Parent receiving a tier II based on 30% of their tier I rate - In 1982 and 1983, a parent received a COL increase on their tier II effective June 1 equal to 32.5% of the rise in the Consumer Price Index (CPI) between the first quarter of the previous year and the first quarter of the current year if their ABD was June 1 or earlier.

Beginning in 1984, a parent will receive a COL increase on their tier II equal to 32.5% of the tier I COL, provided her ABD is December 1 or earlier.

If the family composition changes and causes a change in the parent's tier I amount, their tier II must be recomputed. First, fictitious tier I amounts are computed for currently eligible family members as of May 1982, or the ABD if later. Second, the parent's "new" basic tier II is 30% of their dollar rounded fictitious first adjusted tier I rate. Third, the new basic tier II is increased by the amount of all tier II COL increases from June 1, 1982, or the ABD if later, through the current date. The tier II takeback is not, however,

recomputed unless the actual tier I rate paid in November 1983 was incorrect.

- b. Receiving a tier II based on 35% of the employee's tier II - In 1982 and 1983, a parent received a COL increase on their tier II effective June 1 equal to 32.5% of the rise in the Consumer Price Index (CPI) between the first quarter of the previous year and the first quarter of the current year if their ABD was June 1 or earlier.

Beginning in 1984, a parent will receive a COL increase on their tier II equal to 32.5% of the tier I COL, provided their ABD is December 1 or earlier.

The COL increase is applied to their basic rate after any reduction for the family maximum.

2. June 1, 1981 or earlier - The tier II was recomputed whenever the tier I rate after offset for any public service pension changed.

- C. Additional amount - equalization - If the parent's insurance annuity was initially awarded under the 1937 RR Act, the parent may be entitled to an additional amount due to equalization.

If the amount that (s)he would have received in January 1975 under the 1937 RR Act exceeds the net tier I and the basic tier II rate, in January 1975, the excess is the additional amount due to equalization.

The additional amount due to equalization does not increase because of COL increases. On the contrary, it decreases as the net tier I and the basic tier II increase. It is intended only to preserve the amount that the beneficiary would have received in January 1975 under the 1937 RR Act. It is possible, after one or more COL increases, that the net tier I and the basic tier II will exceed the equalized rate. At that time, the additional amount due to equalization will be zero.

- D. Solvency Reduction - See [FOM-I-1045.10F](#) for an explanation of the solvency reduction.
- E. Net Tier II - The net tier II is the last computed rate.

### **1045.35.3 Parent's Insurance Annuity Rate**

The parent's insurance annuity rate is the sum of the net tier I and the net tier II.

## 1045.40 Survivor Estimates

### 1045.40.1 General

This section explains how to estimate survivor benefits. It is designed to be used with RRB Form G-308, Worksheet for Estimating Survivor Benefits.

When furnishing a survivor estimate, explain that the actual annuity rate will probably be different from the estimate because all the facts are not available at the time you are preparing the estimate. Also, if the date of entitlement is not immediate, possible amendments to the law could result in changes. Do not request survivor annuity estimates except when you do not have PIA and basic amount data available or when there are unusual circumstances.

### 1045.40.2 Tier I

#### A. Tier I PIA

1. If the employee has not retired or death occurs before the employee appears on the BIC, the approximate amount of the tier I PIA may be found on the MARC under "tier I, PIA 1."
2. If the employee has retired and appears on the BIC, the approximate amount of the tier I PIA may be found on the BIC under "SUR PIA."
  - If the SUR PIA field is blank, use the tier I PIA shown on the COL microfiche.
  - See [FOM I-1005.55.4](#) for the COL increase amounts.

#### B. Deeming adjustment - Certain RR Act deeming provisions do not carry over from retirement benefits to survivor benefits. Therefore, the PIA may have to be adjusted as explained below.

1. If the SUR PIA from the BIC is not shown and the tier I PIA shown on the COL microfiche is used, and the employee was receiving a 60/30 annuity or an occupational disability annuity, subtract \$30.00:
  - a. If an occupational disability annuity began after 1978, also subtract \$50.00 for each COL increase the employee received prior to the earlier of:
    - The year of their death;
    - The year they were granted a DF; or
    - The year they attained age 62.

