

Railroad Retirement Board

§ 234.53

§ 234.47 Election of the RLS by a widow(er) or parent.

(a) An RLS cannot be paid if it appears that there are immediate or future monthly survivor benefits payable to anyone other than a widow(er) or parent. A widow(er) or parent can elect to have the RLS paid in lieu of future monthly benefits based on the employee's railroad earnings under either the Railroad Retirement Act or Social Security Act.

(b) *When an election must be filed.* An election to have the RLS paid must be filed before the widow(er) or parent attains age 60 if he or she would be entitled to benefits under the Railroad Retirement Act, or before the age of eligibility if he or she would be entitled to future benefits under the Social Security Act instead of the Railroad Retirement Act.

(c) *Filing an election.* An election to have the RLS paid must be made on the certification provided by the Board for that purpose, and must contain an irrevocable election to have the RLS paid in lieu of all benefits based on the employee's railroad service to which the widow(er) or parent might otherwise become entitled. Once the RLS check is negotiated, the election cannot be revoked.

§ 234.48 Computation of the gross RLS amount.

The amount of the gross RLS is equal to the percentages of the employee's creditable compensation shown in Table I. However, compensation may only be credited up to the maximum amounts shown in Table II.

(a) *Percentages of the employee's creditable compensation and the periods to which those percentages apply:*

TABLE I

Percent	Period
4	Jan. 1, 1937 through December 1946.
7	Jan. 1, 1947 through December 1958.
7.5	Jan. 1, 1959 through December 1961.
8	Jan. 1, 1962 through December 1965.
8.1	Jan. 1, 1966 through December 1966.
8.65	Jan. 1, 1967 through December 1967.
8.8	Jan. 1, 1968 through December 1968.
9.45	Jan. 1, 1969 through December 1970.
9.85	Jan. 1, 1971 through December 1972.
10.1	Jan. 1, 1973 through September 1973.
5.35	Oct. 1, 1973 through December 1973.
5.45	Jan. 1, 1974 through December 1974.

(b) *Maximum compensation which may be credited per month:*

TABLE II

Compensation per Month	Period
\$300	Jan. 1, 1937 through June 1954.
\$350	July 1, 1954 through May 1959.
\$400	June 1, 1959 through October 1963.
\$450	Nov. 1, 1963 through December 1965.
\$550	Jan. 1, 1966 through December 1967.
\$650	Jan. 1, 1968 through December 1971.
\$750	Jan. 1, 1972 through December 1972.
\$900	Jan. 1, 1973 through December 1973.
\$1,100	Jan. 1, 1974 through December 1974.

Subpart E—Lump-Sum Refund Payment

§ 234.50 General.

Under the 1974 Act, railroad employees with 10 or more years of railroad service, who are not entitled to a vested dual benefit payment, may be eligible for a lump-sum refund payment if they had concurrent railroad and social security earnings within the period 1951 through 1974. The combined earnings from the railroad retirement and social security systems in any of those years must exceed the maximums given in § 234.53. The lump-sum refund is payable to either the employee or the employee's survivors.

§ 234.51 Persons to whom a lump-sum refund payment is payable.

Employees receive their lump-sum refund payment from the Board, without applying for it, at the time their regular annuity is awarded. If an employee dies without receiving payment of a regular annuity, the lump-sum refund payment is payable to the employee's survivors in the same order of priority as shown for the RLS in § 234.44.

§ 234.52 Effect of payment on other benefits.

The lump-sum refund payment is deductible from the RLS; however, it has no effect on the payment of other benefits.

§ 234.53 Computation of the lump-sum refund payment.

(a) *The lump-sum refund payment is calculated as follows:*

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(1) Combine the railroad employee's creditable earnings, including military service, under the Social Security Act and Railroad Retirement Act for each of the years 1951 through 1974;

(2) Determine the amount of the employee's creditable earnings in excess of the amounts for each year shown in the chart in paragraph (b) of this section;

(3) Multiply the results of paragraph (a)(2) of this section by the percentage shown in the chart in paragraph (b) of this section; and

(4) Add the results of paragraph (a)(3) of this section. The total is the amount of the lump-sum refund payment.

(b) *Chart for calculation of lump-sum refund payment.*

Year	Amount	Percentage
1951-53	\$3,600	1.5
1954-56	4,200	2.0
1957-58	4,200	2.25
1959	4,800	2.5
1960-61	4,800	3.0
1962	4,800	3.125
1963-65	5,400	3.625
1966	6,600	4.2
1967	6,600	4.4
1968	7,800	3.3
1969-70	7,800	4.2
1971	7,800	4.6
1972	9,000	4.6
1973	10,800	4.85
1974	13,200	4.95

Subpart F—Tier II Separation Allowance Lump-Sum Payment

SOURCE: 56 FR 1573, Jan. 16, 1991, unless otherwise noted.

§ 234.55 General.

Under the Railroad Retirement Act certain railroad employees who have received separation or severance payments may be entitled to a lump-sum payment if tier II railroad retirement taxes were deducted from these payments. This part sets forth the conditions for entitlement to the lump-sum payment and explains how the payment is computed.

§ 234.56 Persons to whom a separation allowance lump-sum payment is payable.

(a) An employee who has completed 10 years of service at the time of his or her retirement or death and who has received on or after January 1, 1985, a

separation allowance or severance payment (see §210.11 of this chapter) which would have been used to increase his or her tier II benefit, except for the fact that he or she was neither in an employment relation to one or more employers as defined in part 204 of this chapter nor an employee representative (see part 205 of this chapter), shall be entitled to a lump sum in the amount provided for in §234.58.

(b) If an employee, otherwise eligible for the lump sum provided for in this section, dies before he or she becomes entitled to a regular annuity or before he or she receives payment of the lump sum, the lump sum is payable to the employee's widow or widower who will not have died before receiving payment. If the employee is not survived by a widow or widower who will not have died before receiving payment, the lump sum is payable to the employee's survivors in the same order of priority as shown for the residual lump-sum (RLS) in §234.44.

§ 234.57 Effect of payment on other benefits.

The tier II separation allowance lump-sum payment has no effect on the payment of other benefits.

§ 234.58 Computation of the separation allowance lump-sum payment.

The separation allowance lump-sum payment is calculated as follows:

(a) Determine the amount of the compensation due to the receipt of separation or severance pay that could not be considered in the computation of tier II;

(b) Multiply this amount by the rate or rates of tax imposed by section 3201(b) of the Internal Revenue Code of 1954 or 1986 on the compensation (tier II tax); and

(c) The product is the amount of the separation allowance lump-sum payment.

Example: In January of 1988 an employee with 10 years of railroad service relinquished his seniority rights in order to receive a separation allowance of \$20,000, thereby severing his employment relation. This was the only creditable railroad compensation earned by the employee in 1988. Both the employer and employee would have paid their share of railroad retirement taxes on this amount. With respect to the employee tier II tax, the tax