



V. M. SPEAKMAN, JR.
LABOR MEMBER

UNITED STATES OF AMERICA
RAILROAD RETIREMENT BOARD
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OFFICE OF LABOR MEMBER

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**Subject: Retroactivity of
Disability Annuities**

**TO CHIEF EXECUTIVES, RAILWAY
LABOR ORGANIZATIONS:**

This is to call your attention to a situation which sometimes arises in cases involving disability annuity applications under the Railroad Retirement Act.

The maximum retroactivity of a disability annuity application is 12 months prior to the filing date; and a five-month waiting period, beginning with the month after the month of the onset of disability, is required before disability annuity payments can begin.

However, while employment rights need not be relinquished, payment of an employee's disability annuity also cannot begin earlier than the day after the employee stops working in compensated service for any railroad employer, including labor organizations. Such work includes service for *more than \$24.99 in a calendar month* to a local lodge or division of a railway labor organization. Also, work by a local lodge or division secretary collecting insurance premiums, *regardless of the amount of salary*, is railroad work which must be stopped. In fact, an employee cannot file an application for a disability annuity until he or she is no longer on the payroll of a railroad or railroad union.

An employee can incur a substantial loss in benefits if he or she is unaware of this restriction, as illustrated in the following example:

In mid-January 2006, an employee develops a medical condition that precludes his working his regular railroad job. He files for sickness benefits under the Railroad Unemployment Insurance Act since he expects that he will be able to return to work in the near future. Meanwhile, he performs various clerical tasks for his local lodge and is paid \$50 a month. Finding that his condition is more serious than he realized, he tries to file an application for a disability annuity with the Railroad Retirement Board in late November 2006. At that time he is informed that his work for the local lodge is considered compensated service for a railroad employer and that he cannot even file his application until this work stops. On November 30, 2006, the employee quits working for his local lodge and files his application.

The subsequent evaluation of the employee's medical evidence by the Board shows that the onset date of the employee's disability was January 15, 2006. After serving the required waiting period, payment of the employee's annuity could have been retroactive to July 1, 2006. However, because of his compensated service to his local lodge, the earliest his annuity can begin is December 1, 2006. Since his monthly annuity is larger than the monthly payments he received from the union, this resulted in a substantial loss of benefits.

If, in this example, the employee had ceased all work for the railroad and railway labor organization, filed an application for a disability annuity, prior to a return to temporary compensated service, the annuity could retroact to the earliest date possible. However, the annuity would be suspended for any month the employee was in compensated service. If the application was filed after the temporary return to compensated service ended, the earliest the annuity could begin is the day after that service ended.

As you can see, it is very important that employees be aware that there are work restrictions on disability annuity payments under the Railroad Retirement Act. Consequently, employees should not hesitate to contact their local Railroad Retirement Board office if they have any questions or need any guidance in these matters.

Sincerely,

A handwritten signature in black ink, appearing to read "V. M. Speakman, Jr.", written in a cursive style.

V. M. Speakman, Jr.
Labor Member

cc: National Reporting Officers
National Legislative Representatives