- b. If an occupational disability annuity began before 1979, also subtract \$10.00 for each year the employee received an annuity prior to the earlier of:
    - The year of their death;
    - The year they were granted a DF; or
    - The year they attained age 62.
  - c. If the employee met the 60/30 requirements before 7-1-84 and the 60/30 began after 1978, also subtract \$30.00 for each COL increase the employee received prior to the earlier of:
    - The year of their death;
    - The year they were granted a DF; or
    - The year they attained age 62.
2. If the tier I PIA from the MARC is used, subtract:
- a. \$30.00 when the employee was eligible for a 60/30 annuity before 7-1-84.
  - b. An additional \$100.00 if the MARC shows a table PIA due to an incorrect date of birth and the employee is entitled to an AIME PIA based on their actual date of birth.

C. Age discrepancy adjustment

- 1. If an employee born before 1930 is younger than shown on the MARC, subtract an additional \$30.00 for each year (s)he is younger than shown on the MARC.
- 2. If an employee born after 1929 is older than shown on the MARC, subtract an additional \$30.00 for each (s)he is older than shown on the MARC.

D. Estimate Tier I PIA - If adjustments occur as described in B or C above, this figure represents the appropriate PIA, after those adjustments, to be used in determining survivor annuity estimates.

E. Original rate - The original rate is the following percentage of the tier I PIA after any deeming adjustment:

<b>Beneficiary</b>	<b>Share</b>
--------------------	--------------

Widow(er) - aged or disabled	100%
Widow(er) - mother or father	75%
Remarried widow(er)	100%
Surviving divorced spouse	100%
Surviving divorced young mother/father	75%
Child	75%
One parent	82½%
Two parents	75%

- F. Reduced for maximum rate - A reduction for the SSA family maximum is always involved when there are three or more beneficiaries not counting a surviving divorced spouse, but counting a surviving divorced mother/father. The SSA family maximum may be involved when there are two beneficiaries not counting a surviving divorced spouse, but counting a surviving divorced mother/father and one of the beneficiaries is an aged or disabled widow(er).

Add all of the original rates except the surviving divorced wife's original rate. If the total exceeds the SSA family maximum for the PIA (or the closest PIA if you adjusted the PIA as explained in step B), multiply the SSA family maximum by the appropriate factor from the following charts to obtain the reduced for maximum rate. A surviving divorced wife's rate is not reduced for the SSA family maximum. Be sure to use the appropriate AIME or TRANS table to determine the family maximum if the employee actually attained age 62, met the SS Act disability standards (i.e., the employee was awarded a period of disability) or died after 1978. If the employee actually attained age 62, met the SS Act disability standards (i.e., the employee was awarded a period of disability) or died before 1979, use the AMW PIA table.

Family Composition Share Factors (Including a 100% Beneficiary)		
Type of Shares	100% Share	75% Share
1-100% Share and 1-75% Share	.57143	.42857


1-100% Share and 2-75% Shares	.40000	.30000
1-100% Share and 3-75% Shares	.30769	.23077
1-100% Share and 4-75% Shares	.25000	.18750
1-100% Share and 5-75% Shares	.21053	.15789

Family Composition Share Factors	
# of Shares	Each Share
3 - 75% Shares	.33333
4 - 75% Shares	.25000
5 - 75% Shares	.20000
6 - 75% Shares	.16667

The family composition above does not include the surviving divorced spouse and/or a legal widow found entitled after a deemed widow.

G. First adjusted rate (for the following beneficiaries only: aged, disabled, remarried widow(er) and surviving divorced spouse)

1. If the survivor will be under FRA on their ABD, their first adjusted rate is the result of multiplying the original rate or the reduced for maximum rate by the decimal for the reduced rate from the chart in [FOM-I-10, Appendix K](#). A disabled widow(er), remarried disabled widow(er) or a surviving disabled divorced spouse is deemed to be age 60 effective 1-1984. Use the chart in [FOM-I-10, Appendix L](#) to determine a disabled beneficiary's age reduced rate for months before 1-1984.
2. If the employee received a reduced age and service annuity, a further adjustment for the RIB limitation may be necessary. (Disregard this step if the survivor is applying for a DWIA.)

Compare the number of months the employee's annuity was reduced for age to the number of months the survivor's annuity is reduced for age using the chart click button to view chart. 

