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Railroad Retirement Spouse and Widow(er)s' Annuities and Public Service Pensions

Railroad Retirement Act spouse and widow(er)s' annuities (including divorced spouse, surviving divorced spouse and remarried widow(er)s' annuities) are subject to reduction when social security benefits or dual railroad retirement annuities are also payable. Such railroad retirement benefits may also be reduced when a spouse or widow(er) is entitled to a public service pension unless certain exemption requirements are met.

Since the payment of railroad retirement spouse or widow(er)s' annuities can be affected by entitlement to certain other government benefits, such dual entitlement, if not reported to the Railroad Retirement Board (RRB), can result in benefit overpayments which have to be repaid, sometimes with interest and penalties. The following questions and answers describe how payments are adjusted by the RRB for spouse and widow(er) annuitants entitled to public service pensions.

1. For social security or railroad retirement purposes, what is considered a public service pension?

A public service pension is any periodic benefit payment, as well as lump-sum payments made in lieu of periodic payments, based on an individual's own employment with a Federal, State, or local government unit. Some examples are pensions paid to teachers, police officers, and civil service personnel on the basis of age or disability. Full salary benefits paid to a retired or resigned judge under the Federal judiciary retirement system are also considered public service pensions.

Most military service pensions and payments from the Department of Veterans Affairs will not cause a reduction. A pension paid by a foreign government or an interstate instrumentality also has no effect on a spouse or widow(er)'s annuity.

2. How is the public service pension reduction applied to railroad retirement spouse or widow(er)s' annuities?

For spouses and widow(er)s subject to the public service pension reduction, the tier I reduction is, under current law, equal to 2/3 of the amount of the public pension. The amount of the public service pension is the current gross amount, before any deductions for income tax withholding, Medicare premiums, health insurance or other benefits.

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3. What is the background of the public service reduction in spouse and widow(er)s' annuities and how does it affect such payments?

The public service pension reduction in social security and railroad retirement spouse and widow(er)s' benefits was brought about by 1977 social security legislation which also applied to the tier I benefits of railroad retirement spouses and widow(er)s. The tier I portion of a railroad retirement annuity is based on railroad retirement credits and any social security credits an employee has acquired. It is computed under social security formulas and approximates what social security would pay if railroad work were also covered by that system. Tier I benefits are, therefore, reduced in the same manner as social security benefits when certain other benefits are also payable.

4. Are there any provisions that would exempt railroad retirement spouse or widow(er) annuitants from the public service pension offsets?

Generally, in order to be exempt from a public service pension reduction, State and local government workers must be covered by social security throughout their last 60 months of employment with the pension-paying government entity.

The public pension reduction also does not apply to a spouse or widow(er) who filed for and became entitled to her or his railroad retirement annuity before December 1977, or to a spouse or widow(er) whose public pension is not based on her or his own earnings.

5. Where can more specific information on how these pension offsets affect railroad retirement benefits be obtained?

Persons can contact an RRB field office for information as to how their public service pensions could affect their railroad retirement benefits via the agency's website, www.rrb.gov, or by calling toll-free at 1-877-772-5772. Most RRB offices are open to the public from 9:00 a.m. to 3:30 p.m., Monday through Friday, except on Federal holidays.

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