Founded
December 29,1899

Transportation Communications International Union

God Bless America

Robert A. Scardelletti
International President

March 30, 2010

TO: ALL TCU UNION REPRESENTATIVES AND MEMBERSHIP

Dear Sisters and Brothers:

Over the past year, an organization calling themselves the Rail Workers United (RWU) has distributed false information to TCU and other rail union members, advocating unaffordable benefit changes to Railroad Retirement that, if adopted, would bankrupt the Railroad Retirement Trust Fund.

The RWU has solicited signatures on petitions to support their proposals, ignoring advice from the Railroad Retirement Board that the cost of what they seek would place the continued viability of our entire retirement system in jeopardy.

They have initiated a campaign to harass the Railroad Retirement Board's Labor Member by encouraging railroad workers to flood the Labor Member's office with emails and faxes. Labor Member V. M. Speakman, Jr., is a friend to all rail workers. He is our champion on the Railroad Retirement Board. He has devoted his life to protecting our benefits under Railroad Retirement laws.

The RWU's proposed changes would not benefit current retirees and only assist those seeking retirement in the near future. In the process, they would jeopardize current retirees' benefits, and undermine the future benefits of members who deserve to have our retirement system viable for many decades to come.

TCU does not recognize Rail Workers United as a legitimate organization representing rail workers. The representatives of rail workers are the unions certified to do so under the laws of our nation.

As you are aware, TCU was at the forefront of the battle to enact the Railroad Retirement and Survivors' Improvement Act of 2001. Those reforms improved what was already one of the finest retirement systems in the country. The Act reduced the retirement age to 60 for employees with 30 years of service, increased the surviving spouse annuity, reduced vesting requirements, and put in a provision to automatically reduce or increase tax rates, depending on the projected solvency of the system.

Barack Obama *This is our moment!*
THIS IS OUR TIME!

cc 3 Research Place cc Rockville, Maryland 20850-3279 cc
Phone—301-948-4910 cc FAX—301-948-1369 cc Website—www.tcunion.org

One of the Act’s most important and unique features was that it put all the risk on rail employers should fund levels ever fall below certain prescribed levels. We negotiated a provision with the carriers, which then became codified in the law that employees and employers would share equally in Tier II tax reductions, if funding levels reached agreed-upon target levels. However, should funding levels decline, employee Tier II taxes could never be increased above the tax rate that existed when the bill was enacted: 4.9%. On the other hand, Tier II taxes paid by the carriers would automatically be increased well beyond where they were when the bill was enacted, if necessary, to keep the fund solvent.

In order to make any changes in the Railroad Retirement laws, Congress would have to act again.

In the past, changes to Railroad Retirement were possible only if, both, the rail unions and carriers agreed. The RWU proposal would be aggressively opposed by the rail carriers, as it would result in major increases in their tax rates. It would be incredibly reckless for rail labor to unilaterally seek changes in the current law, especially at this time of economic downturn. The carriers would surely respond with unilateral attempts to remove the provision that puts the economic risk on them, and probably would use the opportunity to attack our disability benefits as well.

At a time when the railroad industry is racked with the loss of thousands of jobs, no one could predict what Congress would do if rail labor launched a unilateral campaign to reduce the retirement age or change other benefits that would be funded entirely by the carriers, or by taxpayers, if the carrier tax limits were exceeded. This would be especially dangerous at a time when Congress is under pressure to “reform” Social Security by reducing benefits and/or increasing the retirement age.

V. M. Speakman, Jr., Labor Member of the Railroad Retirement Board had the Board’s Chief Actuary estimate the costs of the two main proposals of the ten changes proposed by the RWU. The estimates involved the financial impact of (1) permitting employees attaining age 58 with 30 years of service to be eligible to retire with unreduced Tier I and Tier II benefits commencing January 1, 2010, and (2) permitting spouses the ability to retire with unreduced benefits at age 50 if the employee retired or died after January 1, 2010.

The present value of the cost of these two proposals alone is approximately $15.4 billion. Mr. Speakman’s letter to Ronald Friend, dated September 30, 2009 (see attached), points out that, if these changes were made at the present tax rates, the National Railroad Retirement Investment Trust and Railroad Retirement Account would become insolvent by 2030.

Just recently, the Railroad Retirement Board Labor Member provided further information to me in a letter dated March 23, 2010 (copy attached), regarding the Rail Workers United's inquiries on proposed changes to the Railroad Retirement Act and the Trust Fund. The Labor Member begins his letter as follow:

RRB LABOR MEMBER'S STATEMENT ON RWU PROPOSALS

> "Under either employment scenario (moderate and pessimistic), implementation of these proposals would hasten the depletion of the Trust Fund resulting in insolvency. There is no scenario where implementation of these proposals is economically viable, even when we project the costs while eliminating the cap on Tier II taxes. Moreover, the proposal to eliminate the cap on the Tier II tax will affect 27 percent of the workforce, essentially resulting in this group of workers subsidizing the proposed changes for those workers and family members affected by these proposals."

This letter and its attachments will be posted on the TCU website (www.TCUnion.org) for all members to review. This information conclusively affirms that implementation of the proposed changes by RWU would completely bankrupt the Railroad Retirement Trust Fund. To be frank, the RWU has no conception of the financial consequences of the changes they are seeking.

In conclusion, TCU will **not** put at risk the hard-won benefits of our current and future retirees with respect to proposing any changes in Railroad Retirement benefits.

