

United States Railroad Retirement Board

2016 Annual Report



U.S. Railroad Retirement Board

Mission Statement

The Railroad Retirement Board's mission is to administer retirement/survivor and unemployment/sickness insurance benefit programs for railroad workers and their families under the Railroad Retirement Act and the Railroad Unemployment Insurance Act. These programs provide income protection during old age and in the event of disability, death or temporary unemployment and sickness. The Railroad Retirement Board also administers aspects of the Medicare program and has administrative responsibilities under the Social Security Act and the Internal Revenue Code.

In carrying out its mission, the Railroad Retirement Board will pay benefits to the right people, in the right amounts, in a timely manner, and will take appropriate action to safeguard our customers' trust funds. The Railroad Retirement Board will treat every person who comes into contact with the agency with courtesy and concern, and respond to all inquiries promptly, accurately and clearly.

If you have comments or suggestions regarding the information in this report, please let us know. You can call us at 312-751-4777, e-mail us at opa@rrb.gov or write us at the following address:

**Public Affairs
U.S. Railroad Retirement Board
844 North Rush Street
Chicago, IL 60611-1275**

UNITED STATES
RAILROAD RETIREMENT BOARD

2016 Annual Report

For Fiscal Year Ended September 30, 2015

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www.rrb.gov

THE REPORT IN BRIEF

Railroad retirement and unemployment insurance benefits totaling almost \$12.3 billion were paid by the Railroad Retirement Board (RRB) to about 581,000 beneficiaries in fiscal year 2015. Financial reports issued in 2016 on the solvency of the railroad retirement and railroad unemployment insurance systems were both favorable. Total railroad retirement system assets equaled \$26.3 billion as of September 30, 2015.

Benefits and Beneficiaries

Benefits paid under the Railroad Retirement and Railroad Unemployment Insurance Acts totaled almost \$12.3 billion in the fiscal year ending September 30, 2015. Retirement and survivor benefits were paid by the RRB to about 558,000 beneficiaries during the fiscal year, of whom 525,000 were on the RRB's annuity rolls at the end of the year. Approximately 25,000 railroad employees were paid unemployment and/or sickness insurance benefits. Almost 2,000 beneficiaries received payments under both the Railroad Retirement Act and the Railroad Unemployment Insurance Act.

Retirement and survivor benefit payments of \$12.2 billion during fiscal year 2015 were \$277.6 million more than payments in the prior year. Employee and spouse annuitants were paid some \$10.0 billion, accounting for 82 percent of the total payments. Employees received almost \$7.1 billion in age annuities (including \$1.2 billion to annuitants full retirement age and over originally awarded a disability annuity), \$1.2 billion in disability annuities and \$61.1 million in supplemental annuities, while spouses and divorced spouses received almost \$1.7 billion.¹ Survivors were paid \$2.2 billion in annuities and some \$3.0 million in lump-sum benefits. The total number of beneficiaries who received retirement and survivor benefits declined by about 4,000 from fiscal year 2014.

Note: Statistics are presented on the cash basis of accounting instead of the accrual basis of accounting for much of the Report. However, with the exception of the first paragraph on page 2, the Federal Income Tax Transfers section on page 9 and the accompanying table on page 10, which are also presented as cash, the information on pages 2, 6-14 and 26-28 is presented on the accrual basis of accounting. The primary difference between the two bases of accounting is that the cash basis recognizes revenue and expenditures only when cash is received and paid. The accrual basis, on the other hand, recognizes revenue when it is earned and expenses when they are incurred.

¹ In the Annual Reports for the years through 2014, annuitants who were full retirement age and over and who were originally awarded a disability annuity were included in the disability counts. Effective with this report, annuitants full retirement age and over originally awarded a disability annuity are included in the employee age and service counts because a disability annuity converts to an age and service annuity when the annuitant attains full retirement age.

Gross unemployment and sickness benefits paid in fiscal year 2015 totaled about \$104.1 million. Net benefits totaled nearly \$83.2 million after adjustment for recoveries of benefit payments, including injury settlements, some of which were made in prior years. Total gross benefit payments decreased by approximately \$2.1 million while net benefit payments decreased by some \$1.2 million from the preceding year. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011, amounts reflect a sequestration reduction of 9.2 percent for days of unemployment and sickness after February 28, 2013, 7.2 percent for days after September 30, 2013, and 7.3 percent for days after September 30, 2014.

Gross unemployment benefits decreased by some 10 percent compared to the previous year. Unemployment benefits were at non-recessionary levels due to the phase-out of temporary extended benefits. Gross unemployment benefits totaling \$36.7 million (\$34.0 million net), including \$0.3 million net in temporary extended benefits under the American Recovery and Reinvestment Act of 2009 and the Worker, Homeownership, and Business Assistance Act of 2009, as amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, the Temporary Payroll Tax Cut Continuation Act of 2011, the Middle Class Tax Relief and Job Creation Act of 2012, and the American Taxpayer Relief Act of 2012, were paid to 9,200 claimants, while gross sickness benefits of \$67.4 million (\$49.2 million net) were paid to 16,000 claimants.

Financial Reports

The RRB's 2016 railroad retirement financial report to Congress, which addressed the period 2016-2040, was generally favorable, concluding that, barring a sudden, unanticipated, large decrease in railroad employment, or substantial investment losses, the railroad retirement system will experience no cash-flow problems during the 25-year projection period. The long-term stability of the system, however, is not assured. Under the current financing structure, actual levels of railroad employment and investment return over the coming years will determine whether corrective action is necessary.

The RRB's 2016 railroad unemployment insurance financial report was also generally favorable. Even as projected maximum benefit rates increase 36 percent (from \$72 to \$98) from 2015 to 2026, experience-based contribution rates maintain solvency. The report also predicted average employer contribution rates well below the maximum throughout the projection period. A 1.5 percent surcharge was imposed in calendar year 2016 in order to maintain a minimum account balance. Under all three employment assumptions, the report projects a 1.5 percent surcharge in 2017 and 2018, with a surcharge of 1.5 percent in 2019 predicted under the pessimistic assumption, and likely under both the intermediate and optimistic assumptions.

The National Railroad Retirement Investment Trust's annual management report for fiscal year 2015 showed that, as of September 30, 2015, the net asset value of the Trust-managed assets was \$24.5 billion. This represented a decrease from \$26.1 billion in the previous year, with a net investment return for the year of -1.5 percent. The ending balance also reflects a transfer of \$1.2 billion to the U.S. Treasury for the payment of railroad retirement (tier II) benefits. Total railroad retirement system assets, including those maintained at the Treasury, equaled \$26.3 billion.

The 2016 railroad retirement and railroad unemployment insurance financial reports and the National Railroad Retirement Investment Trust's 2015 annual management report are available at www.rrb.gov.

Service Delivery

Customer Service Plan

In fiscal year 2015, customers received benefit services within the timeframes promised in the RRB's Customer Service Plan 98.8 percent of the time.

Service Enhancements

The RRB continued to improve its Employer Reporting System, adding the last remaining form that employers can file electronically and bolstering security. The agency also made two online reference databases available to help examiners properly adjudicate applications for disability annuities.

Office of Inspector General

During fiscal year 2015, the Office of Inspector General continued its independent oversight of agency operations and its efforts to combat fraud, waste, and abuse. This included the issuance of 8 audit reports that recommended improvements in agency operations.

Investigative activities resulted in 19 arrests, 49 indictments and/or informations, 43 convictions, 27 civil judgments, 57 referrals to the Department of Justice, and more than \$202 million in financial accomplishments. This reflects potential fraud amounts related to programs administered exclusively by the RRB and potential fraud amounts from other Federal programs such as Medicare or social security which were identified during Office of Inspector General joint investigative work.

Selected Data on Benefit Operations

Retirement-Survivor	Fiscal Year 2015	Fiscal Year 2014
Employee age annuities		
Number awarded	10,100	10,200
Awarded Age Annuity		
Number being paid at end of period	190,100	190,200
Average being paid at end of period	\$2,625	\$2,536
Disability converted to age annuity ¹		
Number being paid at end of period	43,100	41,600
Average being paid at end of period	\$2,322	\$2,252
Employee disability annuities		
Number of total disability annuities awarded	800	800
Number of occupational disability annuities awarded	900	1,000
Number of total disability annuities being paid at end of period	11,000	11,700
Number of occupational disability annuities being paid at end of period	23,500	26,200
Average total disability annuity being paid at end of period	\$1,892	\$1,846
Average occupational disability annuity being paid at end of period	\$3,025	\$2,956
Supplemental employee annuities²		
Number awarded	6,200	6,700
Number being paid at end of period	123,000	122,100
Average being paid at end of period	\$42	\$42
Spouse and divorced spouse annuities		
Number awarded, total	11,300	11,500
Number being paid to divorced spouses at end of period	4,700	4,500
Number being paid at end of period, total	143,900	142,600
Average being paid to divorced spouses at end of period	\$610	\$590
Average being paid at end of period, total	\$975	\$946
Survivor annuities		
Number awarded to aged widow(er)s	5,500	5,600
Number awarded, total	7,100	7,100
Number being paid to aged widow(er)s at end of period	94,300	98,400
Number being paid at end of period, total	120,700	125,400
Average being paid at end of period to		
Aged widow(er)s	\$1,576	\$1,525
Disabled widow(er)s ³	\$1,285	\$1,250
Widowed mothers (fathers)	\$1,835	\$1,798
Remarried widow(er)s	\$1,036	\$1,005
Divorced widow(er)s	\$1,040	\$1,005
Children	\$1,055	\$1,027
Partition payments⁴		
Number being paid at end of period	1,400	1,300
Average being paid at end of period	\$308	\$302
Lump-sum survivor benefits awarded		
Number of lump-sum death benefits	3,100	3,100
Average lump-sum death benefit	\$927	\$925
Number of residual payments	5/	5/
Average residual payment	\$2,684	\$2,304

Selected Data on Benefit Operations (Continued)

Employees and Earnings ⁶	Fiscal Year 2015	Fiscal Year 2014
Average employment	248,000	240,000
Creditable earnings, Railroad Retirement Act (billions):		
Tier I	\$19.83	\$18.76
Tier II	\$18.26	\$17.47
Creditable earnings, Railroad Unemployment Insurance Act (billions)	\$4.32	\$4.11
Unemployment-Sickness ⁷	Benefit Year 2014-2015	Benefit Year 2013-2014
Qualified employees	248,200	247,600
Unemployment benefits		
Net amount paid (millions)	\$30.8 ⁸	(\$34.0) ⁹
Beneficiaries	7,600	(9,200) ⁹
Number of payments	52,100	69,700
Normal benefit accounts exhausted	1,900	2,300
Average payment per 2-week registration period	\$578	\$550
Sickness benefits		
Net amount paid (millions)	\$48.4	(\$49.2) ⁹
Beneficiaries	15,500	(16,000) ⁹
Number of payments	102,700	101,100
Normal benefit accounts exhausted	2,800	2,600
Average payment per 2-week registration period	\$572	\$555

¹ A disability annuity ends when the retiree attains full retirement age, at which time the annuity converts to an age and service annuity. Consequently, these annuitants are receiving age and service annuities. Full retirement age is age 65 for those born before 1938 and gradually increases to age 67 for those born 1960 and later.

² Excludes partition payments to spouses and divorced spouses where the employee is deceased. Averages are after court-ordered partitions. Fiscal year 2015 average includes one supplemental annuity, averaging \$70, awarded under the 1937 Act.

³ Average in current-payment status includes annuities to disabled widow(er)s age 60 and over now payable as aged widow(er)s' annuities.

⁴ Limited to partition payments to spouses and divorced spouses where the employee is deceased or not otherwise entitled to an annuity. Partition payments from employees on the rolls are included with the employees' annuities.

⁵ Fewer than 50.

⁶ Except for fiscal year 2014 employment, all figures in this section are preliminary.

⁷ In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011, amounts reflect a sequestration reduction of 9.2% for days of unemployment and sickness after February 28, 2013, 7.2% for days after September 30, 2013, and 7.3% for days after September 30, 2014.

⁸ Benefit years 2013-2014 and 2014-2015 include \$2.4 million and -\$0.3 million, respectively, in temporary extended unemployment benefits authorized by the American Recovery and Reinvestment Act of 2009 and the Worker, Homeownership, and Business Assistance Act of 2009, as amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, the Temporary Payroll Tax Cut Continuation Act of 2011, the Middle Class Tax Relief and Job Creation Act of 2012, and the American Taxpayer Relief Act of 2012. Benefits had to begin by December 31, 2013.

⁹ Data in parentheses are for fiscal year (October 1, 2014 - September 30, 2015). Unemployment benefits include -\$0.3 million in temporary extended unemployment benefits.

A REVIEW OF OPERATIONS

At the end of fiscal year 2015, total railroad retirement system assets equaled \$26.3 billion. During fiscal year 2015, benefits totaling approximately \$12.3 billion were paid under the Railroad Retirement and Railroad Unemployment Insurance Acts. Retirement and survivor benefits accounted for almost all of this amount. Net unemployment and sickness benefits totaled \$86.3 million.

RAILROAD RETIREMENT AND SURVIVOR PROGRAM

As of September 30, 2015, total railroad retirement system assets, including those maintained in U.S. Treasury accounts and those maintained by the National Railroad Retirement Investment Trust (the “Trust” or “NRRIT”), equaled \$26.3 billion, a decrease of \$1.5 billion during the fiscal year. Amounts in the Railroad Retirement (RR) Account not needed to pay current administrative expenses and amounts in the Social Security Equivalent Benefit (SSEB) Account not needed to pay current benefits and administrative expenses are transferred to the NRRIT, whose Board of seven trustees is empowered to invest Trust assets in non-governmental assets, such as equities and debt, as well as in governmental securities.

FINANCIAL OPERATIONS - U.S. TREASURY ACCOUNTS

During fiscal year 2015, railroad retirement and survivor benefit payments were financed through four U.S. Treasury accounts.

The SSEB Account, established in fiscal year 1985, pays the portion of railroad retirement benefits equivalent to a social security benefit from various income sources related to these benefits. The RR Account funds retirement, survivor and disability benefits, in excess of social security equivalent benefits, from payroll taxes on employers and employees and other income sources. Supplemental benefit payments are also paid from the RR Account. The Dual Benefits Payments (DBP) Account and Federal Payments (FP) Account, funded by congressional appropriations from general revenues, finance the phase-out costs of certain vested dual benefits and interest on unnegotiated checks, respectively. The four accounts together incurred \$12.2 billion in benefit obligations (excluding \$1.5 billion in social security benefits which were reimbursed by the Social Security Administration) during fiscal year 2015.

Financing Sources

Payroll Taxes

The primary source of income to the railroad retirement and survivor program is payroll taxes levied on covered employers and their employees. Payroll taxes amounted to \$6.4 billion, representing 51.6 percent of total financing sources (excluding a decrease of \$1,556.1 million, mostly due to a change in NRRIT net assets) and \$443.6 million more than in fiscal year 2014.

Railroad employees and employers pay tier I taxes which, by law, are the same as social security taxes. The 2015 rate of 7.65 percent was split between 6.20 percent for retirement and 1.45 percent for Medicare hospital insurance. The maximum amount of earnings subject to the 6.20 percent rate in calendar year 2015 was \$118,500, and all earnings were subject to the 1.45 percent Medicare tax.

Since 2013, employees pay an additional 0.9 percent Medicare tax on earnings above \$200,000 (for those who file an individual return) or \$250,000 (for those who file a joint return). This additional tax rate is not reflected in the tax rates shown above.

Both employees and employers also pay a tier II tax to finance railroad retirement benefit payments over and above social security levels. This tax, on earnings up to \$88,200 and \$87,000 in 2015 and 2014, respectively, was 4.9 percent on employees in 2015 and 4.4 percent in 2014. It was 13.1 percent on employers in 2015, and 12.6 percent in 2014.

Tier I and tier II taxes for fiscal year 2015 amounted to \$3.1 billion and \$3.3 billion, respectively.