- a. If the WIA reduction months equal or exceed the number in the chart, no adjustment is necessary.
  - b. If the WIA reduction months are less than shown in the chart, further reduce the first adjusted rate to 82 1/2% of the PIA after any deeming adjustment.
3. Applying the Age Adjusted Rate - If the survivor is under FRA on their ABD and they are entitled to a SS disability benefit based on their own earnings record, they may be entitled to the tier 1 age adjusted rate. If this provision applies, only the amount of the widow(er)'s tier 1 which exceeds the amount of the disability annuity is reduced for early retirement.
- a. This provision applies if the following conditions are met:
    - The widow(er)'s annuity is age reduced; and,
    - The widow(er) is entitled to a disability insurance benefit (DIB) under the SS Act and the date of entitlement is the same as, or earlier than, the OBD; and,
    - The DIB PIA is less than the death PIA (increased for DRC's) or the widow(er)'s share of the maximum, if applicable; and,
    - The widow(er)'s tier 1 is not reduced by an additional amount (i.e., PSP or EE tier 1) which, when added to the SS DIB, exceeds the death PIA; and,
    - The OBD is 1/1978 or later
  - b. Attainment of Full Retirement Age--Under the SS Act, a disability insurance benefit is converted to a retirement insurance benefit at full retirement age. Therefore, when the widow(er) attains full retirement age, the tier 1 age reduction is removed.
  - c. RIB Limit. - The age adjusted rate may be higher than the RIB limit amount. If this is the case, the RIB limit becomes the age adjusted rate.
 

As the RIB limit cannot accurately be estimated, do not apply this provision if the employee received an age reduced age and service annuity.
  - d. Calculating the Tier 1 Age Adjusted Rate
    - Take the PIA, deemed PIA or share of the maximum
    - Subtract the SS PIA



- Multiply the result by the by the appropriate decimal from the chart in [FOM-I-10, Appendix J](#) or [FOM-1-10, Appendix K](#). Round down to the dime.
  - Add the result to the SS PIA. The total is the tier 1 age adjusted rate.
- e. Example. - The widow(er)'s date of birth is 6-15-1936. Their ABD will be 3-1-1999. They are receiving a disability annuity based on their own earnings record from SSA. The age adjusted rate would be computed as follows:

Death PIA	\$1500.00
SS PIA	- <u>850.00</u>
Difference	650.00
Times age reduction factor	X <u>.87175</u>
Age reduced difference	566.63 rounds to 566.60
Age reduced difference	\$ 566.60
SS PIA	+ <u>850</u>
Age adjusted rate	1416.60

At FRA, the age adjusted rate becomes the full death PIA, \$1500.00.

#### H. Reduction for entitlement to other benefits

1. Public service pension - The widow(er)'s first adjusted rate is subject to reduction for entitlement to a public service pension (PSP) based on the widow(er)'s own earnings payable to the widow(er). The reduction does not apply, however, if social security (FICA) taxes were deducted from their government earnings on the last day of their government employment and/or the widow(er) filed for and became entitled to an annuity (including a spouse annuity which was "converted" to a survivor annuity) before 12-1-77.
  - a. The reduction applies to widow(er)s who:

- Do not meet the January 1977 SS Act eligibility requirements (see [FOM-I-120.40.4](#)). However, the reduction does not apply beginning 12-1-82 if the annuitant is dependent and eligible for the PSP before 7-1-83; or
  - Are eligible for the PSP 12-1-82 or later, and are not dependent; or
  - Are eligible for the PSP 7-1-83 or later. Dependency does not matter in this situation.
- b. The amount of the reduction is equal to:
- 100% of the PSP for months before December 1984 and 66 2/3% of the PSP beginning December 1984 if the survivor is first eligible for the PSP before 7-1-83;
  - 66 2/3% of the PSP if the survivor is first eligible for the PSP 7-1-83 or later.
2. Subtract the amount of any social security benefit to which the survivor is entitled.
  3. Subtract the amount of any employee annuity tier I, after any age reduction, to which the survivor is entitled.

If both the employee and survivor started railroad work after 1974, the full amount of the survivor annuity is reduced by the full amount of the employee annuity.

- I. Net tier I - The survivor's net tier I is what is left after any reduction for entitlement to other benefits, rounded down to the next dollar.

Note: Conviction and confinement for a criminal offense or being one of the categories of individuals defined in [FOM1 150](#) may require the suspension of an individual's O/M share or the conversion of their Tier 1 tax status to all NSSEB. See FOM1 150 for further information on criminal activity procedures.

### **1045.40.3 Basic Tier II Rate**

- A. EE 1981 Amendment T-2 - Since 9-30-86 all survivor annuity tier II rates are based on the employee's 1981 amendment tier II; this amount is shown on the MARC or BIC. Do not try to estimate an annuity if the employee's 1981 amendment tier II is not shown; send these cases to Headquarters for handling.

Note: Refer to [FOM-I-1015.5.2](#) for more information about the EE 1981 Amendment tier II.