In solidarity,

R A Scardelletti

Robert A. Scardelletti
International President

Attachments

UNITED STATES OF AMERICA
RAILROAD RETIREMENT BOARD
844 NORTH RUSH STREET
CHICAGO, ILLINOIS 60611-2092

MAR 23 2010

V. M. SPEAKMAN, JR.
LABOR MEMBER

OFFICE OF LABOR MEMBER

Mr. Robert A. Scardelletti
International President
Transportation-Communications International Union
3 Research Place
Rockville, MD 20850

Dear Mr. Scardelletti:

As we previously discussed, I have asked the agency's Chief Actuary to estimate the financial impact of Mr. Friend's proposed changes to the Railroad Retirement Act on the Trust Fund.

Under either employment scenario (moderate and pessimistic), implementation of these proposals would hasten the depletion of the Trust Fund resulting in insolvency. There is no scenario where implementation of these proposals is economically viable, even when we project the costs while eliminating the cap on Tier 2 taxes. Moreover, the proposal to eliminate the cap on the Tier 2 tax will affect 27 percent of the workforce, essentially resulting in this group of workers subsidizing the proposed changes for those workers and family members affected by these proposals.

Enclosed are two sets of tables that document the impact through calendar year 2082.

ANALYSIS UNDER ASSUMPTION 2

The first set of tables uses the moderate employment assumption, also known as Assumption 2. Table 1 shows the progress of the Trust Fund with no changes. Table 2 shows the progress of the Trust Fund with the cap on taxable income removed and the tier 2 benefit cap unchanged. Table 3 shows the progress of the Trust Fund with the cap on taxable income removed and the cap on the tier 2 benefit removed.

Removing the cap on taxable income and leaving the tier 2 benefit cap in place will result in a negative Trust Fund balance in 2023 and will remain in a deficit until 2071. Removing the cap on both the taxable income and the tier 2 benefit amount will drive the Trust Fund into the red in 2020. By 2082, the end of the 75-year actuarial projection period, the Trust Fund will be in debt by $789 billion. In each scenario, the maximum tier 2 tax rate will reach the maximum 27% in 2019.

ANALYSIS UNDER ASSUMPTION 3

The second set of tables uses the pessimistic employment assumption, also known as Assumption 3 and reflects data in the same manner as the tables used for Assumption 2. We believe using Assumption 3 is the more realistic approach. Our experience with the 1980 tax increases demonstrated that tax increases resulted in greater unemployment which Assumption 3 reflects.

Removing the cap on taxable income and leaving the tier 2 benefit cap in place will result in a negative Trust Fund balance in 2018. By 2082, the Trust Fund will have a deficit of almost $2.6 trillion. Removing the cap on both the taxable income and the tier 2 benefit amount will also result in a negative Trust Fund balance in 2018 but the deficit will be $1.1 billion as compared to $144 million if the tier 2 benefit cap remains in place. By 2082, the deficit will be nearly $3.5 trillion. In each scenario, the maximum tier 2 tax rate will reach the maximum 27% in 2019.

It is clear that implementing these proposed changes would require significant tax increases and reduced benefits to offset the increased costs. Moreover, it is important to note that under current law the agency's Chief Actuary is required to report to Congress any Trust Fund shortfall and recommend proposed changes which could ultimately place the continued viability of the entire retirement system in jeopardy.

Given the interest in this issue expressed to us by other rail labor organizations, we intend to share this analysis with the other Rail Labor Chiefs.

Please let me know if you have any questions or need additional information.

Sincerely,

V. M. Speakman, Jr.

V. M. Speakman, Jr.

Labor Member

Enclosures

Table 1. 24th Actuarial Valuation
Progress of the National Railroad Retirement Investment Trust (NRRIT), Railroad Retirement Account (RRA) and
Social Security Equivalent Benefit Account (SSEBA) under Employment Assumption III
(Dollar Amounts in Millions)