Financial Interchange Transfers

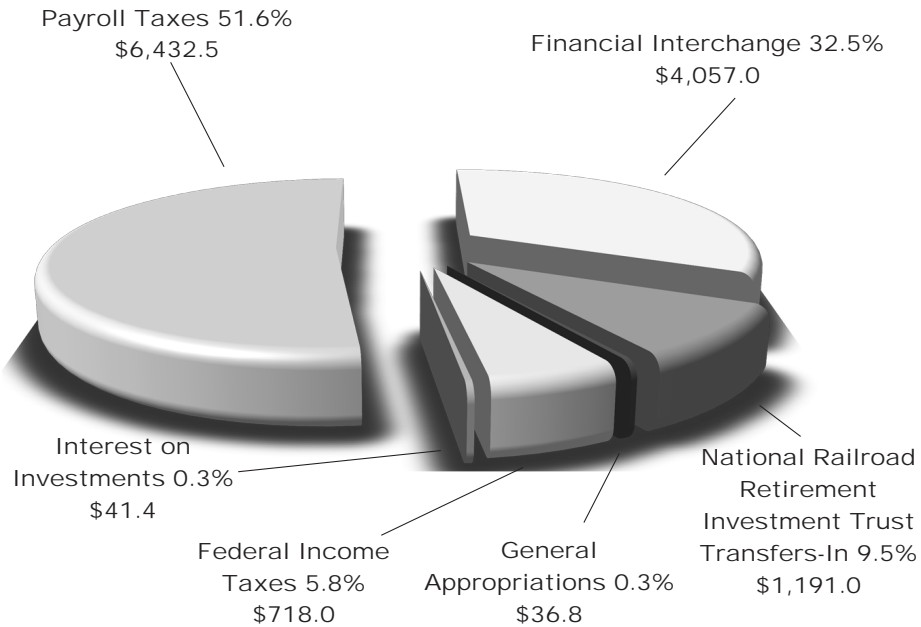
The second major source of income to the railroad retirement and survivor program consists of transfers from the social security trust funds under a financial interchange between the two systems. The financial interchange is intended to place the Social Security Old-Age, Survivors and Disability Insurance and Hospital Insurance Trust Funds in the same position in which they would have been had railroad employment been covered by the Social Security and Federal Insurance Contributions Acts. This involves computing the amount of social security taxes that would have been collected on railroad employment, and computing the amount of additional benefits which social security would have paid to railroad retirement beneficiaries during the same fiscal year.

In the computation of the latter amount, credit is given for any social security benefits actually paid to railroad retirement beneficiaries. When benefit reimbursements exceed payroll taxes, the difference, with an allowance for interest and administrative expenses, is transferred from the Social Security Trust Funds to the SSEB Account. If taxes exceed benefit reimbursements (this has not happened since 1951), a transfer would be made in favor of the Social Security Trust Funds. The net financial interchange transfer to the SSEB Account during fiscal year 2015 amounted to \$4.1 billion.

(text continued on page 9)

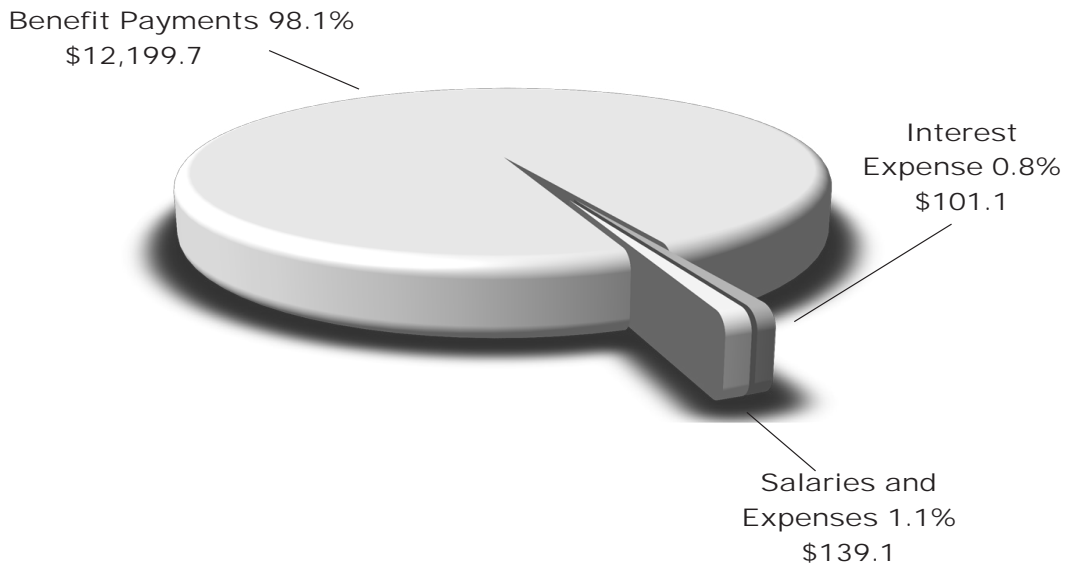
RETIREMENT AND SURVIVOR PROGRAM

Financing Sources - Fiscal Year 2015 (In Millions)
GROSS TOTAL: \$12,476.7¹



¹Excludes -\$1,556.1 million as shown under Other Financing Sources on page 11.

Costs - Fiscal Year 2015 (In Millions)
TOTAL: \$12,439.9



Note.--Percentages may not add to 100 due to rounding.

Interest on Investments and Other Revenue

Interest revenue increased from \$39.3 million in fiscal year 2014 to \$41.4 million in fiscal year 2015. Interest revenue was also earned from financial interchange advances.

Federal Income Tax Transfers

Legislation enacted in 1983 subjecting social security and railroad retirement benefits to Federal income taxes also provided for a transfer of the tax revenues to the social security and railroad retirement systems for the payment of benefits. Most of the revenue from income taxes on social security equivalent railroad retirement benefits is transferred to the SSEB Account, although a portion attributable to higher-income taxpayers is transferred to the Federal Hospital Insurance Trust Fund. Revenue derived from taxing regular railroad retirement benefits in excess of social security equivalent benefits is transferred to the RR Account. Revenue from taxing the vested dual benefits funded by the general revenue appropriations previously described is transferred to the DBP Account.

At the beginning of each quarter, income tax transfers are made from Treasury general funds to the SSEB, RR and DBP Accounts. These transfers are estimates of expected tax revenues for the quarter. Adjustments are made later to reconcile the estimates for a taxable year with actual tax revenues for the year. On a cash basis, original tax transfers for fiscal year 2015 amounted to \$639 million during the year. Original transfers for fiscal year 2014 totaled \$580 million. Net income tax transfers after adjustments were \$720 million for fiscal year 2015, including an \$81 million adjustment for calendar year 2011. Net transfers in fiscal year 2014 were \$620 million, including \$40 million in reconciliation adjustments.

The information in the preceding paragraph is on a fiscal year basis, while the table on page 10 shows income tax transfers to the Accounts for taxable (calendar) years 2006 through 2015, including reconciliation adjustments through 2011.

General Appropriations

General revenue appropriations were provided by the Railroad Retirement Act of 1974 to fund the phase-out costs of certain dual railroad retirement/social security benefits considered vested prior to 1975, and by the Railroad Retirement Solvency Act of 1983 to fund interest on unnegotiated checks. The total amounts appropriated by the Congress for vested dual benefits for fiscal years 2015 and 2014 were \$32.0 million and \$39.0 million, respectively. These amounts include Federal income tax transfers for 2015 and 2014. The amount appropriated for fiscal year 2015 was 17.9 percent less than fiscal year 2014, reflecting the continuing decrease in eligibility for these benefits, which are not increased for the cost of living. The total amount appropriated by the Congress for interest on unnegotiated checks was \$150,000 for fiscal years 2015/2014, and also \$150,000 for fiscal years 2014/2013.

(text continued on page 13)

**Federal Income Tax Transfers by Recipient Account and
Benefit Component, Taxable Years 2006-2015 (Millions)**

<u>Taxable year</u>	Revenue from taxes on		
	RRA benefits treated as SSA benefits	RRA benefits treated as private or public pensions	
	SSEB tier I benefits	Tier II and non-SSEB tier I benefits ¹	Vested dual benefits
	<u>SSEB Account²</u>	<u>RR Account</u>	<u>DBP Account³</u>
Original transfers during the year			
2006	\$125	\$312	\$7
2007	135	334	6
2008	144	325	5
2009	144	304	3
2010	159	315	3
2011	160	300	3
2012	194	318	4
2013	199	333	3
2014	250	348	2
2015	263	386	2
Reconciliation adjustments⁴			
2006 (2012)	24	-39	-1
2007 (2012)	35	-64	1
2008 (2012)	24	-69	1
2009 (2013)	20	2	1
2010 (2013)	23	16	1
2011 (2015)	32	49	--

¹ Includes non-SSEB portion of tier I.

² Receives taxes on social security equivalent benefit (SSEB) portion of tier I.

³ Receives taxes on vested dual benefit component beginning October 1, 1988.

⁴ The year in parentheses is the year the adjustments were made.

Railroad Retirement and Survivor Program

Consolidated Financing Sources, Costs and Net Position (Millions)¹

For the Fiscal Year Ended September 30	2015	2014
Financing Sources:		
Payroll Taxes	\$6,432.5	\$5,973.2
Financial Interchange	4,057.0	4,037.5
Interest on Investments and Other Revenue	41.4	39.3
Federal Income Taxes	718.0	616.0
General Appropriations	36.8	39.2
Other	(1,566.1)	1,127.9
Transfers to the National Railroad Retirement Investment Trust	0.0	0.0
Transfers from the National Railroad Retirement Investment Trust	1,191.0	1,429.0
	<hr/>	<hr/>
Total Financing Sources	10,910.6	13,262.1
Costs:		
Benefit Payments	12,199.7	11,950.8
Interest Expense	101.1	104.3
Salaries and Expenses ²	139.1	134.4
Other	(29.7)	(18.8)
	<hr/>	<hr/>
Total Costs	12,410.2	12,170.7
Financing Sources over Costs	(1,499.6)	1,091.4
Net Position - Beginning of Period	26,647.4	25,556.0
	<hr/>	<hr/>
Net Position - End of Period	<u>\$25,147.8</u>	<u>\$26,647.4</u>

¹ Prepared on an accrual basis of accounting.

² Includes unemployment and sickness insurance salaries and expenses of approximately \$18.1 million and \$17.2 million in each of the fiscal years 2015 and 2014, respectively.

National Railroad Retirement Investment Trust (NRRIT) **Fiscal Year 2015 Summary**

Market value of assets managed by NRRIT on September 30, 2015	\$24.5 billion
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Rate of return of investment portfolio managed by NRRIT for full year ended September 30, 2015	-1.53%
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Source: *NRRIT*

All NRRIT annual management reports and quarterly updates are available on the Railroad Retirement Board's website at www.rrb.gov.

Other Financing Sources

Other financing sources consisted of \$6.9 million to be provided by the Office of Personnel Management to pay future retirement benefits to RRB employees and \$24.8 million from the railroad unemployment trust funds in transfers-in for current budget fiscal year salaries and expenses. These financing sources were offset by a decrease in NRRIT net assets of \$1,574.2 million, transfers-out of \$7.4 million for salaries and expenses of the RRB's Office of Inspector General, a loss on contingency liability of \$0.1 million, and a \$2.0 million decrease in unexpended appropriations.

Costs

The RRB pays all salaries and expenses under a single administrative fund (Limitation on Administration) for both the railroad retirement and survivor program and the unemployment and sickness insurance program. Consequently, of the \$139.1 million and \$134.4 million shown on page 11 for salaries and expenses in fiscal years 2015 and 2014, respectively, about \$18.1 million for fiscal year 2015 and \$17.2 million for fiscal year 2014 were for the unemployment and sickness insurance program. About \$0.9 million in other costs for fiscal year 2015 and \$0.9 million for fiscal year 2014 were for the unemployment and sickness insurance program.

Excluding \$19.0 million from total costs of \$12.4 billion for fiscal year 2015 and \$18.1 million from total costs of \$12.2 billion for fiscal year 2014, total costs for the railroad retirement and survivor program for fiscal year 2015 increased \$238.3 million, or 2.0 percent.

Benefit Payments

In fiscal year 2015, railroad retirement benefit payments increased \$248.9 million, or almost 2.1 percent, to about \$12.2 billion on an accrual basis, including \$31.9 million in vested dual benefits.

Interest Expense

Interest expense of \$101.1 million represents interest on the financial interchange advances made by the U.S. Treasury during the fiscal year.

Salaries and Expenses

Excluding unemployment and sickness insurance salaries and expenses of \$18.1 million for fiscal year 2015 and \$17.2 million for fiscal year 2014, salaries and expenses for the railroad retirement and survivor program were about \$121.0 million for fiscal year 2015 and about \$117.2 million for fiscal year 2014, a \$3.8 million or 3.2 percent increase. Adjusted by the \$18.1 million in salaries and expenses and \$0.9 million in other costs for the unemployment and sickness insurance program, fiscal year 2015 administrative expenses for the railroad retirement and survivor program were about 0.97 percent of total costs.

Other Costs

Other costs consisted primarily of post-retirement benefits (pensions, health and life insurance) for RRB employees of \$6.0 million for the railroad retirement and survivor program and \$0.9 million for the unemployment and sickness insurance program. In addition, carrier refunds of \$0.1 million were incurred. These costs were offset by approximately \$32.9 million in reimbursements from the Centers for Medicare & Medicaid Services for Part B Medicare costs, reimbursement of approximately \$0.4 million from the RRB's Office of Inspector General for RRB-incurred expenses, and various other revenues of approximately \$2,500.

NATIONAL RAILROAD RETIREMENT INVESTMENT TRUST OPERATIONS

Funds not needed immediately for benefit payments or administrative expenses are invested through the NRRIT. The Trust was established pursuant to section 105 of the Railroad Retirement and Survivors' Improvement Act of 2001 for the sole purpose of investing railroad retirement assets. The Act authorizes the Trust to invest the assets of the RR Account in a diversified investment portfolio in the same manner as those of private sector retirement plans. Prior to the Act, investment of RR Account assets was limited to U.S. Government securities. Although the Trust was created by Congress to hold and invest Federal assets, it is not an agency or instrumentality of the Federal government. It is a tax-exempt entity governed by a seven-member Board, three selected by rail management, three selected by rail labor and one independent trustee selected by the six rail trustees.

During fiscal year 2015, the net asset value of Trust-managed assets decreased from \$26.1 billion on October 1, 2014, to \$24.5 billion on September 30, 2015. This includes \$1.2 billion that the Trust transferred to the U.S. Treasury for the payment of railroad retirement benefits during the year. The rate of return on Trust-managed assets for the year (net of fees) was -1.5 percent.

Total railroad retirement system assets (Trust-managed assets and reserves held in Treasury accounts) grew from \$20.7 billion in 2002 to \$26.3 billion as of the end of fiscal year 2015, after net transfers for benefit payments of approximately \$17.8 billion over the same time frame.

Trust operations are described in detail in the NRRIT Annual Management Report for fiscal year 2015, which is available on the RRB's website at www.rrb.gov.

BENEFIT OPERATIONS

Retirement and survivor benefits paid, including vested dual benefits and supplemental employee annuities, totaled \$12.2 billion in fiscal year 2015, \$278 million more than in fiscal year 2014. Benefits were paid to about 558,100 beneficiaries in fiscal year 2015, and 524,800 beneficiaries were being paid at the end of the year.

The table shown here presents retirement and survivor benefit payments for fiscal years 2015 and 2014, by type of benefit, and the percent changes in payments between the 2 years.

Under the two-tier railroad retirement formulas, the tier I annuity portion approximates a social security benefit and increases by the cost-of-living percentage applied to social security benefits. The tier II portion, which is comparable to retirement benefits paid over and above social security benefits to workers in other industries, increases by 32.5 percent of the social security percentage.

There was no cost-of-living increase effective in December 2015. Increases of 1.7 percent for tier I and 0.6 percent for tier II were effective December 2014, with 1.5 percent for tier I and 0.5 percent for tier II in December 2013.

The December 2014 and December 2013 cost-of-living increases provided additional benefit payments of about \$137 million in fiscal year 2015, compared to payments in fiscal year 2014.

