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Increased Federal Income Tax Withholding for Many RRB Annuitants

The Railroad Retirement Board (RRB) has adjusted the railroad retirement benefits of over 140,000 beneficiaries to apply new Federal income tax withholding rates. The Internal Revenue Service (IRS) revised the income tax withholding rates and tables that are used to calculate Federal income taxes for United States citizens based on provisions of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010.

The RRB implemented the new tax tables beginning with monthly payments received in February 2011. The new rates apply to withholding from the non-social security equivalent benefit (NSSEB) portion of tier I, tier II, vested dual benefits, and supplemental annuity payments. The revised tax tables will remain in use for the remainder of 2011.

In the absence of a request not to withhold Federal income tax or to withhold tax at specific amounts, the RRB will withhold taxes only if the combined portions of the NSSEB portion of tier I, tier II, vested dual benefit, and supplemental annuity payments are equal to or greater than an annual threshold amount. In that case, the RRB withholds taxes as if the annuitant were married and claiming 3 allowances. The annual threshold amount for 2011 is \$1,587.99. The threshold amount for 2010 was \$2,063.51.

Form RRB W-4P, *Withholding Certificate For Railroad Retirement Payments*, is used by U.S. citizens or legal residents for U.S. tax purposes. Annuitants can use Form RRB W-4P to request:

- no Federal taxes be withheld from their railroad retirement payments,
- Federal taxes be withheld based on the marital status and the number of allowances they want to claim,
- an additional amount be withheld from their railroad retirement payments.

Annuitants who wish to adjust withholding from their NSSEB and tier II benefits, vested dual benefits, and supplemental annuity payments must complete Form RRB W-4P and send it to the RRB. An annuitant is **not** required to file Form RRB W-4P. Copies of the form are available by visiting the RRB's website at www.rrb.gov, clicking on "Benefit Forms and Publications," and then clicking on "Income Tax."

Annuitants who have questions regarding their tax liability should contact the nearest office of the IRS or visit their website at www.irs.gov.

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