				Combined NRRIT and RRA				SSEBA				
Calendar Year	Account benefits ratio	Average account benefits ratio	Tier 2 tax rate	Benefits and administration	Tax income	Other income	Balance, end year	Benefits and administration	Tax income	Other inc/exp	Balance, end year	Combined balance, end year
2009	4.74	6.90	16.0%	$ 4,516	$ 2,725	$ 1,742	$ 20,935	$ 6,293	$ 2,686	$ 3,543	$ 783	$ 21,718
2010	4.53	6.70	16.0%	4,644	2,752	1,611	20,654	6,333	2,715	3,623	787	21,441
2011	4.26	6.60	16.0%	4,842	2,784	1,523	20,119	6,566	2,749	3,846	816	20,935
2012	3.98	6.30	17.0%	5,045	2,972	1,524	19,570	6,815	2,784	4,062	847	20,417
2013	3.70	6.10	17.0%	5,237	3,006	1,479	18,818	7,083	2,821	4,296	881	19,699
2014	3.42	5.80	18.0%	5,428	3,198	1,426	18,015	7,365	2,859	4,541	916	18,931
2015	3.13	5.40	18.0%	5,612	3,234	1,365	17,002	7,650	2,899	4,786	951	17,953
2016	2.82	5.00	18.0%	5,773	3,271	1,175	15,675	7,947	2,943	5,012	959	16,634
2017	2.52	4.50	18.0%	5,907	3,307	1,159	14,233	8,247	2,989	5,325	1,025	15,258
2018	2.21	4.00	18.0%	6,024	3,343	1,085	12,639	8,541	3,037	5,541	1,062	13,701
2019	1.91	3.60	19.0%	6,119	3,544	977	11,040	8,823	3,087	5,771	1,097	12,137
2020	1.63	3.30	20.0%	6,196	3,749	870	9,463	9,087	3,128	5,992	1,130	10,593
2021	1.33	3.00	20.0%	6,254	3,789	634	7,633	9,331	3,170	6,190	1,160	8,793
2022	1.10	2.70	23.0%	6,298	4,340	648	6,323	9,555	3,213	6,370	1,188	7,511
2023	0.96	2.40	27.0%	6,339	5,073	584	5,642	9,761	3,255	6,531	1,213	6,855
2024	0.85	2.20	27.0%	6,387	5,129	539	4,923	9,953	3,298	6,679	1,237	6,160
2025	0.72	1.90	27.0%	6,438	5,188	490	4,163	10,138	3,341	6,820	1,260	5,423
2026	0.58	1.70	27.0%	6,490	5,249	344	3,266	10,323	3,385	6,961	1,282	4,548
2027	0.45	1.40	27.0%	6,547	5,311	373	2,404	10,509	3,429	7,103	1,305	3,709
2028	0.30	1.20	27.0%	6,618	5,372	311	1,468	10,699	3,471	7,251	1,329	2,797
2029	0.15	1.00	27.0%	6,701	5,432	243	443	10,891	3,512	7,403	1,353	1,796
2030	0.09	0.90	27.0%	6,787	5,496	848	-	11,084	3,555	6,874	697	697
2031	0.01	0.70	27.0%	6,876	5,563	751	(562)	11,283	3,599	6,987	-	(562)
2032	-0.18	0.60	27.0%	6,958	5,631	19	(1,870)	11,495	3,645	7,850	-	(1,870)
2033	-0.37	0.40	27.0%	7,024	5,703	(77)	(3,267)	11,722	3,695	8,027	-	(3,267)
2034	-0.58	0.30	27.0%	7,099	5,782	(179)	(4,763)	11,949	3,749	8,200	-	(4,763)
2035	-0.79	0.20	27.0%	7,198	5,865	(290)	(6,386)	12,165	3,803	8,362	-	(6,386)
2036	-1.02	-0.10	27.0%	7,278	5,958	(437)	(8,143)	12,386	3,865	8,521	-	(8,143)
2037	-1.25	-0.20	27.0%	7,351	6,062	(537)	(9,969)	12,612	3,934	8,678	-	(9,969)
2038	-1.50	-0.40	27.0%	7,444	6,171	(671)	(11,913)	12,843	4,005	8,838	-	(11,913)
2039	-1.75	-0.60	27.0%	7,533	6,288	(814)	(13,973)	13,084	4,081	9,003	-	(13,973)
2040	-2.01	-0.80	27.0%	7,607	6,420	(963)	(16,123)	13,327	4,168	9,159	-	(16,123)
2041	-2.27	-1.00	27.0%	7,720	6,560	(1,130)	(18,413)	13,558	4,257	9,302	-	(18,413)
2042	-2.54	-1.20	27.0%	7,867	6,706	(1,291)	(20,866)	13,777	4,347	9,431	-	(20,866)
2043	-2.83	-1.50	27.0%	7,954	6,866	(1,469)	(23,423)	14,041	4,451	9,590	-	(23,423)
2044	-3.13	-1.70	27.0%	8,005	7,039	(1,653)	(26,042)	14,329	4,566	9,764	-	(26,042)
2045	-3.44	-2.00	27.0%	8,061	7,230	(1,842)	(28,715)	14,589	4,690	9,898	-	(28,715)
2046	-3.73	-2.20	27.0%	8,165	7,430	(2,037)	(31,488)	14,834	4,818	10,016	-	(31,488)
2047	-4.02	-2.50	27.0%	8,306	7,639	(2,239)	(34,393)	15,065	4,949	10,117	-	(34,393)
2048	-4.33	-2.80	27.0%	8,385	7,864	(2,448)	(37,363)	15,344	5,094	10,250	-	(37,363)
2049	-4.65	-3.10	27.0%	8,436	8,101	(2,660)	(40,357)	15,642	5,249	10,392	-	(40,357)
2050	-4.97	-3.30	27.0%	8,506	8,356	(2,875)	(43,382)	15,907	5,414	10,494	-	(43,382)
2051	-5.28	-3.60	27.0%	8,587	8,625	(3,091)	(46,435)	16,169	5,587	10,582	-	(46,435)
2052	-5.58	-3.90	27.0%	8,676	8,910	(3,310)	(49,510)	16,429	5,769	10,660	-	(49,510)
2053	-5.88	-4.20	27.0%	8,755	9,212	(3,528)	(52,581)	16,696	5,963	10,732	-	(52,581)
2054	-6.17	-4.60	27.0%	8,827	9,533	(3,746)	(55,621)	16,966	6,169	10,797	-	(55,621)
2055	-6.46	-4.90	27.0%	8,900	9,872	(3,960)	(58,610)	17,233	6,387	10,846	-	(58,610)
2056	-6.73	-5.20	27.0%	8,974	10,232	(4,170)	(61,522)	17,506	6,618	10,888	-	(61,522)
2057	-6.98	-5.50	27.0%	9,051	10,613	(4,374)	(64,333)	17,780	6,862	10,918	-	(64,333)
2058	-7.22	-5.80	27.0%	9,135	11,014	(4,569)	(67,022)	18,054	7,118	10,937	-	(67,022)
2059	-7.43	-6.00	27.0%	9,224	11,434	(4,754)	(69,567)	18,334	7,385	10,949	-	(69,567)
2060	-7.61	-6.30	27.0%	9,319	11,871	(4,928)	(71,942)	18,622	7,664	10,958	-	(71,942)
2061	-7.76	-6.60	27.0%	9,422	12,327	(5,089)	(74,127)	18,917	7,954	10,963	-	(74,127)
2062	-7.88	-6.80	27.0%	9,537	12,802	(5,235)	(76,097)	19,221	8,256	10,966	-	(76,097)
2063	-7.96	-7.10	27.0%	9,664	13,295	(5,365)	(77,831)	19,537	8,569	10,968	-	(77,831)
2064	-8.01	-7.30	27.0%	9,804	13,809	(5,477)	(79,302)	19,868	8,895	10,973	-	(79,302)
2065	-8.01	-7.50	27.0%	9,957	14,344	(5,568)	(80,483)	20,218	9,234	10,985	-	(80,483)
2066	-7.97	-7.60	27.0%	10,126	14,901	(5,637)	(81,345)	20,589	9,586	11,002	-	(81,345)
2067	-7.89	-7.70	27.0%	10,312	15,480	(5,682)	(81,858)	20,980	9,953	11,027	-	(81,858)
2068	-7.75	-7.80	27.0%	10,516	16,083	(5,700)	(81,990)	21,397	10,334	11,063	-	(81,990)
2069	-7.58	-7.90	27.0%	10,737	16,711	(5,689)	(81,704)	21,842	10,731	11,111	-	(81,704)
2070	-7.35	-7.90	27.0%	10,978	17,365	(5,645)	(80,962)	22,319	11,145	11,174	-	(80,962)
2071	-7.08	-7.90	27.0%	11,240	18,046	(5,568)	(79,724)	22,829	11,575	11,253	-	(79,724)
2072	-6.76	-7.80	27.0%	11,525	18,755	(5,452)	(77,947)	23,372	12,023	11,349	-	(77,947)
2073	-6.40	-7.70	27.0%	11,834	19,493	(5,295)	(75,583)	23,954	12,490	11,464	-	(75,583)
2074	-5.99	-7.50	27.0%	12,166	20,262	(5,094)	(72,582)	24,576	12,976	11,600	-	(72,582)
2075	-5.53	-7.30	27.0%	12,523	21,062	(4,844)	(68,887)	25,242	13,482	11,759	-	(68,887)
2076	-5.03	-7.10	27.0%	12,903	21,895	(4,542)	(64,436)	25,953	14,010	11,943	-	(64,436)
2077	-4.49	-6.80	27.0%	13,305	22,763	(4,181)	(59,159)	26,713	14,560	12,153	-	(59,159)
2078	-3.92	-6.40	27.0%	13,733	23,667	(3,758)	(52,983)	27,521	15,133	12,388	-	(52,983)
2079	-3.30	-6.10	27.0%	14,191	24,607	(3,267)	(45,833)	28,378	15,729	12,649	-	(45,833)
2080	-2.64	-5.60	27.0%	14,678	25,586	(2,701)	(37,627)	29,287	16,350	12,937	-	(37,627)
2081	-1.94	-5.20	27.0%	15,187	26,604	(2,055)	(28,265)	30,253	16,997	13,257	-	(28,265)
2082	-1.21	-4.60	27.0%	15,719	27,665	(1,321)	(17,641)	31,277	17,671	13,607	-	(17,641)

