



U.S. RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

This report summary presents the abbreviated results of the subject audit. The full report includes information protected from disclosure and has been designated for limited distribution pursuant to 5 U.S.C. § 552.

Audit of the Railroad Retirement Board's Compliance with Annuity Eligibility Requirements

Report No. 25-08

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OFFICE OF INSPECTOR GENERAL U.S. RAILROAD RETIREMENT BOARD

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What RMA Found

Federal law, specifically 45 U.S.C § 231a, establishes the eligibility requirements for railroad retirement annuities.

RMA Associates, LLC (RMA) determined that while the Railroad Retirement Board (RRB) met the requirements outlined in 45 U.S.C § 231a, improvements to its eligibility determination process are necessary to prevent ineligible or fraudulent applicants from receiving an annuity.

Enhancements must occur in the RRB's retirement application internal controls and documentation process, fraud risk management controls, and system documentation completeness because just one retirement awarded to the wrong person could cost taxpayers over \$40,000 per year for the life of the retiree.

Through statistical sampling, RMA determined that between 76 and 281 retirement applications may have issues potentially impacting the application's completeness and accuracy. Using the January 2025 average value of an annuity, the value of the potential impact is estimated to be between \$3.2 million and \$11.9 million per year.

Due to the sensitivity of this report, specifics regarding the findings are limited to disclosure in the full audit report.

What RMA Recommended

To address these weaknesses, RMA made 13 recommendations specific to the RRB's obsolete internal controls and insufficient fraud risk management controls for the retirement annuity application process, inadequate system documentation, and lack of eligibility determination evidence.

RRB management concurred with 13 recommendations.

What We Did

RRB's Office of Inspector General (OIG) engaged RMA to determine the RRB's compliance with annuity eligibility requirements pursuant to 45 U.S.C. § 231a. In fiscal year 2023, the RRB paid approximately \$13.9 billion in railroad retirement and survivor benefits.

This audit was conducted in accordance with generally accepted government auditing standards. RMA is responsible for the audit report and the conclusions expressed therein. RRB OIG does not express any assurance on the conclusions presented in RMA's audit report.

The overall objectives were to determine if the RRB complied with 45 U.S.C. § 231a and if the RRB's eligibility determination process contained internal controls to prevent ineligible and fraudulent applicants from obtaining an annuity.

The scope of the audit was approximately 5,748 railroad retirement annuity applications filed by employees, who attained the age of 60 and completed 30 years of service, between October 1, 2020 and September 30, 2023.