

## **U.S. Railroad Retirement Board**

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### **Railroad Retirement Benefits to Increase in 2013**

Most railroad retirement annuities, like social security benefits, are scheduled to increase in January 2013 on the basis of the rise in the Consumer Price Index (CPI) from the third quarter of 2011 to the corresponding period of the current year.

Cost-of-living increases are calculated in both the tier I and tier II benefits included in a railroad retirement annuity. Tier I benefits, like social security benefits, will increase by 1.7 percent, which is the percentage of the CPI rise. Tier II benefits will increase by 0.6 percent, which is 32.5 percent of the CPI rise. The vested dual benefit payments and supplemental annuities also paid by the Railroad Retirement Board (RRB) are not adjusted for the CPI rise.

In January 2013, the average regular railroad retirement employee annuity will increase \$32 a month to \$2,386 and the average of combined benefits for an employee and spouse will increase \$45 a month to \$3,417. For those aged widow(er)s eligible for an increase, the average annuity will increase \$19 a month to \$1,249. However, widow(er)s whose annuities are being paid under the Railroad Retirement and Survivors' Improvement Act of 2001 will not receive annual cost-of-living adjustments until their annuity amount is exceeded by the amount that would have been paid under prior law, counting all interim cost-of-living increases otherwise payable. About 35 percent of the widow(er)s on the RRB's rolls are being paid under the 2001 law.

If a railroad retirement or survivor annuitant also receives a social security or other government benefit, such as a public service pension, the increased tier I benefit is reduced by the increased government benefit. However, tier II cost-of-living increases are not reduced by increases in other government benefits. If a widow(er) whose annuity is being paid under the 2001 law is also entitled to an increased government benefit, her or his railroad retirement survivor annuity may decrease.

However, the total amount of the combined railroad retirement widow(er)'s annuity and other government benefits will not be less than the total payable before the cost-of-living increase and before any increase in Medicare premium deductions.

For most beneficiaries covered by Medicare, the standard Part B premium generally deducted from monthly benefits is likely to increase from the 2012 amount, with the Centers for Medicare & Medicaid Services expected to announce the 2013 premium amounts in the coming weeks.

In late December the RRB will mail notices to all annuitants providing a breakdown of the annuity rates payable to them in January 2013.

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