Monthly retirement and survivor benefits being paid numbered more than 656,800 at the end of the 2015 fiscal year, some 4,200 less than at the end of the prior year. Monthly beneficiaries on the rolls declined by approximately 5,300 over the year, from 530,100 to 524,800. The number of monthly benefits paid is always greater than the number of beneficiaries on the rolls, since many annuitants receive more than one type of benefit. Although the second benefit is usually a supplemental employee annuity, some employees also receive a spouse or widow(er)'s annuity.

Regular employee annuities in payment status at the end of fiscal year 2015 numbered 267,800, 1,900 less than at the end of the previous fiscal year. The number of age annuities being paid, including 43,100 disability annuities converted to age, rose slightly from

231,800 to 233,300 over the year, while disability annuities decreased from 37,900 to 34,500. Supplemental annuities being paid to employees increased by nearly 1,000, numbering 123,000 at the end of the year. The number of divorced spouse annuities being paid rose approximately 200, to 4,700. Spouse and divorced spouse annuities together increased by almost 1,300, totaling 143,900 at year-end. More than 120,700 monthly survivor benefits

Type of benefit	Amount (in millions)		Percent change
	Fiscal year 2015	Fiscal year 2014	
Retirement benefits			
Employee annuities			
Age ¹	\$7,086.7	\$6,787.9	+4.4
Disability	1,197.0	1,276.8	-6.3
Supplemental ²	61.1	60.8	+0.6
Spouse and divorced spouse annuities	1,667.4	1,599.5	+4.2
Total	10,012.2	9,724.9	+3.0
Survivor benefits			
Annuities	2,153.9	2,164.2	-0.5
Lump-sum benefits	3.0	2.9	+1.8
Total	2,156.9	2,167.2	-0.5
Partition payments ³	5.0	4.3	+15.5
Grand total	\$12,174.1	\$11,896.4	+2.3
¹ A disability annuity ends when the retiree attains full retirement age, at which time the annuity converts to an age and service annuity. FY 2015 and FY 2014 include \$1,161.2 million and \$1,076.1 million, respectively, in payments to annuitants full retirement age and over originally awarded a disability annuity.			
² Excludes partition payments to spouses and divorced spouses where the employee is deceased.			
³ Limited to partition payments to spouses and divorced spouses where the employee is deceased or not otherwise entitled to an annuity. Partition payments from employees on the rolls are included with the employees' annuities.			
Note.--Detail may not add to total due to rounding.			

were being paid at the end of fiscal year 2015, a decrease of 4,700 from the previous year. Approximately 1,400 partition payments to spouses and divorced spouses where the employee is deceased or not otherwise entitled to an annuity were being paid at the end of fiscal year 2015, an increase of over 100 from the prior year.

Retirement

Regular employee annuities

Awards of regular employee annuities numbered 11,700 in fiscal year 2015, nearly 300 less than in fiscal year 2014. Data by type of annuity awarded during the year are given in the table shown here.

Railroad employees with 10 to 29 years of creditable service, or 5 to 9 years of service if at least 5 years were after 1995, are eligible for regular annuities based on age and service at age 62. Early retirement annuity reductions are applied to annuities awarded before full retirement age (the age at which an employee can receive full benefits with no reduction for early retirement). This ranges from age 65 for those born before 1938 to age 67 for those born in 1960 or later, the same as under social security. If an employee had any creditable railroad service before August 12, 1983, the retirement age for tier II purposes will remain 65. The reduction for early retirement is 1/180

Employee annuities awarded in fiscal year 2015	Number	Percent	Average		
			Monthly amount	Years of service	Age at retirement
Age					
Beginning at full retirement age or over	1,500	13	\$2,551	22.0	67.4
Unreduced, beginning at age 60 to under full retirement age	6,000	51	3,853	37.1	60.9
Reduced, beginning at age 62 to under full retirement age	2,600	22	1,740	16.0	63.1
Disability	1,700	14	2,611	21.3	55.8
Total	11,700	100	\$3,042	28.3	61.5
<i>Note.</i> --Detail may not add to total due to rounding.					

for each of the first 36 months the employee is under full retirement age when his or her annuity begins and 1/240 for each additional month.

Rail employees with 30 or more years of service are eligible for regular annuities based on age and service at age 60. Certain early retirement reductions are applied if the employee first became eligible for a 60/30 annuity July 1, 1984, or later and retired at ages 60 or 61 *before* 2002. Employees who retire at 60 or older with at least 30 years of railroad service are referred to as 60/30 retirees.

Disability awards are based either on total disability or on occupational disability. A *total disability* annuity is based on disability for all employment and is payable at any age to employees with at least 10 years of railroad service. Employees with 5-9 years of service,

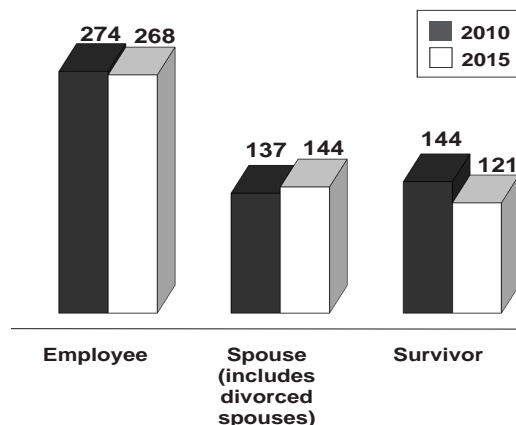
if at least 5 years were after 1995, may qualify for tier I only before retirement age on the basis of total disability if they also meet certain social security earnings requirements. An employee is considered totally disabled if medical evidence shows that a permanent physical or mental condition exists which prevents the performance of any regular work. A condition is considered to be permanent if it has lasted or may be expected to last for at least 12 months.

An *occupational disability* annuity is based on disability for the employee's regular railroad occupation and is payable to employees with a current connection with the rail industry at age 60 if the employee has 10 years of service, or at any age if the employee has at least 20 years of service. An employee is considered occupationally disabled if the physical or mental condition is such that the employee is permanently disabled for work in his or her regular railroad occupation, even though the employee may be able to perform other kinds of work.

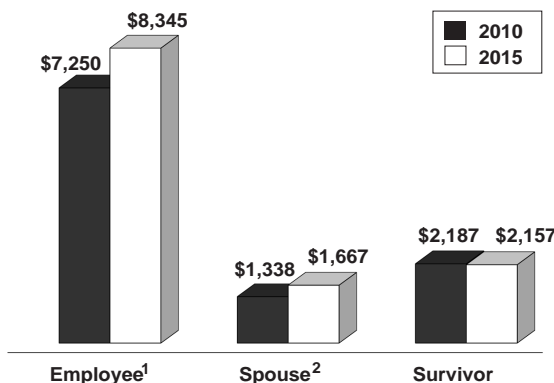
Of the year's 1,700 disability awards, 800 averaging \$1,893 per month were for total disability and 900 averaging \$3,207 were for occupational disability. Many employees who are disabled for all employment but are otherwise qualified for an occupational disability annuity are initially awarded occupational disability annuities in order to expedite payment.

An estimated five-sixths of all employees recently awarded disability annuities will meet the medical criteria for a disability freeze determination.

Number of monthly beneficiaries, September 30, 2010, and 2015 (thousands)

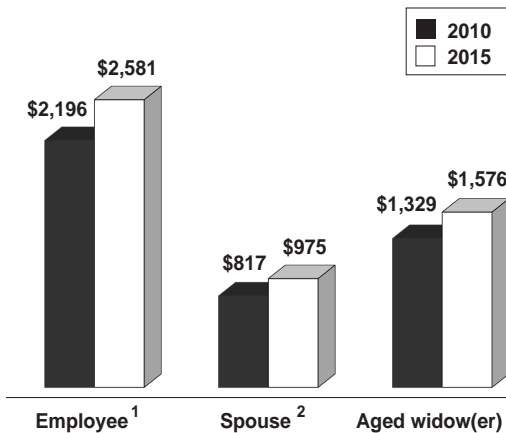


Amount of benefits paid, fiscal years 2010 and 2015 (millions)



¹Includes \$60.3 million in fiscal year 2010 and \$61.1 million in fiscal year 2015 for supplemental annuities.
²Includes divorced spouses.

Average monthly amount, September 30, 2010, and 2015



¹Without supplemental annuity.
²Includes divorced spouses.

The standards for freeze determinations follow social security law and are comparable to the criteria for granting total disability. Also, an employee granted a disability freeze may qualify for early Medicare coverage and lower Federal income taxes on his or her annuity.

Of the employees who were awarded regular annuities in fiscal year 2015, some 8,300, or 71 percent, last worked for a railroad either in the calendar year their annuity began or in the preceding year. Such retirements are termed “immediate,” while those that occur 2 or more calendar years after the year of last railroad employment are called “deferred.” As a group, immediate retirees represent career railroad employees who worked in the industry until retirement. Awards based on immediate retirement averaged \$3,535 per month, compared to \$1,849 for the 3,400 awards based on deferred retirement. Immediate retirees averaged 33 years of railroad service, almost twice the average of 17 years for deferred retirees. Of the year’s awards, 52 percent of normal age retirements were immediate. While 95 percent of all 60/30 retirements were immediate, only 25 percent of the reduced age awards to employees with less than 30 years of service were immediate. Immediate retirements accounted for 71 percent of the year’s disability awards.

The 267,800 retired employees on the rolls as of September 30, 2015, were being paid regular monthly annuities averaging \$2,581. The table shown here presents data by type of annuity for these benefits.

Of the 34,500 disability annuities being paid, 11,000 were for total disability and 23,500 for occupational disability. The two types of disability annuities averaged \$1,892 and \$3,025, respectively. In fiscal year 2015, payments totaled over \$265 million for total disability annuities and \$932 million for occupational disability annuities.

Almost 188,100 employees on the rolls at the end of fiscal year 2015 were immediate retirees and their regular annuities averaged \$2,987 per month. Annuities of the 79,700 deferred retirees averaged \$1,622. Although their average

railroad retirement annuity was much lower, a greater proportion of the deferred annuitants also received social security benefits – 25 percent compared to 5 percent for the immediate retirees. Moreover, the average social security benefit paid to deferred retirees was higher

Employee annuities in current-payment status on September 30, 2015	Number	Percent	Average monthly amount	Percent immediate retirements
Age				
Beginning at full retirement age or over	20,400	8	\$2,008	47
Unreduced, beginning at age 60 to under full retirement age	104,800	39	3,374	92
Reduced, beginning at age 60 to under full retirement age	64,900	24	1,609	30
Disability converted to age annuity ¹	43,100	16	2,322	81
Disability	<u>34,500</u>	<u>13</u>	2,663	80
Total	267,800	100	\$2,581	70

¹A disability annuity ends when the retiree attains full retirement age, at which time the annuity converts to an age and service annuity. Consequently, these annuitants are receiving age and service annuities. Full retirement age is age 65 for those born before 1938 and gradually increases to age 67 for those born 1960 and later.

Note.--Detail may not add to total due to rounding.

than that paid to immediate retirees. Combined railroad retirement and social security benefits to deferred retirees who were dual beneficiaries averaged \$1,818, while combined benefits to immediate retirees averaged \$2,721. The table shown here presents numbers of beneficiaries and average benefit amounts for employees on the rolls who were receiving social security benefits, and for those who were not, by type of retirement.

Regular employee annuities consist of as many as three components: tier I, tier II, and a vested dual benefit. Reductions for early age retirement are made in all components in cases where the employee retired before full retirement age with less than 30 years of railroad service. The tier I component is based on the employee's combined railroad and social security covered earnings, and is reduced by the amount of any social security benefit that the employee receives. The gross tier I amounts of employees on the rolls at the end of fiscal year 2015 averaged \$1,971 per month. Tier I amounts of nearly 7,000 employees were completely offset by social security benefits. Tier I amounts being paid averaged \$1,819.

Dual benefit status	Total	Type of retirement	
		Immediate	Deferred
Receiving social security benefit			
Number	28,600	8,500	20,000
Average monthly amount:			
Railroad retirement (regular)	\$851	\$1,655	\$509
Social security	1,237	1,066	1,309
Combined benefit	<u>2,088</u>	<u>2,721</u>	<u>1,818</u>
Not receiving social security benefit			
Number	239,200	179,600	59,600
Average monthly amount	\$2,787	\$3,050	\$1,996
Note. --Detail may not add to total due to rounding.			

The employee tier II component is based solely on railroad earnings. Tier II amounts being paid at the end of fiscal year 2015 averaged \$821. Employees are eligible for vested dual benefits if, based on their own earnings, they met certain vesting requirements and qualified for both railroad retirement and social security benefits at the end of 1974, or, in some cases, at the end of an earlier year of last railroad service. Nearly 15,200 retirees were receiving vested dual benefits averaging \$161 at the end of the fiscal year.

Supplemental employee annuities

A supplemental annuity is payable to employees with a current connection with the rail industry at age 60 if the employee has at least 30 years of service, or at age 65 if the employee has 25-29 years of service. The employee must also have had some rail service before October 1981.

Almost 6,200 supplemental annuities were awarded in fiscal year 2015, nearly 500 less than in fiscal year 2014. More than 4,700 of the awards (77 percent) began concurrently with the employee's regular annuity, while the remaining 1,500 were to employees already receiving a regular annuity. Supplemental annuity awards averaged over \$41 per month after court-ordered partitions; 85 percent were at the current maximum rate of \$43. Supplemental annuities are reduced for any part of a private railroad pension attributable

to employer contributions. During the fiscal year, 1,700 supplemental annuities were not awarded because they were entirely offset by private pensions. In a few cases, the supplemental annuity was partially offset by the pension, or the supplemental annuity was not offset because the pension was reduced.

Supplemental annuities were being paid to some 123,000, or 46 percent, of the retired employees on the rolls at the end of the 2015 fiscal year. These annuities averaged \$42 after court-ordered partitions; one was paid under 1937 Act amendments, which stipulated a maximum rate of \$70.

Spouse and divorced spouse annuities

Annuity awards to spouses and divorced spouses of retired employees numbered 11,300 in fiscal year 2015, 200 less than in the previous year. The table on page 21 presents numbers and average amounts of spouse and divorced spouse annuities awarded during the year and being paid at the end of the year, by type of annuity and whether subject to age reduction.

If an employee is at least age 62 and retires with 10-29 years of railroad service, or has 5-9 years of service and at least 5 years were after 1995, the employee's spouse is eligible for an annuity at age 62. Full retirement age for a spouse is gradually rising from 65 to 67, depending on the year of birth. Early retirement reductions are applied to the spouse annuity if the spouse retires before full retirement age. The reduction for early retirement is 1/144 for each of the first 36 months the spouse is under full retirement age when her or his annuity begins and 1/240 for each month (if any) over 36.

If an employee retires with at least 30 years of service and is at least age 60, the employee's spouse is eligible for an annuity at age 60. Prior to 2002, certain early retirement reductions were applied to the tier I component of such a spouse annuity if the employee retired before age 62, unless the employee attained age 60 and completed 30 years of service prior to July 1, 1984. If a 30-year employee retired at age 62, no age reduction applied to the spouse annuity. December 2001 legislation liberalized early retirement benefits for 30-year employees retiring at ages 60 or 61 after 2001 and their spouses. A spouse of an employee qualified for an age and service annuity is eligible for a spouse annuity at any age if caring for the employee's unmarried child, and the child is under age 18 or the child became disabled before age 22.

Of the more than 2,800 reduced spouse annuities awarded in fiscal year 2015, fewer than 50 averaging \$801 per month were to spouses of 30-year employees, and 2,800 averaging \$528 were to spouses of employees with less than 30 years of service.

At the end of fiscal year 2015, over 139,200 spouse annuities averaging \$987 per month were being paid. More than 4,700 divorced spouse annuities averaging \$610 per month were also being paid. These included some 90, averaging \$679, where the employee was not yet entitled to an annuity. Families with an employee and spouse on the rolls were paid combined railroad retirement benefits averaging \$3,776. This included \$2,788 in regular and supplemental employee annuities and \$987 in spouse annuities.

