



RRB News

U.S. Railroad Retirement Board

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Reduced Federal Income Tax Withholding for Many RRB Annuitants

The Railroad Retirement Board (RRB) has adjusted the railroad retirement benefits of almost 130,000 beneficiaries to apply the new Federal income tax withholding rate as required under the American Recovery and Reinvestment Act of 2009 (Recovery Act).

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 tax cuts in the Recovery Act.

The RRB implemented the new tax tables beginning with monthly payments received on April 1, 2009. The new rates apply to withholding from the non-social security equivalent benefit (NSSEB) portion of tier 1, tier 2, vested dual benefits, and supplemental annuity payments. The revised tax tables will remain in use for the remainder of 2009.

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 1, tier 2, 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 2009 had originally been set at \$1,584.51. The Recovery Act increased the 2009 threshold amount to \$2,230.51.

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 benefit, 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.

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

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