



RRB News

U.S. Railroad Retirement Board

844 North Rush Street Chicago, Illinois 60611-2092

www.rrb.gov
877-772-5772 general information

Public Affairs
312-751-4777 media inquiries

No. 11-9

For Immediate Release
October 2011

2012 Railroad Retirement Benefit Increases

Most railroad retirement annuities, like social security benefits, are scheduled to increase in January 2012 on the basis of the rise in the Consumer Price Index (CPI) from the third quarter of 2008, the last year a cost-of-living adjustment was determined, 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 3.6 percent, which is the percentage of the CPI rise. Tier II benefits will increase by 1.2 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 are not adjusted for the CPI rise.

In January 2012, the average regular railroad retirement employee annuity will increase \$64 a month to \$2,308 and the average of combined benefits for an employee and spouse will increase \$89 a month to \$3,293. For those aged widow(er)s eligible for an increase, the average annuity will increase \$38 a month to \$1,203. 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. Some 35 percent of the widow(er)s on the Board'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 or another railroad retirement annuity, 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.

(More)

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 expected to increase from the 2011 amount, with the Centers for Medicare & Medicaid Services expected to announce the 2012 premium amounts in the coming weeks.

In late December the Railroad Retirement Board will mail notices to all annuitants providing a breakdown of the annuity rates payable to them in January 2012.

#