Table 2. Financial Effect of Proposed Changes with Limited Tier 2 Benefits
Progress of the National Railroad Retirement Investment Trust (NRRIT), Railroad Retirement Account (RRA) and
Social Security Equivalent Benefit Account (SSEBA) under Employment Assumption III
(Dollar Amounts in Millions)

				Combined NRRIT and RRA				SSEBA				
Calendar Year	Account benefits ratio	Average account benefits ratio	Tier 2 tax rate	Benefits and administration	Tax income	Other income	Balance, end year	Benefits and administration	Tax income	Other inc/exp	Balance, end year	Combined balance, end year
2009	4.74	6.90	16.0%	$ 4,516	$ 2,725	$ 1,742	$ 20,935	$ 6,293	$ 2,686	$ 3,543	$ 783	$ 21,718
2010	3.88	6.70	16.0%	5,557	3,190	1,592	20,160	6,334	2,702	3,637	788	20,948
2011	3.08	6.50	16.0%	6,384	3,199	1,444	18,418	6,538	2,670	3,893	813	19,231
2012	2.49	6.10	17.0%	6,946	3,415	1,342	16,228	6,747	2,688	4,086	839	17,067
2013	2.02	5.70	18.0%	7,308	3,645	1,174	13,739	6,975	2,728	4,275	867	14,606
2014	1.59	5.30	18.0%	7,510	3,705	982	10,916	7,239	2,781	4,491	900	11,816
2015	1.17	4.70	18.0%	7,604	3,762	772	7,845	7,520	2,839	4,715	935	8,780
2016	0.72	4.10	18.0%	7,623	3,815	436	4,474	7,819	2,901	4,924	940	5,414
2017	0.32	3.40	20.0%	7,596	4,236	283	1,396	8,123	2,962	5,230	1,010	2,406
2018	0.10	2.70	23.0%	7,558	4,852	1,166	(144)	8,421	3,022	4,389	-	(144)
2019	-0.16	2.10	27.0%	7,532	5,670	1	(2,005)	8,706	3,079	5,627	-	(2,005)
2020	-0.42	1.60	27.0%	7,530	5,731	(133)	(3,936)	8,971	3,122	5,849	-	(3,936)
2021	-0.70	1.10	27.0%	7,547	5,792	(398)	(6,089)	9,213	3,163	6,050	-	(6,089)
2022	-0.98	0.80	27.0%	7,587	5,853	(432)	(8,254)	9,435	3,202	6,233	-	(8,254)
2023	-1.27	0.40	27.0%	7,657	5,912	(593)	(10,593)	9,639	3,239	6,400	-	(10,593)
2024	-1.58	0.10	27.0%	7,761	5,973	(768)	(13,149)	9,829	3,275	6,554	-	(13,149)
2025	-1.90	-0.30	27.0%	7,885	6,038	(961)	(15,957)	10,013	3,311	6,702	-	(15,957)
2026	-2.26	-0.60	27.0%	8,019	6,108	(1,265)	(19,133)	10,195	3,350	6,845	-	(19,133)
2027	-2.63	-0.90	27.0%	8,170	6,180	(1,412)	(22,535)	10,376	3,390	6,986	-	(22,535)
2028	-3.01	-1.20	27.0%	8,349	6,252	(1,669)	(26,301)	10,559	3,429	7,130	-	(26,301)
2029	-3.42	-1.50	27.0%	8,552	6,323	(1,955)	(30,485)	10,744	3,466	7,278	-	(30,485)
2030	-3.86	-1.90	27.0%	8,755	6,398	(2,272)	(35,115)	10,935	3,505	7,430	-	(35,115)
2031	-4.34	-2.20	27.0%	8,946	6,477	(2,679)	(40,263)	11,137	3,548	7,589	-	(40,263)
2032	-4.86	-2.60	27.0%	9,112	6,563	(3,009)	(45,822)	11,354	3,595	7,758	-	(45,822)
2033	-5.42	-3.00	27.0%	9,259	6,656	(3,426)	(51,850)	11,589	3,649	7,940	-	(51,850)
2034	-6.01	-3.40	27.0%	9,435	6,753	(3,879)	(58,411)	11,826	3,703	8,124	-	(58,411)
2035	-6.61	-3.80	27.0%	9,660	6,848	(4,374)	(65,597)	12,053	3,754	8,300	-	(65,597)
2036	-7.24	-4.30	27.0%	9,878	6,955	(4,943)	(73,464)	12,280	3,811	8,469	-	(73,464)
2037	-7.92	-4.80	27.0%	10,089	7,079	(5,506)	(81,980)	12,505	3,878	8,627	-	(81,980)
2038	-8.65	-5.30	27.0%	10,285	7,214	(6,145)	(91,196)	12,746	3,952	8,794	-	(91,196)
2039	-9.42	-5.90	27.0%	10,480	7,358	(6,836)	(101,153)	13,003	4,032	8,971	-	(101,153)
2040	-10.23	-6.50	27.0%	10,688	7,511	(7,582)	(111,912)	13,255	4,115	9,139	-	(111,912)
2041	-11.09	-7.10	27.0%	10,888	7,678	(8,397)	(123,520)	13,506	4,206	9,299	-	(123,520)
2042	-11.99	-7.80	27.0%	11,104	7,855	(9,258)	(136,026)	13,744	4,302	9,442	-	(136,026)
2043	-12.96	-8.50	27.0%	11,281	8,045	(10,192)	(149,454)	14,014	4,408	9,606	-	(149,454)
2044	-14.03	-9.30	27.0%	11,421	8,250	(11,194)	(163,819)	14,308	4,523	9,785	-	(163,819)