Approximately 54,700, or 38 percent, of the spouses and divorced spouses on the rolls were also receiving social security benefits. Combined railroad retirement and social security benefits to these annuitants averaged \$1,488 per month, including \$379 in railroad retirement benefits and \$1,109 in social security benefits. Railroad retirement annuities to the 86,500 spouses not receiving social security benefits averaged \$1,358, while railroad retirement annuities to the 2,800 divorced spouses not receiving social security benefits averaged \$813.

Monthly spouse benefits	Awarded in fiscal year 2015		In current-payment status on September 30, 2015	
	Number	Average amount	Number	Average amount
Beginning at full retirement age or over	1,600	\$625	16,400	\$552
With minor or disabled child in care	300	1,154	1,800	1,273
Unreduced, beginning at age 60 to under full retirement age	5,900	1,466	73,600	1,376
Reduced rate	2,800	531	47,400	524
Total	<u>10,600</u>	1,083	<u>139,200</u>	987
Divorced spouse annuities	700	641	4,700	610
Grand total	11,300	\$1,055	143,900	\$975

Note.--Detail may not add to total due to rounding.

Like regular employee annuities, spouse annuities consist of up to three components. The tier I component equals one-half of the employee's tier I amount before any reduction for the employee's social security benefit. The spouse tier I amount is reduced for the spouse's receipt of a social security benefit and may be reduced for a spouse's public service pension. The tier I portion may also be reduced if the spouse receives a railroad retirement employee annuity, but this reduction is usually restored through an addition to the spouse tier II amount. Divorced spouses receive only a tier I benefit.

The spouse tier II component equals 45 percent of the employee's tier II amount. Railroad retirement amendments in 1981 precluded further awards of vested dual benefits to spouses.

Of the 139,200 spouses on the rolls at the end of fiscal year 2015, 93,600 were being paid tier I amounts averaging \$869 per month. The tier I amounts of 45,600 spouses were completely offset by other benefits also due. Spouse tier II amounts averaged \$439. Vested dual benefits averaging \$126 were being paid to fewer than 50 spouses. The 4,700 divorced spouses on the rolls at the end of fiscal year 2015 were being paid tier I amounts averaging \$629 per month, not reflecting all annuity adjustments.

Lump-sum retirement benefits

A lump-sum benefit may be payable at retirement to employees who received separation or severance payments after 1984. This benefit approximates the tier II payroll taxes deducted from separation or severance payments that did not yield additional service

credits for retirement. Some \$0.4 million was paid in separation/severance lump-sum benefits during fiscal year 2015.

Employees who have at least 10 years of railroad service and are not entitled to a vested dual benefit may be eligible for a dual retirement tax refund if they had concurrent railroad retirement and social security earnings within the period 1951-74. The refund is equal to the social security taxes that the employee paid on the combined railroad and social security earnings in excess of the annual railroad retirement creditable earnings maximum. During the 2015 fiscal year, the RRB paid over 200 dual retirement tax refunds averaging \$94. Most of the payments were to employees retiring during the year. Fewer than 50 refunds were to survivors, mostly widows, of employees who died before receiving the refund. Employees entitled to dual retirement tax refunds for years after 1974 may claim them on their Federal income tax returns.

Survivor

Monthly benefits

Annuity awards to survivors of deceased railroad employees numbered 7,100 during fiscal year 2015, about 50 less than the previous year. Some 120,700 survivor annuities were being paid at the end of the fiscal year, including 300 temporarily paid at spouse or divorced spouse annuity rates pending recomputation to widow(er)s' rates. Approximately 94,300, or 78 percent, of the survivor annuities were to aged widows and widowers.¹

The table on page 23 presents numbers and average monthly amounts of survivor annuities, by type, for those awarded in the year and those being paid at the end of the year.

Survivor annuities, like regular employee and spouse annuities, consist of as many as three components: tier I, tier II and, for widows and widowers only, a vested dual benefit. As with spouses, legislation in 1981 precluded new awards of vested dual benefits to widow(er)s. The tier I component is computed according to social security formulas and is based on the deceased employee's combined railroad and social security earnings. A reduction is made for the survivor's receipt of a social security benefit. There may also be a tier I reduction if the survivor receives a railroad retirement employee annuity or public pension. Remarried and divorced widow(er)s receive a tier I benefit only. A dependent parent receives only a tier I amount if another family member is also receiving benefits or if the parent has remarried.

Survivor tier II amounts are figured as a percentage of an employee tier II benefit. Prior to 2002, the percentages were 50 percent for a widow(er), 15 percent for a child, and 35 percent for a parent. The total tier II amount for a survivor family was subject to a minimum of 35 percent and a maximum of 80 percent of the employee tier II benefit, and all survivor tier II amounts were proportionately adjusted when either limit applied. December 2001 legislation established an "initial minimum amount" for widow(er)s which provides a tier II benefit equal to 100 percent of the tier II amount of the deceased employee. The maximum tier II amount payable to a family rose to 130 percent of the employee's tier II amount.

¹Aged widower statistics in the Survivor section exclude benefits to disabled widow(er)s age 60 and over now payable as aged widow(er)s' annuities.

Widows and widowers are guaranteed a total tier I and tier II amount not less than what they were paid as a spouse, any necessary increase being added to tier II.

Aged widow(er)s, who are eligible for benefits at age 60, have their tier I and tier II amounts reduced if the annuity begins before full retirement age. The eligibility age for unreduced annuities is gradually rising from age 65 to age 67. The maximum age reductions range from 17.1 percent to 20.36 percent, depending on the widow(er)'s date of birth. Excluding some 200 annuities temporarily paid at spouse or divorced spouse rates, aged widow(er)s' annuities being paid at the end of the 2015 fiscal year

included 47,500 which were reduced for age. Aged widow(er)s' tier I amounts being paid averaged \$1,286 per month. In approximately 6,800 cases, the tier I amount was wholly offset by reductions for other benefits. Nearly 30,200 aged widow(er)s were also receiving social security benefits, and these averaged \$1,016. Tier II amounts averaged \$384. About 300 vested dual benefits, averaging \$73, were being paid to aged widow(er)s.

The tier I and tier II amounts of disabled widow(er)s' annuities, which begin at ages 50-59, are reduced 28.5 percent for age. At the end of fiscal year 2015, tier I amounts being paid to disabled widow(er)s on the rolls averaged \$1,065. (In about 200 cases, the tier I amount was wholly offset by reductions.) Social security benefits being paid to some 1,400 disabled widow(er)s averaged \$927. Tier II amounts averaged \$263, while the less than 50 vested dual benefits being paid averaged \$101.

Tier I amounts paid to widowed mothers and fathers (widows and widowers caring for children) generally equal 75 percent of the full amount payable to an aged widow(er) before any reductions, similar to a social security mother's or father's benefit. Eligible children and grandchildren are paid this same tier I amount. However, if the sum of the tier I amounts of all members of a survivor family exceeds the social security family maximum, then tier I amounts are proportionately reduced so that the total equals the maximum. Reductions for the family maximum usually occur when the family includes three or more beneficiaries. Tier I amounts being paid as of the end of fiscal year 2015 averaged \$1,347

Monthly survivor benefits	Awarded in fiscal year 2015		In current-payment status on September 30, 2015	
	Number	Average amount	Number	Average amount
Aged widow(er)s	5,500	\$2,031	94,300	\$1,576
Disabled widow(er)s ¹	100	1,685	3,700	1,285
Widowed mothers (fathers)	100	1,728	700	1,835
Remarried widow(er)s	200	1,153	3,300	1,036
Divorced widow(er)s	700	1,175	9,700	1,040
Children:				
Under age 18	300	1,312	1,700	1,361
Student	*	1,576	100	1,454
Disabled	100	1,241	7,200	979
Parents	*	542	*	935
Total	7,100	...	120,700	...

¹Number and average in current-payment status include annuities to disabled widow(er)s age 60 and over now payable as aged widow(er)s' annuities.

*Fewer than 50.

Note.--Detail may not add to total due to rounding.

for widowed mothers and fathers and \$974 for children. Fewer than 50 mothers/fathers and nearly 2,200 children received social security benefits averaging \$1,095 and \$624, respectively. Tier II amounts paid mothers/fathers and children averaged, respectively, \$528 and \$109.

Lump-sum survivor benefits

A lump-sum death benefit can be payable at the time of an employee's death only if there are no survivors immediately eligible for monthly benefits. For survivors of employees who had at least 10 years of railroad service before 1975, the lump-sum death benefit is based on the employee's earnings through 1974, with a maximum amount of approximately \$1,200. If the employee completed the 10th year of service after 1974, the lump-sum death benefit is limited to \$255, the maximum benefit payable under social security law, and only the widow or widower living in the same household is eligible for the benefit. Lump-sum benefits may also be payable to survivors of employees with less than 10 years of service, but at least 5 years after 1995, if the employee met the social security insured status requirements. More than 3,100 lump-sum death benefits averaging \$927 were awarded during fiscal year 2015. Approximately 400 benefits were to widow(er)s, while some 2,700 were to other individuals who paid the funeral expenses.

Another lump-sum survivor benefit, the residual payment, can be made if no other benefits based at least in part on an employee's railroad service will be payable in the future, and the total of prior benefit payments is less than what the employee paid in pre-1975 railroad retirement taxes. Fewer than 10 residual payments were awarded in the 2015 fiscal year; they averaged \$2,684.

Partition Payments

The Pension Protection Act of 2006, as amended, continues the court-ordered partitioned portion of the tier II, vested dual and supplemental benefit payments to former spouses after the death of the employee. It also allows for payment of court-ordered partitioned payments where the employee is not entitled to an annuity if (1) the employee has 120 months of railroad service or 60 months of service after 1995, and (2) both the employee and spouse or divorced spouse are 62 for a full month, or, if the employee is deceased, the employee would be 62 for a full month.

At the end of fiscal year 2015, there were nearly 1,400 spouses and divorced spouses receiving payments averaging \$308 where the employee was deceased or not otherwise entitled to an annuity. While all but two received a partitioned tier II benefit, only 5 percent received a partitioned vested dual benefit and 35 percent received a partitioned supplemental benefit.

Medicare Enrollments

The Medicare program provides health insurance to persons ages 65 and older, as

well as persons under age 65 who have been entitled to monthly benefits based on total disability for at least 24 months. In the case of some disability diagnoses, the waiting period is waived.

Medicare has several parts to its program. Basic hospital insurance, or Medicare Part A, is financed through payroll taxes. There is also an elective supplementary medical insurance, or Medicare Part B, plan for which monthly premiums are charged. Medicare also offers Medicare Part C (Medicare Advantage) plans that include both Parts A and B coverage and additional benefits, sometimes at an additional cost. Finally, Medicare Part D provides optional prescription drug coverage for an additional premium. Both Medicare Parts C and D are offered through private insurance companies approved by Medicare.

Eligible railroad retirement annuitants and social security beneficiaries whose benefits are payable by the RRB are automatically enrolled under Part A and Part B; however, Part B may be declined by the annuitant or beneficiary. Eligible nonretired persons must apply in order to obtain Medicare coverage. The RRB automatically enrolled almost 27,200 beneficiaries for Medicare during fiscal year 2015. As of the end of the fiscal year, about 465,600 persons were enrolled in the Part A plan, and nearly 446,300 (96 percent) of them were also enrolled in Part B.

Except for benefits for services in Canada, which are paid from the Railroad Retirement Account, Part A benefits for railroad enrollees are paid from the Federal Hospital Insurance Trust Fund, the same as for persons covered under the social security system. Part B benefits are paid from the Federal Supplementary Medical Insurance (SMI) Trust Funds. The carrier for Part B claims of railroad Medicare enrollees made payments totaling \$829 million in the 2015 fiscal year.

The regular monthly premium for Part B was \$104.90 throughout fiscal year 2015. Beneficiaries with modified adjusted gross incomes above certain thresholds pay higher Part B and Part D premiums under the Income Related Monthly Adjustment Amount (IRMAA) provisions of law. At the end of fiscal year 2015, approximately 11,000 Part B premiums and about 8,500 Part D premiums were increased by an IRMAA amount.

The RRB generally withholds Part B premiums from the annuitant's benefit payments, and at the end of fiscal year 2015 some 426,100 annuitants were having their premiums withheld. Of the remaining Part B enrollees, over 2,600 were paying premiums to the RRB, either directly or through an intermediary, and 17,500 had their premiums paid by State agencies. The RRB periodically transfers premiums to the SMI Trust Funds.

Recently, the RRB began offering to collect Part C and Part D premiums from monthly benefits through an exchange process. While this option has grown in popularity, many annuitants pay their Part C and Part D premiums directly to their plan. At the end of fiscal year 2015, more than 9,000 Part C premiums and almost 35,800 Part D premiums were deducted from benefits paid by the RRB.

RAILROAD UNEMPLOYMENT AND SICKNESS INSURANCE PROGRAM

FINANCIAL OPERATIONS

Costs for the railroad unemployment and sickness insurance program during fiscal year 2015 exceeded financing sources by \$21.8 million and the net position decreased by \$21.8 million from \$265.6 million at the end of fiscal year 2014 to \$243.8 million at the end of fiscal year 2015. For fiscal year 2015 as compared to fiscal year 2014, total financing sources for the railroad unemployment and sickness insurance program increased by \$40.7 million (173.0 percent) to \$64.2 million.

(text continued on page 28)

Unemployment and Sickness Insurance Program Consolidated Financing Sources, Costs and Net Position (Millions)¹

For the Fiscal Year Ended September 30	2015	2014
Financing Sources:		
Employer Payroll Taxes	\$74.7	\$35.4
Interest Income	2.7	3.9
General Appropriations	0.0	0.0
Other	(13.2)	(15.8)
Total Financing Sources	64.2	23.5
Costs:		
Benefit Payments:		
Unemployment	35.7	37.9
Sickness	50.6	48.7
Other ²	(0.3)	0.8
Total Costs	86.0	87.4
Financing Sources over Costs	(21.8)	(63.9)
Net Position - Beginning of Period	265.6	329.5
Net Position - End of Period ²	\$243.8	\$265.6

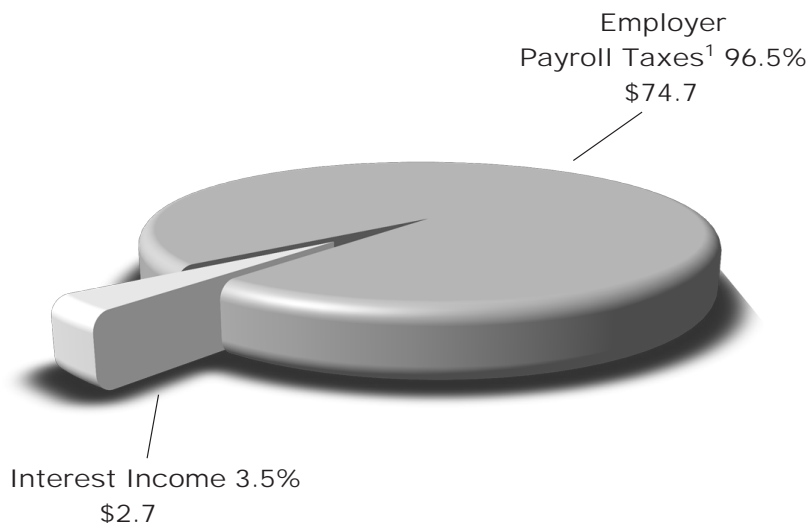
¹ Prepared on an accrual basis of accounting.

² Includes funds from the American Recovery and Reinvestment Act of 2009, and the Worker, Homeownership, and Business Assistance Act of 2009, as amended.

**UNEMPLOYMENT AND SICKNESS
INSURANCE PROGRAM**

Financing Sources - Fiscal Year 2015 (In Millions)

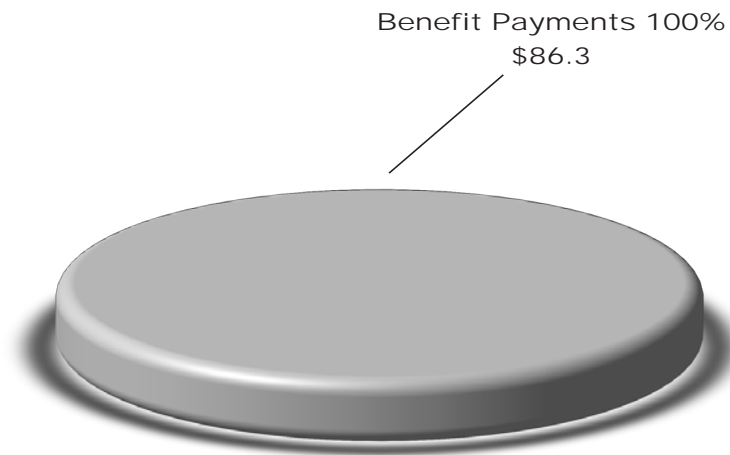
GROSS TOTAL \$77.4



¹Less Transfers-Out and carriers' refunds of \$13.2 million.

