

JUN 13 1961

L61-280

Mr. A. L. Church, Secretary
Board of Pensions
Illinois Central Railroad
135 East Eleventh Place
Chicago 5, Illinois

Dear Mr. Church:

There has been referred to this office for attention your letter of June 6, 1961, addressed to Mr. Robert H. LaMotte, our Director of Retirement Claims, in which you inquire whether disability annuitants who maintain an employment relationship with your company may receive suggestion awards from the company without jeopardizing their annuities.

Section 2(d) of the Railroad Retirement Act provides:

"No annuity shall be paid with respect to any month in which an individual in receipt of an annuity hereunder shall render compensated service to an employer or to the last person by whom he was employed prior to the date on which the annuity began to accrue. Individuals receiving annuities shall report to the Board immediately all such compensated service."

The term "compensated service" as used in the above-quoted subsection of the Act contemplates service which is rendered subject to the continuing authority of the employer under the Act to supervise or direct the manner of its rendition.

While it is true that suggestion awards to employees of your company who are currently in active service do constitute compensation for services under the Railroad Retirement Act, it would appear that such awards made to individuals who are in a retired status, such as disability annuitants, do not represent compensation for services rendered subject to the authority of the company to supervise and direct the manner of their rendition. Consequently, it is my opinion that the receipt of such awards by disability annuitants will have no adverse

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affect upon their right to continue to receive annuity payments, subject, however, to the restriction contained in Section 2(d) of the Act relating to earnings of more than \$100 per month "from employment or self-employment of any form."

Very truly yours,

Myles F. Gibbons
General Counsel

cc: Director of Retirement Claims
Director of Wage and Service Records

LT:jw