2045	-15.19	-10.10	27.0%	11,541	8,470	(12,265)	(179,155)	14,594	4,647	9,948	-	(179,155)
2046	-16.44	-10.90	27.0%	11,637	8,706	(13,408)	(195,494)	14,881	4,780	10,101	-	(195,494)
2047	-17.77	-11.80	27.0%	11,735	8,959	(14,623)	(212,893)	15,154	4,922	10,232	-	(212,893)
2048	-19.22	-12.80	27.0%	11,789	9,225	(15,916)	(231,372)	15,464	5,074	10,389	-	(231,372)
2049	-20.79	-13.90	27.0%	11,821	9,506	(17,288)	(250,975)	15,795	5,236	10,558	-	(250,975)
2050	-22.46	-15.00	27.0%	11,857	9,804	(18,745)	(271,773)	16,114	5,406	10,708	-	(271,773)
2051	-24.21	-16.20	27.0%	11,894	10,117	(20,291)	(293,841)	16,438	5,585	10,853	-	(293,841)
2052	-26.04	-17.60	27.0%	11,955	10,449	(21,931)	(317,278)	16,753	5,772	10,981	-	(317,278)
2053	-27.93	-19.00	27.0%	12,026	10,800	(23,675)	(342,179)	17,067	5,969	11,098	-	(342,179)
2054	-29.89	-20.50	27.0%	12,115	11,170	(25,528)	(368,651)	17,378	6,176	11,202	-	(368,651)
2055	-31.90	-22.00	27.0%	12,226	11,562	(27,499)	(396,814)	17,683	6,393	11,290	-	(396,814)
2056	-33.96	-23.70	27.0%	12,361	11,976	(29,597)	(426,796)	17,987	6,621	11,366	-	(426,796)
2057	-36.06	-25.50	27.0%	12,524	12,414	(31,831)	(458,736)	18,289	6,861	11,427	-	(458,736)
2058	-38.19	-27.30	27.0%	12,710	12,877	(34,212)	(492,782)	18,588	7,113	11,475	-	(492,782)
2059	-40.36	-29.20	27.0%	12,920	13,361	(36,752)	(529,092)	18,891	7,376	11,515	-	(529,092)
2060	-42.57	-31.20	27.0%	13,154	13,866	(39,461)	(567,842)	19,199	7,650	11,550	-	(567,842)
2061	-44.81	-33.20	27.0%	13,414	14,392	(42,353)	(609,217)	19,513	7,934	11,579	-	(609,217)
2062	-47.09	-35.20	27.0%	13,697	14,941	(45,442)	(653,415)	19,833	8,229	11,603	-	(653,415)
2063	-49.42	-37.30	27.0%	13,996	15,513	(48,742)	(700,641)	20,165	8,537	11,627	-	(700,641)
2064	-51.83	-39.50	27.0%	14,310	16,110	(52,269)	(751,110)	20,515	8,859	11,656	-	(751,110)
2065	-54.31	-41.70	27.0%	14,643	16,731	(56,039)	(805,061)	20,885	9,193	11,692	-	(805,061)
2066	-56.84	-43.90	27.0%	15,000	17,378	(60,069)	(862,752)	21,273	9,541	11,732	-	(862,752)
2067	-59.41	-46.20	27.0%	15,380	18,051	(64,380)	(924,461)	21,678	9,903	11,775	-	(924,461)
2068	-62.05	-48.50	27.0%	15,781	18,753	(68,992)	(990,481)	22,107	10,280	11,827	-	(990,481)
2069	-64.78	-50.90	27.0%	16,198	19,485	(73,926)	(1,061,119)	22,564	10,674	11,890	-	(1,061,119)
2070	-67.58	-53.40	27.0%	16,634	20,247	(79,206)	(1,136,711)	23,051	11,085	11,966	-	(1,136,711)
2071	-70.47	-55.90	27.0%	17,090	21,041	(84,856)	(1,217,616)	23,566	11,513	12,053	-	(1,217,616)
2072	-73.44	-58.40	27.0%	17,570	21,869	(90,904)	(1,304,220)	24,110	11,959	12,151	-	(1,304,220)
2073	-76.49	-61.10	27.0%	18,071	22,732	(97,379)	(1,396,938)	24,687	12,424	12,263	-	(1,396,938)
2074	-79.64	-63.80	27.0%	18,590	23,631	(104,311)	(1,496,208)	25,303	12,909	12,394	-	(1,496,208)
2075	-82.90	-66.60	27.0%	19,129	24,567	(111,733)	(1,602,504)	25,961	13,416	12,546	-	(1,602,504)
2076	-86.27	-69.40	27.0%	19,690	25,542	(119,682)	(1,716,334)	26,661	13,943	12,718	-	(1,716,334)
2077	-89.74	-72.40	27.0%	20,276	26,557	(128,194)	(1,838,247)	27,404	14,493	12,911	-	(1,838,247)
2078	-93.31	-75.40	27.0%	20,889	27,614	(137,311)	(1,968,833)	28,193	15,066	13,127	-	(1,968,833)
2079	-96.97	-78.50	27.0%	21,531	28,713	(147,078)	(2,108,728)	29,031	15,663	13,368	-	(2,108,728)
2080	-100.72	-81.70	27.0%	22,206	29,857	(157,542)	(2,258,619)	29,920	16,284	13,636	-	(2,258,619)
2081	-104.55	-85.00	27.0%	22,920	31,047	(168,755)	(2,419,247)	30,860	16,930	13,930	-	(2,419,247)
2082	-108.43	-88.50	27.0%	23,677	32,285	(180,773)	(2,591,412)	31,853	17,602	14,251	-	(2,591,412)