Costs - Fiscal Year 2015 (In Millions)

TOTAL \$86.3



Financing Sources

The primary ongoing financing source of the railroad unemployment and sickness insurance program is a payroll tax on railroad employers, based on the taxable earnings of their employees. The employees themselves are not taxed.

Each employer pays taxes at a rate which takes into consideration its employees' actual incidence of benefit usage. Under experience rating, employers whose employees have low incidences of unemployment and sickness pay taxes at a lower rate than those with higher levels of benefit usage. Each employer's rate also has a component for administrative expenses and a component to cover costs shared by all employers. The rate applies to monthly earnings up to an indexed maximum. In calendar year 2015, the taxable earnings base was the first \$1,455 of each employee's monthly earnings. The earnings base is indexed each year by a rate which is equal to approximately two-thirds of the annual rate of increase in the maximum base for railroad retirement tier I taxes.

In 2015, the basic tax rates on railroad employers, including covered commuter railroads, ranged from a minimum of 2.15 percent to a maximum of 12.0 percent. There was also a surcharge of 1.5 percent in 2015. Most employers were assessed the minimum rate in 2015. New employers in 2015 paid an initial rate of 4.09 percent.

Employer Payroll Taxes

Payroll taxes by employers totaled \$74.7 million during fiscal year 2015. This was an increase of 111 percent or \$39.3 million more than the previous year.

Interest

Cash not needed immediately for unemployment and sickness insurance benefits or operating expenses is held in the Federal Unemployment Insurance Trust Fund and invested by the Secretary of the Treasury. The fund earned an average rate of return of 2.3 percent in fiscal year 2015, of which the RRB earned \$2.7 million as its pro rata share.

Costs

Total costs for the railroad unemployment and sickness insurance program decreased by \$1.4 million (1.6 percent) to \$86.0 million.

Benefit Payments

During fiscal year 2015, unemployment insurance benefit payments decreased by \$2.2 million (5.8 percent) to \$35.7 million. Sickness insurance benefit payments increased by \$1.9 million (3.9 percent) to \$50.6 million.

BENEFIT OPERATIONS

Net unemployment and sickness benefits totaling nearly \$79.2 million were paid in the 2014-2015 benefit year, \$6.0 million less than in the prior year. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011, amounts reflect a reduction of 9.2 percent for days of unemployment and sickness after February 28, 2013, 7.2 percent for days after September 30, 2013, and 7.3 percent for days after September 30, 2014. Beneficiaries numbered 22,500, in comparison to the previous year's total of 24,800. Nearly 600 employees received both unemployment and sickness benefits during the 2014-2015 benefit year. The number of unemployment benefit claimants decreased by some 24 percent, while sickness benefit claimants decreased by about 1 percent. Total net unemployment benefit payments decreased by nearly 23 percent, while net sickness benefits increased by about 7 percent. The number of employees qualified for benefits under the Railroad Unemployment Insurance Act stayed nearly constant, rising slightly to 248,200.

Benefits are payable for each day of unemployment or sickness in excess of 7 during the first 14-day registration period in a benefit year. During benefit year 2014-2015, there were 6,300 and 13,400 unemployment and sickness benefit waiting period claims, respectively.

Unemployment

About 7,600 railroad workers were paid \$30.8 million in net unemployment benefits during the 2014-2015 benefit year, including \$0.3 million in recovered temporary extended benefits under the American Recovery and Reinvestment Act of 2009 and the Worker, Homeownership, and Business Assistance Act of 2009, as amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, the Temporary Payroll Tax Cut Continuation Act of 2011, the Middle Class Tax Relief and Job Creation Act of 2012, and the American Taxpayer Relief Act of 2012. The number of benefit claimants decreased by some 2,400 from the prior year total of 10,000, while the benefit amount fell \$9.1 million from the prior year's total of \$39.9 million. The average number of compensable days per unemployment benefit claimant was 69 in benefit year 2014-2015, the same as the previous benefit year.

The mid-month unemployment count in the 2014-2015 benefit year began with a July count of 2,100 claimants. The count steadily rose during the following months until it peaked at 2,600 in November 2014. After November 2014, the count dropped in December before nearly repeating the same level in January 2015, then dropped again the following months until reaching a benefit year low of 1,800 in May 2015. For the 2014-2015 benefit year as a whole, the weekly number of claimants averaged 2,200 in comparison to an average of 3,000 in the previous benefit year. The overall unemployment benefit claimant rate, measured in relation to numbers of employees qualified to receive benefits under

NOTE.—Railroad unemployment and sickness benefits are paid on the basis of benefit years beginning July 1 and ending June 30 of the following year. Consequently, operational data in this “Benefit Operations” section are generally presented for this time span, rather than fiscal years beginning October 1 and ending September 30.

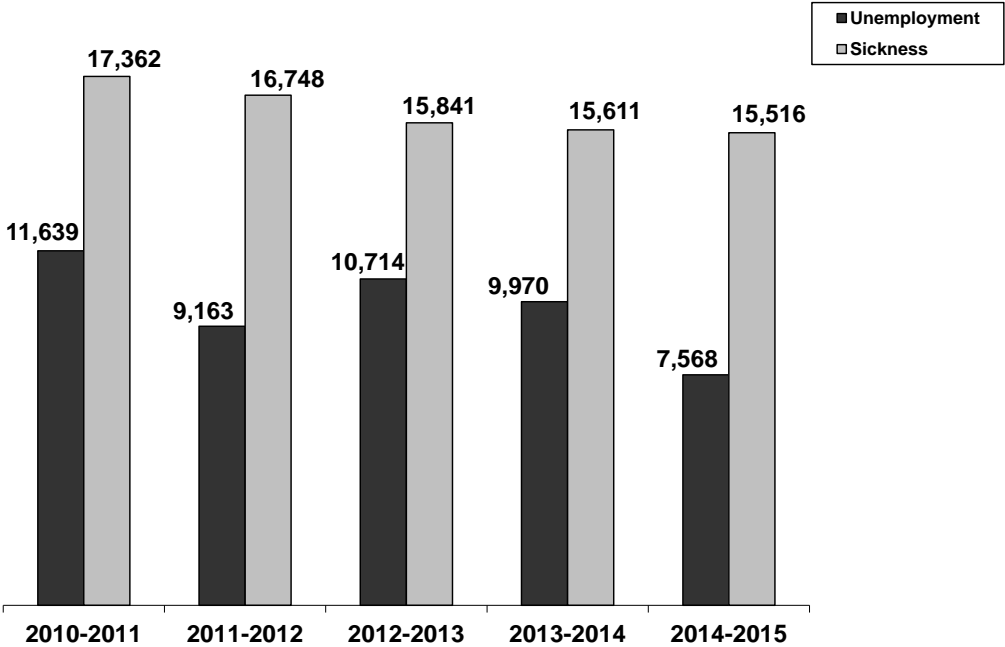
**Major unemployment and sickness benefit operations,
benefit years 2014-2015 and 2013-2014**

Item	Benefit year 2014-2015			Benefit year 2013-2014		
	Total	Unemploy- ment ¹	Sickness	Total	Unemploy- ment ¹	Sickness
Applications	30,900	11,500	19,400	32,100	13,100	19,100
Claims	183,700	62,500	121,300	202,800	82,900	119,900
Claimants	² 22,500	7,600	15,500	² 24,800	10,000	15,600
Net amount of benefits ³	\$79,179,700	\$30,751,900	\$48,427,800	\$85,183,000	\$39,867,100	\$45,315,900
Number of payments						
Normal	140,100	47,000	93,200	151,600	59,400	92,100
Extended	14,600	5,100	9,500	19,200	10,300	8,900
Total	154,800	52,100	102,700	170,800	69,700	101,100
Average amount per 2-week registration period ³						
Normal	\$577	\$581	\$575	\$556	\$553	\$558
Extended	541	544	539	527	529	525
Total	574	578	572	553	550	555
<p>¹ Starting in June 2009, includes temporary extended unemployment benefits authorized by the American Recovery and Reinvestment Act of 2009. Benefits had to begin by December 31, 2009. Beginning in November 2009, temporary extended unemployment benefits are also being paid under the Worker, Homeownership, and Business Assistance Act of 2009, as amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, the Temporary Payroll Tax Cut Continuation Act of 2011, the Middle Class Tax Relief and Job Creation Act of 2012, and the American Taxpayer Relief Act of 2012. Benefits had to begin by December 31, 2013. The benefit year 2013-2014 amount totaled \$2.4 million and the benefit year 2014-2015 amount totaled -\$0.3 million.</p> <p>² Benefits for both unemployment and sickness were paid to approximately 700 employees in benefit year 2013-2014 and 600 employees in benefit year 2014-2015. Those claimants who had only a non-compensable waiting period are not included in the beneficiary counts since no benefits were paid.</p> <p>³ In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011, amounts reflect a reduction of 9.2% under sequestration for days of unemployment and sickness after February 28, 2013, 7.2% for days after September 30, 2013, and 7.3% for days after September 30, 2014.</p>						

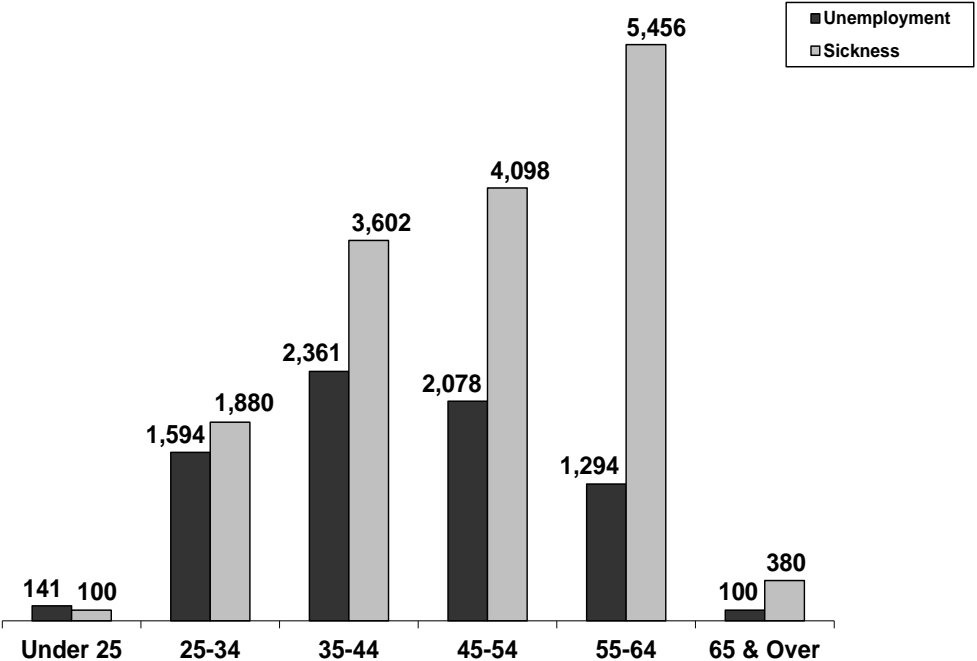
the Railroad Unemployment Insurance Act during a particular time period, fell to 3.0 per 100 qualified, from the previous year's 4.0 per 100 qualified, reflecting the continuation of normal unemployment levels. The median age for all unemployment benefit claimants was 43 years, as compared to 42 in the previous benefit year.

(text continued on page 32)

**Claimants under the Railroad Unemployment Insurance Act,
Benefit Years 2010-2011 through 2014-2015**



**Unemployment and Sickness Benefit Claimants by Age,
Benefit Year 2014-2015**



Sickness

The number of sickness benefit claimants during the 2014-2015 benefit year was 15,500, a difference of less than 100 lower than the previous year. The benefit year claimant count was the lowest since sickness benefits began in benefit year 1947-1948. Gross sickness benefits of \$67.0 million were paid, \$2.9 million more than in the prior benefit year. Net sickness benefits totaled \$48.4 million, reflecting repayment of a large amount of benefits following settlements of suits for injuries. Benefits payable for an injury are recoverable if the claimant is awarded damages or receives a settlement for the injury. Net benefits increased by \$3.1 million in comparison with the previous year.

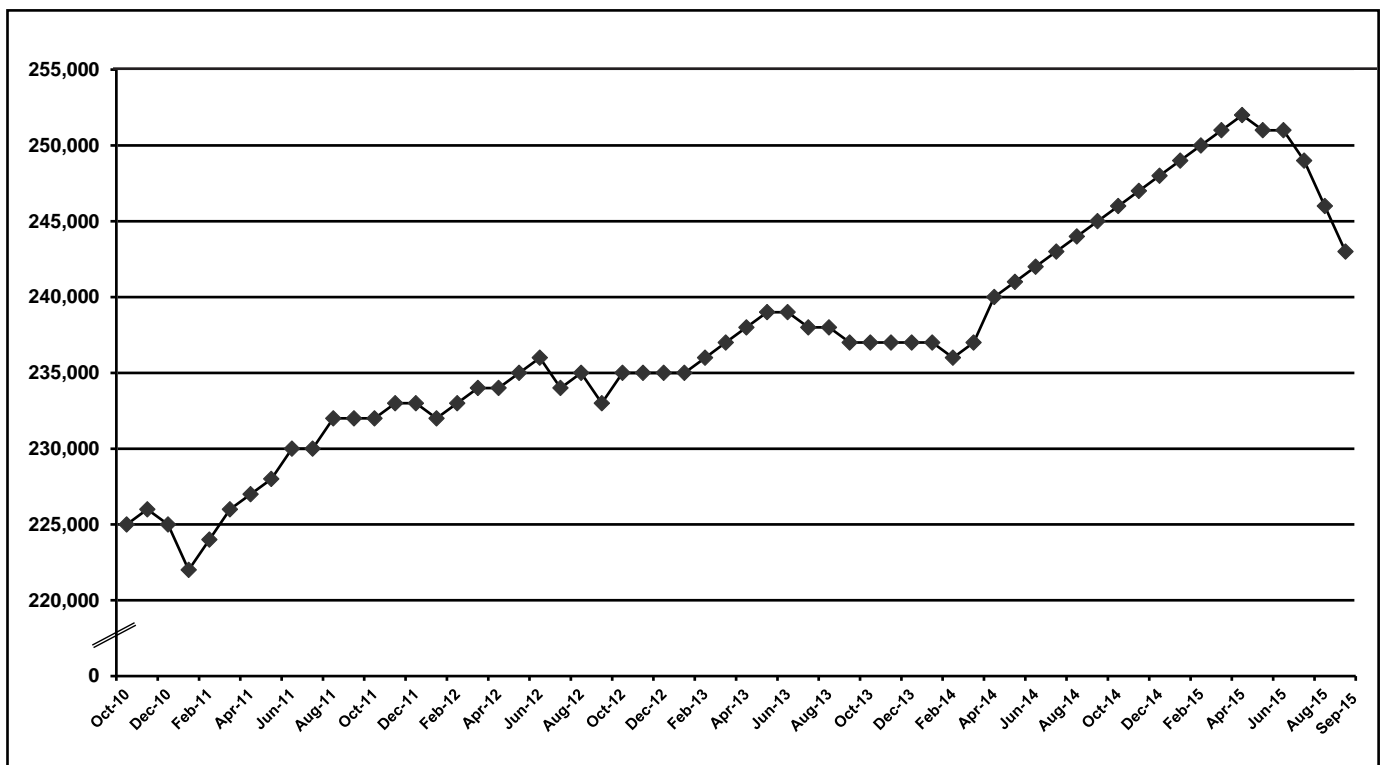
The utilization rate for sickness benefits was 6.3 percent of qualified employees, the same as the previous benefit year. The benefit year utilization rate was the lowest since the program's inception. The average duration of sickness was 66 days in benefit year 2014-2015, up from 65 in the previous benefit year.

