



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. 11-3

For Immediate Release
April 2011

New Applicants for RRB Benefits Must Choose Electronic Payments Starting May 1 Paper Checks Will Also Be Phased Out For Existing Benefit Recipients

Beginning May 1, new applicants for federal benefits, including those paid by the U.S. Railroad Retirement Board (RRB), are required to receive them as electronic payments. Those already receiving benefit payments on that date will have until March 1, 2013, to switch to a form of electronic payment. This stems from a Department of the Treasury rule that was finalized in late December 2010.

The most common form of electronic payment for railroad retirement, social security and veterans benefits is through Direct Deposit, in which the amount is automatically deposited in an individual's bank account. Starting May 1, when people apply for benefits they will be asked to provide bank account information.

The required information includes the type of account (checking or savings), along with the financial institution's nine-digit routing transit number and the account number. The latter two items are typically found at the bottom of a check.

If an individual does not have a bank account, payments can be made through Treasury's Direct Express® debit card. The benefit amount will automatically be loaded onto the card, which carries a MasterCard® logo and functions as an ordinary debit card. This includes cash withdrawals at a nationwide network of automated teller machines and point-of-sale purchases at most merchants and retailers.

By making electronic payments mandatory, the government will experience significant cost savings. Since it only costs 10.5 cents to issue an electronic payment, compared to \$1.03 for a paper check, replacing the 136 million federal benefit checks issued in a year with electronic payments will save the government more than \$120 million on an annual basis.

(More)

The RRB pays more than 90 percent of its benefits electronically, which is higher than the government-wide average of about 80 percent. The agency has promoted use of Direct Deposit for a number of years, stressing the benefits of timeliness and security. Electronic payment ensures that benefits will be deposited on the payment date, with no possibility of a paper check being lost or stolen.

The RRB, along with other benefit-paying agencies, has been supporting Treasury's *Go Direct*® public education campaign. The purpose of the campaign has been to inform people about the new requirements, provide information about the benefits of electronic payment, and facilitate their enrollment in one of the electronic payment options.

While individuals already on the rolls as of May 1 of this year have until March 1, 2013, to convert to a form of electronic payment, the RRB encourages its beneficiaries to sign up at their earliest convenience. Besides providing added safety and convenience sooner, this will help avoid a last-minute rush just before the deadline.

Additional information on the initiative, including answers to frequently asked questions and various educational materials, can be accessed online at www.GoDirect.org.

###