Table 3. Financial Effect of Proposed Changes with Unlimited Tier 2 Benefits
Progress of the National Railroad Retirement Investment Trust (NRRIT), Railroad Retirement Account (RRA) and
Social Security Equivalent Benefit Account (SSEBA) under Employment Assumption III
(Dollar Amounts in Millions)

Calendar Year	Account benefits ratio	Average account benefits ratio	Tier 2 tax rate	Combined NRRIT and RRA: Benefits and administration	Combined NRRIT and RRA: Tax income	Combined NRRIT and RRA: Other income	Combined NRRIT and RRA: Balance, end year	SSEBA: Benefits and administration	SSEBA: Tax income	SSEBA: Other inc/exp	SSEBA: Balance, end year	Combined balance, end year
2009	4.74	6.90	16.0%	$ 4,516	$ 2,725	$ 1,742	$ 20,935	$ 6,293	$ 2,686	$ 3,543	$ 783	$ 21,718
2010	3.87	6.70	16.0%	5,562	3,190	1,592	20,155	6,334	2,702	3,637	788	20,943
2011	3.07	6.50	16.0%	6,405	3,200	1,443	18,392	6,538	2,670	3,893	813	19,205
2012	2.47	6.10	17.0%	6,990	3,418	1,338	16,158	6,747	2,688	4,086	839	16,997
2013	1.98	5.70	18.0%	7,379	3,650	1,166	13,595	6,975	2,728	4,275	867	14,462
2014	1.54	5.30	18.0%	7,608	3,712	967	10,666	7,239	2,781	4,491	900	11,566
2015	1.10	4.70	18.0%	7,728	3,770	749	7,457	7,520	2,839	4,715	935	8,392
2016	0.64	4.10	18.0%	7,770	3,826	401	3,915	7,819	2,901	4,924	940	4,855
2017	0.22	3.40	20.0%	7,764	4,248	234	633	8,123	2,962	5,230	1,010	1,643
2018	-0.02	2.60	23.0%	7,744	4,865	1,101	(1,144)	8,421	3,022	4,389	-	(1,144)
2019	-0.32	2.00	27.0%	7,741	5,684	(81)	(3,282)	8,706	3,079	5,627	-	(3,282)
2020	-0.60	1.50	27.0%	7,760	5,748	(237)	(5,532)	8,971	3,122	5,849	-	(5,532)
2021	-0.92	1.10	27.0%	7,799	5,810	(527)	(8,047)	9,213	3,163	6,050	-	(8,047)
2022	-1.23	0.70	27.0%	7,862	5,873	(589)	(10,625)	9,435	3,202	6,233	-	(10,625)
2023	-1.56	0.30	27.0%	7,957	5,933	(782)	(13,431)	9,639	3,239	6,400	-	(13,431)
2024	-1.91	-0.20	27.0%	8,088	5,996	(993)	(16,516)	9,829	3,275	6,554	-	(16,516)
2025	-2.29	-0.50	27.0%	8,241	6,063	(1,226)	(19,920)	10,013	3,311	6,702	-	(19,920)
2026	-2.69	-0.80	27.0%	8,405	6,135	(1,576)	(23,766)	10,195	3,350	6,845	-	(23,766)
2027	-3.11	-1.20	27.0%	8,589	6,210	(1,775)	(27,920)	10,376	3,390	6,986	-	(27,920)
2028	-3.55	-1.50	27.0%	8,803	6,284	(2,090)	(32,529)	10,559	3,429	7,130	-	(32,529)
2029	-4.01	-1.90	27.0%	9,042	6,358	(2,441)	(37,653)	10,744	3,466	7,278	-	(37,653)
2030	-4.51	-2.20	27.0%	9,283	6,436	(2,830)	(43,331)	10,935	3,505	7,430	-	(43,331)
2031	-5.05	-2.60	27.0%	9,511	6,517	(3,317)	(49,641)	11,137	3,548	7,589	-	(49,641)
2032	-5.63	-3.00	27.0%	9,715	6,605	(3,735)	(56,486)	11,354	3,595	7,758	-	(56,486)
2033	-6.26	-3.50	27.0%	9,898	6,702	(4,250)	(63,931)	11,589	3,649	7,940	-	(63,931)
2034	-6.92	-4.00	27.0%	10,113	6,801	(4,810)	(72,053)	11,826	3,703	8,124	-	(72,053)
2035	-7.60	-4.50	27.0%	10,378	6,899	(5,424)	(80,957)	12,053	3,754	8,300	-	(80,957)
2036	-8.31	-5.00	27.0%	10,637	7,009	(6,123)	(90,709)	12,280	3,811	8,469	-	(90,709)
2037	-9.08	-5.50	27.0%	10,889	7,136	(6,830)	(101,291)	12,505	3,878	8,627	-	(101,291)
2038	-9.90	-6.10	27.0%	11,124	7,274	(7,625)	(112,766)	12,746	3,952	8,794	-	(112,766)
2039	-10.77	-6.80	27.0%	11,358	7,421	(8,486)	(125,190)	13,003	4,032	8,971	-	(125,190)
2040	-11.68	-7.50	27.0%	11,607	7,576	(9,419)	(138,640)	13,255	4,115	9,139	-	(138,640)
2041	-12.65	-8.20	27.0%	11,848	7,746	(10,438)	(153,180)	13,506	4,206	9,299	-	(153,180)
2042	-13.66	-8.90	27.0%	12,108	7,926	(11,520)	(168,882)	13,744	4,302	9,442	-	(168,882)
2043	-14.76	-9.70	27.0%	12,327	8,119	(12,696)	(185,785)	14,014	4,408	9,606	-	(185,785)
2044	-15.96	-10.60	27.0%	12,507	8,326	(13,959)	(203,927)	14,308	4,523	9,785	-	(203,927)