Among the most common causes of sickness were injuries that included fractures or wounds (affecting 27 percent of beneficiaries), arthritis and disk disorders (22 percent), mental disorders, including drug and alcohol addictions (12 percent), and symptoms, signs and all ill-defined conditions (9 percent). The median age of all sickness benefit claimants was 50 years, the same as the previous benefit year.

RAILROAD EMPLOYMENT

Average monthly railroad employment in fiscal year 2015 rose approximately 3 percent to 248,000 from the 240,000 average of the previous year. After experiencing an all-time low of 215,000 in January 2010, railroad employment began to rebound in 2010 and continued that recovery through the first half of fiscal year 2015. Fiscal year 2015 average railroad employment began at 246,000 and increased through April 2015 when it peaked at 252,000, the highest level since December 1999. In May 2015, railroad employment began to decline and by September 2015 it had fallen to 243,000.

**Average Railroad Employment
Fiscal Years 2011 through 2015**



Note.--Numbers for 2015 are preliminary.

ADMINISTRATIVE DEVELOPMENTS

The following describes some major activities and issues addressed in 2015 and 2016 as part of the RRB's efforts to improve operations and customer service.

Performance Management

Customer Satisfaction Survey

Working with the Department of the Interior's National Business Center Federal Consulting Group, government agencies use the American Customer Satisfaction Index (ACSI) survey to gauge their level of service and benchmark their performance. The ACSI also helps agencies focus on those processes, based on customer feedback, which will have the biggest impact on an agency's ability to deliver the highest quality products and services. In fiscal year 2015, the RRB conducted an ACSI survey of railroad employers on their dealings with the agency. This was the first time employers had been the subject of a survey, which covered direct contact with RRB personnel and various forms of electronic communication. The RRB earned a score of 77 in this survey, which compares very favorably with the overall ACSI score of 64 for the Federal government.

Customer Service Plan

The RRB's Customer Service Plan promotes the principles and objectives of customer-driven quality service agency-wide. An important part of the plan is to keep customers informed of how well the RRB is meeting timeliness standards. The RRB publicizes the Customer Service Plan and performance results and posts them in all of its field offices. The plan is reviewed and updated periodically based on agency experience, customer feedback and comparison with similar best-in-business models.

The agency has developed an index to measure the overall timeliness of customer service in four benefit areas: retirement applications; survivor applications; disability applications and payments; and railroad unemployment and sickness benefit applications and claims. In addition, this composite indicator, based on a weighted average, allows for a more concise and meaningful presentation of its customer service efforts in these four areas. During fiscal year 2015, the overall benefit timeliness index was 98.8 percent. This means that the RRB provided benefit services within the timeframes promised in the Customer Service Plan 98.8 percent of the time. Performance and processing times during

fiscal year 2015 were very similar to the levels in fiscal year 2014. (The composite for 2014 was 98.9.) The RRB also met or exceeded eight out of ten customer service goals for the year in its Annual Performance Plan.

Reducing Improper Payments

The RRB developed an agency risk assessment plan in response to provisions of the Improper Payments Elimination and Recovery Act and Office of Management and Budget (OMB) guidance. The objective was to evaluate payment outlays susceptible to improper payments by assessing risk for all of the benefit and non-benefit programs that the agency administers.

The agency completed risk assessments for both the Railroad Retirement Act and Railroad Unemployment Insurance Act programs, and also conducted an analysis of the programs for fiscal year 2014, as has been done annually since fiscal year 2003. The RRB's Performance and Accountability Report for fiscal year 2015 (based on fiscal year 2014 data) includes the results of that analysis, along with a summary of the root causes of errors, a description of the actions taken to address and prevent improper payments, and projections of future improper payment levels. The information was also provided to OMB, along with an improper payment reduction outlook, a breakdown of the root causes, amounts and percentages of improper payments for both programs in fiscal year 2014, and detail on recaptured overpayments. The review shows that the RRB does not have significant improper payments, as defined by OMB guidelines for implementing the Improper Payments Information Act of 2002. Risk assessments for non-benefit programs indicated that they were not susceptible to significant improper payments.

The RRB will continue to review its benefit payment programs to determine if the level of improper payments is significant. Ongoing activities aimed at improving the accuracy of the payments and reducing erroneous payments include automation enhancements, quality assurance reviews, and monitoring programs. This includes looking for additional operational improvements that will minimize improper payments and enhance recovery efforts.

Service Enhancements

Employer Reporting System

The Employer Reporting System (ERS) is a web-based platform that enables railroad employers to submit information to the RRB in an electronic format instead of mailing paper forms. In addition to providing a faster means of communication, the ERS increases efficiency by reducing manual handling, while enhancing security and protection of personally identifiable information (e.g., addresses and social security numbers). In fiscal year 2015, the RRB added the final service and compensation report to the ERS, the Form BA-9, which allows employers to submit information on separation allowances paid to

employees. The agency is also developing a multifactor authentication system that allows users to reset their own passwords in a secure manner.

Cost-of-Living Adjustment

For the third time since the implementation of the automatic cost-of-living adjustment (COLA) in 1975, there was no COLA effective in January 2016 because there was no increase in the Consumer Price Index from the third quarter of 2014 to the same period in 2015. And while the monthly Medicare Part B premium increased from \$104.90 to \$121.80, most beneficiaries did not have to pay the increase due to a “hold harmless” provision that provides Part B premiums cannot increase for current enrollees if there is no COLA. However, new enrollees and certain high-income beneficiaries did pay higher premiums.

Benefit Processing Improvements

The RRB implemented two improvements in 2015 to improve processing of disability applications and payment of Railroad Unemployment Insurance Act benefits.

- In October 2015, the agency implemented use of two disability online applications: *Stedman’s Online Medical Dictionary* and *Occubrowse*. These applications assist claim examiners during case adjudication and streamline work processes. In addition, *Occubrowse* is used by the Social Security Administration, which will promote consistency between the two agencies concerning job information for disability cases.
- In July 2015, the RRB revised its daily Railroad Unemployment Insurance Act process to make payments to state child support agencies under garnishment orders by direct deposit.

Officials

Michael S. Schwartz, who had served as Chairman of the Railroad Retirement Board since 2003, retired August 31, 2015. Walter A. Barrows continues to serve as the Labor Member, as does Steven J. Anthony as the Management Member. Mr. Barrows was appointed to the Board in 2011 and Mr. Anthony in 2014. Martin J. Dickman has been the Inspector General for the RRB since 1994.

In April 2016, the Board appointed Beverly Britton Fraser as Director of Legislative Affairs/Legislative Counsel. In that capacity, she will manage the RRB’s Office of Legislative Affairs in Washington, DC, serve as the agency’s liaison with congressional and executive branch offices in the Capital, and provide legal and legislative advice to the Board Members and agency executives. At the time of her appointment, Ms. Britton Fraser was Senior Counsel for the House Committee on Oversight & Government Reform in the U.S. Congress, a position she had held since April 2009. She earned a bachelor’s degree from Cornell University and a J.D. from the University of Buffalo Law School. She replaced Margaret Lindsley, who retired in February 2016 with more than 35 years of RRB service.

Human Capital Management

Staffing

Like other organizations in the Federal community, the RRB has an aging workforce, with about 55 percent of its employees having 20 or more years of service. Additionally, over 40 percent of the agency's current workforce will be eligible for retirement by fiscal year 2019. To help cope with the loss of experience and bridge the knowledge gap, the RRB is placing increased emphasis on strategic management of human capital, particularly in the areas of training, development and succession planning. While attrition remains an ongoing concern, it has also presented an opportunity for the RRB to increase hiring of entry-level positions, particularly those engaged in direct customer service. In 2015, the agency launched one training class for claims examiners involved in the adjudication and processing of sickness and unemployment benefit claims. The RRB is filling additional training classes for retirement, survivor, unemployment, sickness and Medicare claims examiners in summer 2016.

Training

The RRB has devoted more attention and resources to training in recent years, providing meaningful development programs for its employees. One example is the reestablishment of the training section within the Bureau of Human Resources. This unit is charged with creating, implementing and modifying overall training and developmental policies, procedures and programs on an agencywide basis. The primary goal is to create training opportunities to assist RRB employees in building the competencies needed to achieve the agency's mission, values and strategic goals. They utilize training needs assessments and surveys to prioritize needs in these areas, and have also made expanded use of technology.

This has included use of a recently acquired learning management system (LMS). The LMS is an internet-based program which effectively formalizes all aspects of training for RRB employees, while also providing self-assessments to "students" and feedback to supervisors on their progress. Since the LMS became operational in May 2015, 880 employees and contractors have taken 516 different online or instructor-led training courses on 13,601 occasions. In addition, all agency field managers now have access to the latest webinar technology to facilitate remote training of new employees, as well as ongoing training of experienced staff.

In 2015, the Office of Programs also completed several training classes for employees involved in the adjudication and processing of the RRB's benefit programs. This included two training programs for initial adjudication of Railroad Retirement Act claims (one retirement and one survivor), along with three post-adjudication programs (two retirement and one survivor). Another training program for initial examiners of disability benefit applications was also completed during the year.

Employee Recognition

The RRB recognizes its employees for their contributions to the agency and service to the railroad public as part of its annual “Award for Excellence” program. All agency employees have the opportunity to be recognized for their accomplishments individually or as part of a team in various categories. The 28th annual awards ceremony was held in August 2015 in Kasbeer Hall at Loyola University of Chicago’s nearby Water Tower campus. The program honored 14 individual nominations and 5 team nominations. The RRB also participates in the Chicago Federal Executive Board’s “Federal Employee of the Year” awards program, which recognizes outstanding Federal employees throughout the metropolitan area. In 2015, the RRB had seven individual and three team nominations.

Employee Survey

The Federal Employee Viewpoint Survey, conducted by the Office of Personnel Management (OPM), is a tool that measures employees’ perceptions of whether, and to what extent, conditions characterizing successful organizations are present in their agencies. Of 862 RRB employees invited to participate in the 2015 survey, 481 completed the survey, for a response rate of 56 percent (compared to a governmentwide rate of 50 percent). Forty-eight survey items had higher scores than in 2014, while only 15 showed a decrease. The RRB ranked in the top ten out of 37 departments/large agencies in the areas of global satisfaction (7th) and employee engagement (10th). Based on OPM guidelines for determining notable results, the RRB scored especially high (greater than 65 percent favorable) on the majority of items measuring personal work experiences. Over 92 percent of the RRB respondents think the work they do is important, 87 percent know how their work relates to the agency’s goals and priorities, and 79 percent feel their work gives them a feeling of personal accomplishment. Eighty-two percent like the kind of work they do, and 87 percent feel they are held accountable for achieving results. Additionally, 83 percent of agency employees feel supported by their supervisors in balancing work and other life issues.

The lowest scores were on items gauging performance culture and talent management, although these scores still represent a minority of the employees that responded. For example, only 36 percent felt that pay raises depend on how well employees perform their jobs, and only 35 percent agreed that steps are taken to deal with poor performers (compared to a governmentwide figure of 28 percent). Only 30 percent of respondents felt that creativity and innovation are rewarded, which is an area that the RRB intends to concentrate on improving in the coming years.

Information Technology

Information Security

The RRB is committed to protecting its annuitants' information from unauthorized use or disclosure, and continues to work on improving its security capabilities. In fiscal year 2015, the RRB's information security team administered statutorily required security-awareness training for all agency employees and contractors. Staff members identified as having more significant information security responsibilities participated in enhanced role-based security training. Also, the RRB's privacy team prepared and coordinated training for all employees on controlling unclassified information, federal tax awareness and the Privacy Act.

Mainframe Applications Reengineering

In fiscal year 2015, the RRB awarded a services contract to undertake a multiyear effort to convert the agency's current mainframe computing environment to a Microsoft Windows-based system. Reengineering critical legacy mainframe applications supports agency operations by enabling a future-ready RRB workforce equipped with modern tools and technologies. This will allow them to do their jobs in the most efficient and effective manner, contributing to sustained customer satisfaction in the railroad community. The RRB will begin the conversion effort in fiscal year 2016 by purchasing additional hardware to house the new infrastructure and converting applications related to the taxation of retirement benefits.

Information Resources Management

In fiscal year 2015, the RRB coordinated and secured computer matching agreements with 11 states. The agency also secured Office of Management and Budget (OMB) approval of 18 information collections. A central goal of the OMB review process is to help agencies strike a balance between collecting information needed to fulfill their statutory missions and guarding against unnecessary or duplicative requests that impose unjustified costs on the public. In addition, the RRB's records management team implemented agencywide records management training as required by the "Managing Government Records Directive" in OMB Memorandum M-12-18.

Office of Equal Opportunity

Diversity Program

Throughout the year, the agency's Office of Equal Opportunity sponsored many events and activities to foster an inclusive work environment and enhance the understanding of disability issues. The Workplace Diversity Committee presented a variety of cultural enrichment events to commemorate African American History Month, Women's History

Month, Asian Pacific Heritage Month and Hispanic Heritage Month. The Employees with Disabilities Advisory Council also presented a disability awareness fair featuring several community, government and commercial organizations that provide services and products for individuals with disabilities.

Equal Opportunity Policies and Procedures

The agency's Equal Employment Opportunity complaint program has policies and procedures in place to address all forms of discrimination, including harassment. The discrimination complaint process has the required elements of impartiality, timeliness and credibility. Training is conducted to ensure that employees know their rights and responsibilities. In 2016, several policies and procedures were updated to reflect changes in Equal Employment Opportunity Commission regulations and guidance.

Recruitment

The RRB is committed to maintaining a diverse workforce. The Office of Equal Opportunity worked cooperatively with the Bureau of Human Resources in 2015 to create a diverse pool of external job applicants by identifying sources for the recruitment of individuals with disabilities, various underrepresented groups, and disabled veterans.

Public Information Activities

The RRB maintains direct contact with railroad retirement beneficiaries through its field offices located across the country. Field personnel explain benefit rights and responsibilities on an individual basis, assist railroad employees in applying for benefits and answer any questions related to the benefit programs. The RRB also relies on railroad labor groups and employers for assistance in keeping railroad personnel informed about its benefit programs.

At informational conferences sponsored by the Labor Member of the Board for railroad labor union officials, RRB representatives describe and discuss the benefits available under the railroad retirement-survivor, unemployment-sickness and Medicare programs, and the attendees are provided with comprehensive informational materials. Now in its 59th year, in 2015 a total of 1,381 railroad labor union officials attended 37 informational conferences held in cities throughout the United States. The Labor Member's Office in 2014 also launched a new program of pre-retirement seminars designed for railroad employees and their spouses nearing retirement. Nine seminars were held during 2015, with 538 individuals in attendance. In addition, railroad labor unions frequently request that RRB representatives speak before their meetings, seminars and conventions. In 2015, the Labor Member's Office was represented at 17 union gatherings attended by 2,471 railroad labor officials. Field personnel addressed 53 local union meetings with 2,395 members in attendance.

The Management Member's Office hosted the 9th annual National Rail Employer Training Seminar in Chicago in late August 2015, attended by 179 reporting personnel from around the country. RRB executives and staff, along with guest speakers from the Internal Revenue Service (IRS), presented on a variety of topics, including: RRB and IRS audits; basic reporting; employer coverage; the Railroad Unemployment Insurance Act's experience rating system; web-based services; internet reporting and claim forms available on the Employer Reporting System (ERS); processing tax and debt payments and claims using Pay.Gov and the ERS; retirement and survivor annuities; and IRS reporting issues. The employers were also able to attend a session conducted by the RRB's Office of Inspector General on efforts to protect the railroad retirement trust funds. The Management Member's Office hosts the seminar every three years, in addition to other meetings and seminars during the year for rail executives and managers.

Office of Inspector General

The Office of Inspector General (OIG) for the RRB focuses its audit and investigative efforts on protecting the integrity of the agency's trust funds by providing comprehensive program and operational oversight. Reports issued by the OIG, and other documents referenced in this section, can be found at www.rrb.gov/oig.

