



# RRB News

## U.S. Railroad Retirement Board

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### **Railroad Unemployment and Sickness Benefits To Increase Due to Adjustment in Sequestration Rate**

Beginning October 1, 2013, the U.S. Railroad Retirement Board (RRB) will reduce railroad unemployment and sickness insurance benefits by 7.2 percent due to federal budget cuts first implemented in March 2013. Since that time, these benefits had been reduced by 9.2 percent.

The adjusted reduction amount is based on revised projections of benefit claims and payments under the Railroad Unemployment Insurance Act. It will remain in effect through September 30, 2014, the end of the fiscal year. Reductions in future fiscal years, should they occur, will be calculated based on applicable law.

The 7.2 percent reduction in railroad unemployment and sickness benefits will reduce the maximum daily benefit rate from \$68.00 to \$63.10. As a result, the total maximum amount payable in a 2-week period with 10 days of unemployment will drop from \$680.00 to \$631.04.

Certain railroad sickness benefits are also subject to regular tier I railroad retirement taxes, resulting in a further reduction of 7.65 percent. Applying the 7.2 percent reduction to these sickness benefits will result in a daily benefit rate of \$58.27, with a maximum 2-week total of \$582.77.

Under the previous 9.2 percent reduction, the maximum 2-week unemployment benefit was \$617.44, while the maximum for sickness benefits subject to tier I payroll taxes was \$570.21.

These reductions are required under the Budget Control Act of 2011 and a subsequent sequestration order filed by President Obama to implement the mandated cuts. The law exempted social security benefits, as well as railroad retirement, survivor, and disability benefits paid by the RRB, from sequestration.

In fiscal year 2012, the RRB paid \$11.3 billion in retirement and survivor benefits to about 573,000 beneficiaries, and net unemployment-sickness benefits of \$88.5 million to about 26,000 claimants.

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