2045	-17.27	-11.50	27.0%	12,661	8,548	(15,314)	(223,354)	14,594	4,647	9,948	-	(223,354)
2046	-18.70	-12.50	27.0%	12,784	8,785	(16,766)	(244,118)	14,881	4,780	10,101	-	(244,118)
2047	-20.21	-13.50	27.0%	12,908	9,040	(18,313)	(266,299)	15,154	4,922	10,232	-	(266,299)
2048	-21.87	-14.60	27.0%	12,984	9,308	(19,966)	(289,941)	15,464	5,074	10,389	-	(289,941)
2049	-23.67	-15.80	27.0%	13,037	9,591	(21,727)	(315,114)	15,795	5,236	10,558	-	(315,114)
2050	-25.59	-17.10	27.0%	13,091	9,890	(23,601)	(341,917)	16,114	5,406	10,708	-	(341,917)
2051	-27.62	-18.50	27.0%	13,146	10,204	(25,598)	(370,457)	16,438	5,585	10,853	-	(370,457)
2052	-29.74	-20.00	27.0%	13,224	10,537	(27,725)	(400,868)	16,753	5,772	10,981	-	(400,868)
2053	-31.95	-21.60	27.0%	13,311	10,889	(29,992)	(433,282)	17,067	5,969	11,098	-	(433,282)
2054	-34.25	-23.30	27.0%	13,416	11,261	(32,409)	(467,847)	17,378	6,176	11,202	-	(467,847)
2055	-36.62	-25.10	27.0%	13,544	11,654	(34,988)	(504,725)	17,683	6,393	11,290	-	(504,725)
2056	-39.07	-27.10	27.0%	13,698	12,069	(37,740)	(544,094)	17,987	6,621	11,366	-	(544,094)
2057	-41.56	-29.10	27.0%	13,880	12,509	(40,679)	(586,144)	18,289	6,861	11,427	-	(586,144)
2058	-44.12	-31.20	27.0%	14,086	12,972	(43,819)	(631,077)	18,588	7,113	11,475	-	(631,077)
2059	-46.73	-33.50	27.0%	14,318	13,458	(47,176)	(679,113)	18,891	7,376	11,515	-	(679,113)
2060	-49.40	-35.80	27.0%	14,577	13,965	(50,765)	(730,490)	19,199	7,650	11,550	-	(730,490)
2061	-52.12	-38.20	27.0%	14,863	14,493	(54,606)	(785,466)	19,513	7,934	11,579	-	(785,466)
2062	-54.90	-40.60	27.0%	15,173	15,043	(58,716)	(844,311)	19,833	8,229	11,603	-	(844,311)
2063	-57.76	-43.10	27.0%	15,503	15,618	(63,116)	(907,312)	20,165	8,537	11,627	-	(907,312)
2064	-60.72	-45.70	27.0%	15,849	16,217	(67,827)	(974,771)	20,515	8,859	11,656	-	(974,771)
2065	-63.76	-48.40	27.0%	16,216	16,841	(72,872)	(1,047,017)	20,885	9,193	11,692	-	(1,047,017)
2066	-66.88	-51.10	27.0%	16,609	17,490	(78,276)	(1,124,413)	21,273	9,541	11,732	-	(1,124,413)
2067	-70.06	-53.80	27.0%	17,029	18,166	(84,066)	(1,207,342)	21,678	9,903	11,775	-	(1,207,342)
2068	-73.33	-56.70	27.0%	17,471	18,871	(90,271)	(1,296,213)	22,107	10,280	11,827	-	(1,296,213)
2069	-76.70	-59.60	27.0%	17,933	19,606	(96,920)	(1,391,461)	22,564	10,674	11,890	-	(1,391,461)
2070	-80.19	-62.60	27.0%	18,415	20,371	(104,048)	(1,493,552)	23,051	11,085	11,966	-	(1,493,552)
2071	-83.78	-65.70	27.0%	18,920	21,169	(111,687)	(1,602,991)	23,566	11,513	12,053	-	(1,602,991)
2072	-87.47	-68.90	27.0%	19,451	22,000	(119,877)	(1,720,319)	24,110	11,959	12,151	-	(1,720,319)
2073	-91.28	-72.10	27.0%	20,006	22,867	(128,658)	(1,846,116)	24,687	12,424	12,263	-	(1,846,116)
2074	-95.22	-75.50	27.0%	20,582	23,770	(138,074)	(1,981,003)	25,303	12,909	12,394	-	(1,981,003)
2075	-99.30	-78.90	27.0%	21,180	24,710	(148,169)	(2,125,642)	25,961	13,416	12,546	-	(2,125,642)
2076	-103.51	-82.50	27.0%	21,802	25,689	(158,996)	(2,280,751)	26,661	13,943	12,718	-	(2,280,751)
2077	-107.86	-86.10	27.0%	22,452	26,709	(170,606)	(2,447,101)	27,404	14,493	12,911	-	(2,447,101)
2078	-112.34	-89.90	27.0%	23,132	27,770	(183,059)	(2,625,522)	28,193	15,066	13,127	-	(2,625,522)
2079	-116.95	-93.80	27.0%	23,844	28,874	(196,416)	(2,816,907)	29,031	15,663	13,368	-	(2,816,907)
2080	-121.67	-97.80	27.0%	24,593	30,024	(210,745)	(3,022,221)	29,920	16,284	13,636	-	(3,022,221)
2081	-126.49	102.00	27.0%	25,384	31,219	(226,117)	(3,242,505)	30,860	16,930	13,930	-	(3,242,505)
2082	-131.40	106.30	27.0%	26,223	32,462	(242,612)	(3,478,878)	31,853	17,602	14,251	-	(3,478,878)