Office of Audit

During fiscal year 2015, the Office of Audit published 8 reports, completed its mandated CyberScope reporting and assessment of risk associated with purchase and travel cards, and issued findings and recommendations to agency management. Their reports focused on the following topics: the RRB's financial statements for fiscal years 2013 and 2014; information technology security; the RRB's compliance with the Improper Payments Elimination and Recovery Act; internal controls over creditable service and compensation related to injury settlements; vulnerabilities related to railroad Medicare chiropractic payments; and internal controls over obligations at the RRB. In total, this work identified \$149 million in questioned costs. In addition, the Office of Audit underwent a peer review and received a rating of "pass" during fiscal year 2015.

Pursuant to the Reports Consolidation Act of 2000 and the requirements of Office of Management and Budget Circular A-136, the OIG issued a document that identified the most serious management challenges facing the RRB and its progress in addressing them. The OIG identified the following challenges: program integrity to strengthen the RRB's disability program; information technology security and modernization; oversight of railroad Medicare; preventing and detecting improper payments; agency succession planning; material weaknesses for financial statement reporting; and limited transparency at the National Railroad Retirement Investment Trust.

Office of Investigations

The Office of Investigations focuses on identifying, investigating, and presenting RRB fraud cases for prosecution or monetary recovery action. It also seeks to prevent and deter RRB program fraud by reporting systemic weaknesses in agency operations and processes identified through investigative work. In order to maximize the impact of its resources, the office pursues cooperative investigative activities in coordination with other inspectors general, such as the Office of Inspector General for the Department of Health and Human Services, and law enforcement agencies, such as the Federal Bureau of Investigation and the U.S. Secret Service.

As of September 30, 2015, the Office of Investigations' caseload totaled 295 matters, which represents approximately \$556.0 million in potential fraud losses.¹ During fiscal year 2015, the office secured 19 arrests, 49 indictments and/or informations, 43 convictions, 27 civil judgments, 57 referrals to the Department of Justice, and more than \$202.7 million in financial accomplishments.²

¹ This reflects potential fraud amounts related to programs administered exclusively by the RRB and potential fraud amounts from other Federal programs such as Medicare or social security which have been identified by Office of Investigations' joint investigative work.

² The total amount of financial accomplishments reflects fraud amounts related to programs administered exclusively by the RRB and fraud amounts from other Federal programs such as Medicare or social security which were included in the disposition resulting from the investigation.

LEGAL RULINGS

Two rulings on cases involving the RRB were issued by Courts of Appeal during fiscal year 2015, and 61 legal opinions were issued by the RRB's Office of General Counsel.

Court Cases

Three petitions for review were filed during the year, and two cases were ruled upon by Courts of Appeal. At the conclusion of fiscal year 2015, there were five cases pending decisions before various Courts of Appeal.

Legal Opinions

The RRB's Office of General Counsel issued 61 formal legal opinions in fiscal year 2015. The following are of particular interest.

Same-Sex Marriage – *Obergefell v. Hodges*

L-2015-3.1

Issued August 14, 2015. The opinion finds that the holding of the U.S. Supreme Court in *Obergefell v. Hodges* must be applied retroactively to eight pending applications for spousal benefits. The opinion is a change in interpretation from Legal Opinion L-2015-03, which applied the decision in *United States v. Windsor*, 570 U.S. 12, 133 S. Ct. 2675 (2013). The *Windsor* decision addressed the U.S. Courts of Appeals circuit split regarding the validity of same-sex marriages. Eight applications involving railroad employees and spouses who were married in a U.S. State which recognized same-sex marriages at the time of their marriage, but were living in a State which did not recognize their marriage prior to the decision in *Obergefell v. Hodges*, were pending with the RRB.

The General Counsel advised that in light of the *Obergefell* decision, the RRB must comply with the Supreme Court ruling as it did in Legal Opinion L-1967-137, in which the Associate General Counsel advised the Director of Retirement Claims to retroactively apply the Supreme Court decision in *Loving v. Virginia*, 388 U.S. 1 (1967), which invalidated State laws banning interracial marriages.

Presidential and Federal Records Act Amendments of 2014

L-2015-13

Issued May 6, 2015. The Presidential and Federal Records Act Amendments of 2014 (P.L. 113-187) were signed into law by President Obama on November 26, 2014. The opinion provides a brief analysis of the law, which requires the President, Vice President, and “covered” employees to forward a complete copy of any non-official electronic

messaging account to an official electronic messaging account within 20 days after the record was created or transmitted. The opinion also provides a summary of how the law expands the types of unlawful forms of destruction of electronic records and the duties of Federal agency heads to notify the National Archives and Records Administration of any destruction of records in the custody of the agency.

Amendment of 20 CFR 220.45

L-2015-43

Issued September 14, 2015. The opinion, addressed to the three-member Board, proposed an amendment to section 220.45 of the agency's regulations. The amendment would modify the requirements for the evidence submitted by an applicant applying for a disability annuity. The current regulation simply requires the claimant to provide evidence of the claimed disability, but doesn't require the claimant to submit all evidence related to the disability. The amendment would change the RRB's regulation to mirror the change in the Social Security Administration's regulation. The new amendment would require an applicant to inform or submit to the RRB all evidence known to the applicant that "relates to" their disability claim.

Appeals

Any claimant for benefits under the Railroad Retirement or Railroad Unemployment Insurance Acts may appeal a determination he or she feels is not justified. This appeal must be filed within certain time frames. Appeals are heard and decided by the RRB's Bureau of Hearings and Appeals. An appellant who is dissatisfied with the decision on his or her appeal may further appeal the case to the three-member Board within a prescribed period of time.

Railroad Retirement Act

During fiscal year 2015, 298 appeals were filed with the Bureau of Hearings and Appeals under the Railroad Retirement Act, and the Bureau rendered decisions in 342 appeals. The reconsideration decision was sustained in 181 cases. In 161 appeals the decision was favorable to the claimant in whole or in part.

Eighty-two appeals were filed with the three-member Board in fiscal year 2015, which, added to the 63* appeals carried over from the previous year, brought the total to be considered to 145. Of 39 decisions, 33 sustained previous rulings of the hearings officer, two were remanded to the Bureau of Hearings and Appeals, two were dismissed and two granted. At the end of the year, 105 appeals were pending before the Board.

* – A new electronic docketing system showed the end-of-year balance at 63, rather than 100 as reported in the 2015 Annual Report.

Railroad Unemployment Insurance Act

During fiscal year 2015, 30 appeals were filed with the Bureau of Hearings and Appeals under the Railroad Unemployment Insurance Act, and the Bureau rendered decisions in 40 appeals. The reconsideration decision was sustained in 33 cases. In seven appeals the decision was favorable to the claimant in whole or in part.

Five appeals were filed with the Board in fiscal year 2015, which were added to the 10** carried over from the previous year, bringing the total to be considered to 15. The Board rendered decisions in three of the appeals, one affirming the decision of the hearings officer, one remanding the case to the Bureau of Hearings and Appeals and one granting the appeal. At the end of the year, 12 appeals were pending before the Board.

** – A new electronic docketing system showed the end-of-year balance at 10, rather than 9 as reported in the 2015 Annual Report.

STATISTICAL TABLES

Table 1.--Beneficiaries and benefits paid under the Railroad Retirement Act and the Railroad Unemployment Insurance Act, by fiscal year, 2006-2015, cash basis

Fiscal year	Total ¹	Retirement ²	Survivor ²	Unemployment ^{3, 4}	Sickness ⁴
BENEFICIARIES (in thousands)					
2006.....	643	441	187	9	20
2007.....	641	444	180	10	19
2008.....	623	433	174	11	19
2009.....	626	430	167	24	18
2010.....	617	428	161	22	18
2011.....	603	429	156	11	18
2012.....	595	429	150	10	17
2013.....	592	429	146	11	16
2014.....	585	428	141	10	16
2015.....	581	428	136	9	16
BENEFIT PAYMENTS (in millions)					
2006.....	\$9,513.7	\$7,294.0	\$2,146.9	\$30.8	\$42.1
2007.....	9,871.5	7,641.1	2,156.4	27.8	46.2
2008.....	10,115.4	7,877.0	2,158.1	35.1	44.9
2009.....	10,663.8	8,311.0	2,192.0	111.7	48.1
2010.....	10,939.8	8,588.6	2,187.1	109.6	50.0
2011.....	11,047.2	8,778.5	2,165.3	48.3	52.3
2012.....	11,418.8	9,155.4	2,171.7	41.1	47.5
2013.....	11,726.4	9,456.5	2,175.5	47.8	42.9
2014.....	11,980.9	9,724.9	2,167.2	37.7	46.7
2015.....	12,257.3	10,012.2	2,156.9	34.0	49.2

¹ Beginning in fiscal year 2008, beneficiaries and benefit payments include partition payments to spouses and divorced spouses where the employee is deceased or not otherwise entitled to an annuity. Benefit payments also include a small amount of payments for hospital insurance benefits for services in Canada.

² Retirement benefits include vested dual benefit and supplemental annuity payments. Survivor benefits include vested dual benefit payments.

³ Includes temporary extended unemployment benefits under the American Recovery and Reinvestment Act of 2009 and Worker, Homeownership, and Business Assistance Act of 2009, as amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, the Temporary Payroll Tax Cut Continuation Act of 2011, the Middle Class Tax Relief and Job Creation Act of 2012, and the American Taxpayer Relief Act of 2012.

⁴ In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011, amounts reflect a reduction of 9.2% under sequestration for days of unemployment and sickness after February 28, 2013, 7.2% for days after September 30, 2013, and 7.3% for days after September 30, 2014.

NOTE.-- Number of beneficiaries represents all individuals paid benefits in year. In total number for each year, beneficiaries are counted only once, even though they may have received more than one type of benefit. In fiscal year 2015, 7,300 individuals received both retirement and survivor benefits, 600 employees received both unemployment and sickness benefits, and 1,800 employees received benefits under both the Railroad Retirement Act and the Railroad Unemployment Insurance Act. These figures are partly estimated, and totals for earlier years are similarly adjusted.

Table 2.--Status of the Railroad Retirement Act accounts and trust funds, by fiscal year, 2006-2015 (in millions), cash basis

Item	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
RAILROAD RETIREMENT ACCOUNT										
Receipts										
Tax transfers ¹	\$2,674.8	\$2,637.8	\$2,636.5	\$2,501.2	\$2,599.0	\$2,712.7	\$2,659.8	\$3,140.2	\$3,392.2	\$3,760.8
Interest and profit on investments ²	19.6	19.3	12.9	12.0	11.0	12.3	11.4	9.0	14.0	17.2
Transfers from the National RR Investment Trust ³	947.0	1,391.0	1,298.0	1,563.0	1,989.0	1,744.0	2,026.0	1,581.0	1,429.0	1,191.0
Transfers from the SSEB Account ³	38.0	181.0	147.0	.....	81.0	255.0	19.0	171.0	93.0	129.0
Loan repayments from RUI Account ⁴.....	.....	.....	.....	.....	.....	48.4	.....	.....	.....	.....
Loan repayments from DBP Account ⁴.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	4.5
Expenditures										
Benefit payments ⁵	\$3,808.8	\$4,073.0	\$4,121.8	\$4,326.9	\$4,474.4	\$4,600.3	\$4,775.0	\$4,906.2	\$5,044.0	\$5,106.8
Financial Interchange adjustment ⁶	(85.9)	(45.7)	(100.0)	(104.6)	(13.1)	(88.5)	(141.9)	(166.6)	(164.0)	(162.3)
Net transfers to administration.....	69.9	64.0	58.4	63.4	68.7	73.6	69.6	70.2	69.3	72.1
Loans to RUI Account.....	.....	.....	.....	.....	46.5	.....	.....	.....	.....	.....
Loans to DBP Account ⁷.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	4.5
Balance at end of period ⁸	\$479.4	\$616.9	\$632.0	\$418.2	\$519.0	\$706.5	\$720.2	\$811.7	\$791.8	\$877.3
SOCIAL SECURITY EQUIVALENT BENEFIT ACCOUNT⁹										
Receipts										
Tax transfers ¹	\$2,462.5	\$2,538.0	\$2,649.3	\$2,528.9	\$2,514.9	\$2,675.3	\$2,878.5	\$2,954.1	\$3,163.1	\$3,389.3
Interest and profit on investments ²	28.0	29.0	19.9	19.0	18.9	21.9	20.1	22.4	21.9	24.3
Transfers under financial interchange ¹⁰	3,846.3	4,019.8	4,049.9	4,137.3	4,391.6	4,574.3	4,651.0	4,499.0	4,700.8	4,676.6
Advances against financial interchange ¹¹	3,241.3	3,232.3	3,385.6	3,661.1	3,819.0	3,820.4	3,738.6	3,943.0	3,886.1	3,849.9
Expenditures										
Benefit payments.....	\$5,536.1	\$5,637.9	\$5,835.8	\$6,107.6	\$6,243.7	\$6,291.1	\$6,506.7	\$6,686.9	\$6,815.2	\$7,035.4
Financial Interchange adjustment ⁶	85.9	45.7	100.0	104.6	13.1	88.5	141.9	166.6	164.0	162.3
Net transfers to administration.....	24.3	25.6	38.5	32.5	33.6	29.6	31.4	30.1	32.3	32.9
Transfers under financial interchange ¹⁰	471.5	483.3	525.7	524.3	535.1	477.2	510.9	576.6	611.6	594.7
Repayment of advances against financial interchange ¹¹	3,419.7	3,418.7	3,410.8	3,564.8	3,837.6	3,946.6	3,946.3	3,863.1	4,041.9	3,982.7
Transfers to the National RR Investment Trust/RR Account ³	38.0	181.0	147.0	.....	81.0	255.0	19.0	171.0	93.0	129.0
Balance at end of period.....	\$717.4	\$744.2	\$791.2	\$803.8	\$804.0	\$807.9	\$939.8	\$863.9	\$877.8	\$880.8

See footnotes at end of table.

Table 2.--Status of the Railroad Retirement Act accounts and trust funds, by fiscal year, 2006-2015 (in millions), cash basis - Continued

Item	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
NATIONAL RAILROAD RETIREMENT INVESTMENT TRUST¹²										
Cash and investment balance at end of period ¹³	\$29,327.9	\$32,631.4	\$25,271.5	\$23,330.8	\$23,770.4	\$22,119.0	\$23,586.2	\$24,963.7	\$26,039.9	\$24,483.9
DUAL BENEFITS PAYMENTS ACCOUNT¹⁴										
Dual benefit transfers ¹⁵	\$97.0	\$88.0	\$79.0	\$72.0	\$64.0	\$56.9	\$50.9	\$44.9	\$39.0	\$34.0
Loans from Railroad Retirement Account ⁷	.....	.....	.....	.....	.....	.....	.....	.....	4.5	.....
Benefit payments	96.0	86.5	77.7	69.5	62.1	55.2	48.6	42.6	37.2	31.9
Repayment of loans from Railroad Retirement Account ⁴	.....	.....	.....	.....	.....	.....	.....	.....	4.5	.....
Balance at end of period ⁸	\$1.0	\$1.5	\$1.3	\$2.5	\$1.9	\$1.7	\$2.3	\$2.3	\$1.8	\$2.1

¹ Net of U.S. Treasury adjustments for payroll tax refunds to certain carriers and their employees for prior periods. Includes Federal income tax transfers under section 72(r) of the Internal Revenue Code, as amended. In calendar years 2011-2012, Social Security Equivalent Benefit Account includes general revenue transfers under the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 and the Middle Class Tax Relief and Job Creation Act of 2012, respectively. The final reconciliation for calendar years 2011-2012 occurred in June 2015. In fiscal year 2012, Social Security Equivalent Benefit Account includes one-time general revenue transfer under the Hiring Incentives to Restore Employment Act of 2010.

² Net of interest on U.S. Treasury adjustments for payroll tax refunds (see note 1).

³ Under the Railroad Retirement and Survivors' Improvement Act of 2001, as amended, the portion of the Railroad Retirement Account not needed to pay current administrative expenses is to be transferred to the National Railroad Retirement Investment Trust (Trust). The Trust may transfer funds back to the Railroad Retirement Account for payment of benefits. The balance of the Social Security Equivalent Benefit (SSEB) Account not needed to pay current benefits and administrative expenses is to be transferred to the Trust or to the Railroad Retirement Account. The SSEB Account transferred funds to the Trust in fiscal year 2003 and to the Railroad Retirement Account thereafter.

