

Program Letter

United States
Railroad Retirement Board
Office of Programs



Quality Reporting Service Center

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Letter No. 2027-01

Date: October 08, 2026

TO: Service & Compensation Contact Officials

SUBJECT: Sick Pay Reporting Instructions Updates

Please share this notice with all individuals within your organization who may need the information in connection with their work.

Dear Contact Official:

On 10/08/2026, the Railroad Retirement Board (RRB) published updates to sick pay reporting instructions in both the Rail Employer Reporting Instructions (RERI) and Labor Employer Reporting Instructions (LERI). The updates aim to provide clarity on topics that can lead to sick pay reporting errors and employee protests of reported service and compensation.

Major Updates

- 1) The reporting instructions provide additional information on distinguishing between payments that can be reported as sick pay and payments that should be reported as regular compensation. Employers are urged to verify that existing and proposed sick pay plans conform with Internal Revenue Service and RRB requirements for sick pay. Additionally, RRB herein recommends that all employer sick policies clearly indicate if the intent of the policy is to provide sick pay or if the policy intends to provide regular compensation while the employer is absent from work. The instructions also explicitly state that if RRB has questions about how compensation was reported for periods of sickness, we may contact the employer for additional information about the policy.
- 2) The reporting instructions provide additional information on the two categories of sick pay that may be reported to the RRB: sick pay plans established under IRS guidelines; and supplemental sickness plans established under RRB's Railroad Unemployment Insurance Act (RUIA) guidelines. Employers are reminded in the refreshed instructions that sick pay offered through a supplemental sickness plan is not considered remuneration under the RUIA, but sick pay offered through a plan that only conforms with IRS guidelines is considered remuneration under the RUIA.

- 3) The instructions now highlight that lump sum cashouts of unused sick time at the end of a leave year, or when an employee separates from a company, are regular compensation. Employers are reminded that cashout payments for sick time must be reported as Tier I, Tier II and RUIA compensation, but the payment does not grant a service month.

Minor Updates

- 1) Instructions regarding how to request review of a proposed supplemental sickness plan have been updated with new contact information.
- 2) Example scenarios have been added regarding variations in sick pay reporting.
- 3) Instructions on who (an Employer or their Third Party Sickness Payer) is responsible for submitting various RRB reports and IRS filings have been revised to remove statements indicating that those actions must be taken by a specific party. RRB and IRS provide general recommendations on who is responsible but do allow alternate filing arrangements. For any questions related to IRS filings, please review the sick pay section in IRS Publication 15-A, Employer's Supplemental Tax Guide.

Questions

If you have any questions about this program letter or the revised sick pay reporting instruction, please contact the Quality Reporting Service Center by e-mail at QRSC@rrb.gov or telephone at (312) 751-4992.