UNITED STATES OF AMERICA
RAILROAD RETIREMENT BOARD
844 NORTH RUSH STREET
CHICAGO, ILLINOIS 60611-2092

SEP 30 2009

V. M. SPEAKMAN, JR.
LABOR MEMBER

OFFICE OF LABOR MEMBER

Mr. Ronald D. Friend
213 Fay Avenue
Marietta, OH 45750

Dear Mr. Friend:

This is in response to your letter of September 8, 2009, in which you requested a cost analysis of the resolution adopted by the Railroad Workers United International Steering Committee. This resolution contains ten recommendations generally dealing with enhanced retirement and other fringe benefits for railroad workers.

The Railroad Retirement Board's Chief Actuary has examined two of the main proposals outlined in this resolution. First, he has estimated the financial impact of permitting employees attaining age 58 with 30 years of service to be eligible to retire with unreduced tier I and tier II benefits, commencing January 1, 2010. In addition, he has estimated the impact of permitting spouses to be able to retire with unreduced benefits at age 50, if the employee retired or died after January 1, 2010.

The Chief Actuary estimates the cost of these proposals to be 4.82% of tier II payroll. The present value of tier II payroll over a seventy-three year projection is $319.8 billion. Thus, the present value of the cost of these proposals is approximately $15.4 billion (4.82% X $319.8 billion).

Furthermore, if such changes were enacted into law without any changes to the present tier II tax rate or compensation base, the Chief Actuary estimates that in 2021 the tier II tax rate would reach the maximum rate presently provided for in law (27%), and remain there well into the century. Furthermore, even at the maximum rate, by 2030 insolvent the National Railroad Retirement Investment Trust would be depleted and the Railroad Retirement Account, from which tier II benefits are paid, would become insolvent.

I trust that the above information will be of assistance to you.

Sincerely,

V. M. Speakman, Jr.
Labor Member

cc: Rail Labor Chiefs