- B. Show 25% of the unreduced vested dual benefit (VDB) - If the records show a reduced VDB, multiply that amount by 31.25%, then enter that result. In cases that show possibly insured (PI) on the MARC, enter \$42.45.
- C. Subtract the applicable amount shown in step B from step A - This figure represents the survivor annuity bases for tier II.
- D. Multiply "C" by the percentage appropriate to the beneficiary for whom the estimate is being calculated:
  - (1) 50% for widow(er)
  - (2) 35% for parent
  - (3) 15% for child
- II. Family Maximum/Minimum - When the survivor tier II is based on the employee's tier II, the family maximum tier II is 80% of the employee's tier II and the family minimum tier II is 35% of the employee's tier II.

The following charts can be used to determine an individual beneficiary's share of the employee's high 60 tier II:

<b>Family Composition Widow(er) and Children</b>	<b>Widow(er)'s Share</b>	<b>Child's Share</b>
Widow(er) and 1 Child	50%	15%
Widow(er) and 2 Children	50%	15%
Widow(er) and 3 Children	42.105%	12.632%
Widow(er) and 4 Children	36.364%	10.909%
Widow(er) and 5 Children	32.000%	9.6%
Widow(er) and 6 Children	28.572%	8.571%

<b>Family Composition Child(ren)</b>	<b>Child's Share</b>
1 Child	35%
2 Children	17.5%

3 Children	15%
4 Children	15%
5 Children	15%
6 Children	13.33%

Family Composition	Parent's Share*
1 Parent	35%
2 Parents	35%

\*A parent's insurance annuity includes a tier II only when the employee was not survived by a widow(er) or child who could ever qualify for monthly benefits.

- III. WIA Guaranty Rate - Under the 1976 Amendments to the RR Act, a widow or a dependent widower who is also entitled to an employee annuity will receive a dual annuity adjustment amount if either the deceased employee or the widow(er) had 10 years of railroad service before 1975. The amount of the tier II restoration is the difference between what the widow(er) would have received under the 1937 RR Act, including any COL increases from 1975 through 1981 but not later than the later of the WIA ABD or the employee annuity ABD, and the sum of their net tier I and basic tier II.

To compute the WIA guarantee rate add \$20.00 to the lump sum basic amount on the MARC. Multiply the result by the appropriate factor from the chart below.

Later of RR WIA6/75

ABD or EE ANN ABD Before 6/75 5/76

Factor 132% 142%

6/76-6/77-6/78-6/79-6/80-6/81-

5/775/785/795/805/815/82

---

151% 160% 171% 188% 214% 238%

6/82-12/83-12/84- 12/85-12/86 or

11/8311/8411/8511/86later

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256%265%274%282%285%

The result is the WIA guarantee rate. Compare it to the WIA net tier I and basic tier II. If the WIA guarantee rate is greater, the tier II restoration will be the amount by which the WIA guarantee rate exceeds the net tier I and basic tier II. The tier II dual annuity adjustment amount is frozen, it is neither increased nor decreased.

- IV. Spouse Minimum - Under the 1976 amendments to the RR Act, the spouse minimum guarantee provides that a spouse who was entitled to an annuity the month before the employee's death, who was insured for survivor benefits, will receive a widow(er)'s insurance annuity of not less than the amount (s)he received the month before the employee died. If the spouse annuity was increased under the O/M, the additional amount payable under the O/M is not included in the spouse minimum guarantee. The spouse minimum rate is the spouse's rate after age and other benefit reductions, but before SMIB or any actuarial adjustment.

Compare the WIA net tier I, basic tier II and any dual annuity adjustment amount to the spouse's rate (after the VDB cutback) for the month before the employee died. If the spouse's rate is greater, the difference between it and the WIA components is the additional amount due to the spouse minimum. The additional amount will be added to tier II.

- G. Solvency Reduction - If the employee's ABD or DOD was before 1-1-84, the survivor's tier II will have to be reduced as a result of the solvency reduction.

To estimate the total solvency reduction amount, divide the 12/86 PIA by 21.6.

Example: The employee died in 10/83 and the survivor's ABD is 1-1-87.

The 12/86 tier I PIA is \$680.00.

The total solvency reduction amount would be 680.00 divided by 21.6 = \$31.48.

Subtract the full amount of the estimated solvency reduction amount from each survivor's last computed tier II rate. Do not reduce the tier II below \$10.00. Also, do not reduce the tier II rate if it is less than \$10.00.

- H. Net Tier II - The net tier II is the last computed rate.

#### **1045.40.4 Survivor Estimate**

The survivor's estimate annuity rate is the sum of the net tier I and net tier II.