⁴ Includes interest.

⁵ Effective January 1, 2002, supplemental benefits are paid from the Railroad Retirement Account.

⁶ Adjustments in benefit payments charged to the Social Security Equivalent Benefit Account as compared to actual financial interchange benefits, with interest.

⁷ Due to delay in enactment of a continuing resolution, the Dual Benefits Payments Account borrowed \$4,500,000 from the Railroad Retirement Account in October 2013 in order to pay vested dual benefits. The loan was repaid in entirety in December 2013.

⁸ The Railroad Retirement Account balance reflects (a) the current net difference between Board payments of social security benefits and the receipt of reimbursements for such payments, (b) liabilities for uncashed check credits received from U.S. Treasury, and (c) credits for undistributed payment returns and recoveries. The Dual Benefits Payments Account balance does not carry over to the following year.

⁹ Established October 1, 1984, to keep track of the financing and payment of social security level portions of railroad retirement benefits.

¹⁰ Transfers to or from OASDHI Trust Funds under section 7(c)(2) of the Railroad Retirement Act of 1974.

¹¹ Advances, including interest, from U.S. Treasury to offset lag in receipt of financial interchange funds under section 7(c)(4) of the Railroad Retirement Act of 1974, as amended.

¹² Established February 1, 2002, for investment of railroad retirement assets.

¹³ Source: National Railroad Retirement Investment Trust.

¹⁴ Established October 1, 1981, to keep track of the financing and payment of vested dual benefits.

¹⁵ Transfers from U.S. Treasury under section 15(d) of the Railroad Retirement Act of 1974 and Federal income tax transfers under section 72(r) of the Internal Revenue Code, as amended.

Table 3.--Status of the Railroad Unemployment Insurance Account, by fiscal year, 2011-2015 (in thousands), cash basis

Item	Fiscal year				
	2011	2012	2013	2014	2015
RECEIPTS					
Taxes.....	\$149,287	\$184,452	\$84,679	\$6,248	\$46,672
Interest.....	1,933	4,106	5,686	4,415	3,165
Transfer from Administration fund under Sec. 11(d) of the RUI Act.....	7,918	11,219	10,706	12,257	11,339
Undistributed recoveries of benefit payments ¹	(48)	(21)	(110)	(271)	368
Total.....	\$159,089	\$199,755	\$100,961	\$22,649	\$61,544
EXPENDITURES					
Benefit payments ^{2,3}	\$91,929	\$81,782	\$83,691	\$83,823	\$83,501
Repayment of RRA Loans.....	48,408	....	....	....	....
Funding for Office of Inspector General.....	1,077	1,022	941	1,037	1,053
Total.....	\$141,414	\$82,804	\$84,633	\$84,860	\$84,554
Cash balance end of period.....	\$46,944	\$163,895	\$180,223	\$118,012	\$95,002
LOANS DUE RAILROAD RETIREMENT ACCOUNT					
Loans.....	....	....	....	....	....
Interest accrued.....	\$1,030	....	....	....	....
Repayment from RUI Account.....	48,408	....	....	....	....
Due RR Account end of period.....	....	....	....	....	....

¹ Net of distributed payments.
² Excludes temporary extended unemployment benefits authorized by the American Recovery and Reinvestment Act of 2009, the Worker, Homeownership, and Business Assistance Act of 2009, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, the Temporary Payroll Tax Cut Continuation Act of 2011, the Middle Class Tax Relief and Job Creation Act of 2012, and the American Taxpayer Relief Act of 2012. Benefits had to begin by December 31, 2013. FY 2011: \$8,736,000, FY 2012: \$6,737,000, FY 2013: \$6,982,000, FY 2014: \$619,000, and FY 2015: -\$308,000.
³ In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011, amounts reflect a reduction of 9.2% under sequestration for days of unemployment and sickness after February 28, 2013, 7.2% for days after September 30, 2013, and 7.3% for days after September 30, 2014.

Table 4.--Status of the RUIA Administration Fund, by fiscal year, 2006-2015 (in thousands), cash basis

Fiscal year	Taxes and interest	Administrative expenditures ¹	Transfer to Railroad Unemployment Insurance Account under Sec. 11d ²	Balance at end of period
2006.....	\$21,980	\$10,610	\$6,664	\$10,163
2007.....	23,082	14,415	8,923	9,907
2008.....	23,945	14,713	8,711	10,427
2009.....	23,151	14,305	9,808	9,465
2010.....	22,990	15,729	8,305	8,421
2011.....	23,722	12,442	7,918	11,783
2012.....	25,463	14,608	11,219	11,419
2013.....	26,202	14,591	10,706	12,324
2014.....	25,225	15,172	12,257	10,120
2015.....	28,063	12,987	11,339	13,858

¹ Expenditures for each year included encumbrances as of end of year. Fiscal years 2006-2009 and 2011-2015 reflect reallocation of prior period administrative expenses between the Railroad Retirement Act and Railroad Unemployment Insurance Act programs.

² Transfers to the Railroad Unemployment Insurance Account are based on the excess of the accrual balance on the prior September 30 over \$6,000,000.

Table 5.--Number and average amount of retirement and survivor annuities in current-payment status at end of year, by type of annuitant and fiscal year, 2006-2015

Fiscal year	Retired employees											
	Total ¹	Awarded age annuity	Disability converted to age ²	Disability	Supplemental ³	Spouses and divorced spouses	Aged widow(er)s ⁴	Disabled widow(er)s ⁵	Widowed mothers (fathers) ⁴	Children	Remarried widow(er)s	Divorced widow(er)s
NUMBER AT END OF YEAR												
2006	706,158	195,380	34,050	50,271	121,407	138,492	134,811	4,733	927	11,448	4,907	9,682
2007	696,472	193,282	34,147	50,172	121,188	137,371	129,350	4,596	877	11,078	4,751	9,615
2008	686,636	191,146	34,401	49,648	120,824	136,332	124,089	4,450	832	10,692	4,552	9,552
2009	680,534	190,302	34,688	49,116	120,778	136,467	119,459	4,323	814	10,417	4,361	9,520
2010	676,653	190,236	35,557	47,960	121,166	137,112	114,929	4,251	776	10,168	4,161	9,595
2011	672,484	190,100	36,259	46,850	121,422	138,253	110,372	4,136	745	9,881	4,003	9,598
2012	668,957	189,909	37,370	45,066	121,614	139,741	106,268	4,081	739	9,687	3,824	9,660
2013	664,055	189,569	39,506	41,745	121,530	140,894	102,186	3,965	703	9,463	3,666	9,710
2014	661,069	190,224	41,554	37,891	122,086	142,626	98,435	3,868	688	9,164	3,506	9,747
2015	656,847	190,114	43,141	34,514	123,037	143,920	94,279	3,741	665	8,978	3,344	9,704
AVERAGE AMOUNT												
2006	.....	\$1,789	\$1,628	\$2,117	\$42	\$671	\$1,122	\$946	\$1,423	\$823	\$747	\$740
2007	.....	1,890	1,713	2,203	42	709	1,173	989	1,471	853	781	773
2008	.....	1,982	1,787	2,267	42	742	1,222	1,025	1,529	879	816	804
2009	.....	2,126	1,909	2,400	42	795	1,294	1,084	1,597	935	879	867
2010	.....	2,186	1,954	2,419	42	817	1,329	1,108	1,643	937	896	880
2011	.....	2,244	1,995	2,437	42	839	1,366	1,133	1,663	941	907	892
2012	.....	2,363	2,098	2,526	42	882	1,426	1,181	1,700	980	956	938
2013	.....	2,451	2,180	2,574	42	915	1,476	1,217	1,757	1,006	986	974
2014	.....	2,536	2,252	2,613	42	946	1,525	1,250	1,798	1,027	1,005	1,005
2015	.....	2,625	2,322	2,663	42	975	1,576	1,285	1,835	1,055	1,036	1,040

¹ Includes annuities to parents and, beginning in fiscal year 2008, partition payments to spouses and divorced spouses where the employee is deceased or not otherwise entitled to an annuity. On September 30, 2015, there were 25 parents' annuities in current-payment status averaging \$935 and 1,385 partition payments averaging \$308.

² A disability annuity ends when the retiree attains full retirement age, at which time the annuity converts to an age and service annuity. Consequently, these annuitants are receiving age and service annuities. Full retirement age is age 65 for those born before 1938 and gradually increases to age 67 for those born 1960 and later.

³ Excludes partition payments to spouses and divorced spouses where the employee is deceased. Averages are after court-ordered partitions.

⁴ Numbers include annuities temporarily being paid at spouse annuity rates, pending final adjudication of survivor annuities.

⁵ Includes annuities to disabled widow(er)s age 60 and over now payable as aged widow(er)s' annuities.

NOTE.--Data exclude survivor (option) annuities, last payable in December 2005.

Table 6.--Number and average amount of retirement and survivor annuities awarded during year, by type of annuitant and fiscal year, 2006-2015

Fiscal year	Retired employees							Spouses and divorced spouses			
	Total ¹	Age	Disability	Supple-mental ²	Aged widow(er)s	Disabled widow(er)s	Widowed mothers (fathers)	Children	Remarried widow(er)s	Divorced widow(er)s	
NUMBER AWARDED											
2006.....	35,137	7,919	4,128	5,717	8,830	204	107	504	197	709	
2007.....	38,743	9,643	3,619	7,273	10,065	205	113	498	182	661	
2008.....	38,591	9,753	3,402	7,090	10,127	166	143	515	188	693	
2009.....	39,317	10,310	3,213	7,015	10,919	181	142	463	166	622	
2010.....	40,191	10,712	3,161	7,319	11,256	189	99	429	157	702	
2011.....	39,647	10,542	3,086	7,087	11,301	173	110	417	158	718	
2012.....	38,649	10,054	2,858	6,778	11,479	181	115	454	164	734	
2013.....	38,094	10,211	2,324	6,502	11,444	164	111	456	146	739	
2014.....	37,294	10,210	1,800	6,673	11,495	133	111	398	144	745	
2015.....	37,423	10,059	1,686	6,194	11,300	120	99	462	151	696	
Cumulative 1937-2015	5,202,766	1,513,431	525,530	516,905	1,211,468	18,925	85,418	238,804	15,973	26,642	
AVERAGE AMOUNT											
2006.....	.....	\$2,389	\$2,308	\$41	\$794	\$1,493	\$1,492	\$1,056	\$865	\$822
2007.....	.....	2,562	2,397	41	890	1,557	1,585	1,099	885	854
2008.....	.....	2,650	2,441	41	911	1,629	1,721	1,153	964	901
2009.....	.....	2,685	2,558	41	931	1,708	1,709	1,233	1,030	996
2010.....	.....	2,786	2,509	41	950	1,740	1,778	1,203	1,064	963
2011.....	.....	2,814	2,524	41	958	1,789	1,779	1,194	1,077	991
2012.....	.....	2,888	2,585	41	981	1,859	1,647	1,220	1,130	1,049
2013.....	.....	2,921	2,565	41	1,003	1,911	1,916	1,332	1,161	1,104
2014.....	.....	3,041	2,624	41	1,024	1,985	1,874	1,294	1,151	1,095
2015.....	.....	3,114	2,611	41	1,055	2,031	1,728	1,302	1,153	1,175

¹ Excludes partition payments to spouses and divorced spouses where the employee is deceased or not otherwise entitled to an annuity. Includes annuities to parents. Fiscal year 2015 total includes 3 annuities to parents averaging \$542. Cumulative total includes 3,550 annuities to parents.
² Excludes partition payments to spouses and divorced spouses where the employee is deceased. Averages are after court-ordered partitions.

NOTE.--Cumulative figures reflect adjustments not made in yearly data, but average amounts for each year include effects of changes in rates made by the end of the year.

Table 7.--Retirement and survivor benefits in current-payment status on September 30, 2015, by class and state (amounts in thousands)

State ³	Total ¹		Retirement benefits ²		Survivor benefits	
	Number	Monthly amount	Number	Monthly amount	Number	Monthly amount
Alabama.....	11,800	\$18,528	9,600	\$15,211	2,200	\$3,316
Alaska.....	200	306	200	249	(4)	57
Arizona.....	11,800	17,952	9,700	14,805	2,100	3,136
Arkansas.....	12,500	19,378	10,500	16,508	1,900	2,858
California.....	33,200	49,126	26,800	40,273	6,200	8,835
Colorado.....	10,300	16,472	8,600	14,104	1,600	2,363
Connecticut.....	2,900	5,215	2,300	4,295	600	919
Delaware.....	2,700	4,474	2,300	3,839	400	633
Washington DC.....	500	625	400	527	100	98
Florida.....	36,100	55,798	30,100	47,351	6,000	8,427
Georgia.....	21,200	33,349	17,700	28,213	3,400	5,128
Hawaii.....	200	282	200	232	(4)	50
Idaho.....	5,800	9,031	4,800	7,552	900	1,474
Illinois.....	40,800	61,550	33,300	50,621	7,400	10,893
Indiana.....	19,500	30,090	15,800	24,596	3,600	5,481
Iowa.....	11,200	17,243	9,200	14,171	2,000	3,062
Kansas.....	17,400	27,575	14,500	23,199	2,800	4,364
Kentucky.....	18,000	27,109	14,600	22,110	3,300	4,989
Louisiana.....	9,200	14,033	7,400	11,383	1,800	2,647
Maine.....	3,000	4,260	2,400	3,338	600	920
Maryland.....	10,300	15,685	8,200	12,822	2,000	2,859
Massachusetts.....	4,600	7,062	3,700	5,770	900	1,291
Michigan.....	16,700	25,019	13,600	20,427	3,100	4,579
Minnesota.....	17,700	26,848	14,500	22,093	3,200	4,740
Mississippi.....	7,400	10,988	5,900	8,890	1,400	2,095
Missouri.....	23,700	36,436	19,700	30,537	4,000	5,879
Montana.....	7,300	11,500	6,100	9,688	1,200	1,806
Nebraska.....	17,400	29,600	15,100	25,991	2,200	3,594
Nevada.....	4,100	6,248	3,400	5,237	700	1,008
New Hampshire.....	1,000	1,529	800	1,239	200	289
New Jersey.....	10,000	16,726	7,900	13,737	2,100	2,987
New Mexico.....	5,100	7,819	4,100	6,349	1,000	1,465
New York.....	24,300	40,440	19,400	33,502	4,900	6,930
North Carolina.....	12,400	18,276	9,900	14,842	2,500	3,429
North Dakota.....	3,800	6,109	3,100	4,952	700	1,152

See footnotes at end of table.

Table 7.--Retirement and survivor benefits in current-payment status on September 30, 2015, by class and state (amounts in thousands) - Continued

State ³	Total ¹		Retirement benefits ²		Survivor benefits	
	Number	Monthly amount	Number	Monthly amount	Number	Monthly amount
Ohio.....	30,400	\$44,962	23,900	\$35,476	6,400	\$9,474
Oklahoma.....	6,100	9,351	4,900	7,654	1,100	1,693
Oregon.....	9,600	14,595	7,800	11,947	1,800	2,637
Pennsylvania.....	38,400	59,346	29,800	46,960	8,500	12,374
Rhode Island.....	700	1,046	500	857	100	189
South Carolina.....	8,400	12,970	6,900	10,845	1,500	2,121
South Dakota.....	2,100	3,241	1,800	2,786	300	453
Tennessee.....	15,100	23,288	12,400	19,372	2,700	3,906
Texas.....	42,200	67,317	34,700	56,207	7,300	11,059
Utah.....	6,300	10,061	5,200	8,325	1,100	1,731
Vermont.....	900	1,167	700	897	200	270
Virginia.....	20,000	30,868	16,100	25,356	3,900	5,505
Washington.....	13,400	20,661	10,900	16,932	2,500	3,719
West Virginia.....	9,800	14,988	7,600	11,701	2,200	3,282
Wisconsin.....	12,200	18,106	10,000	14,867	2,200	3,229
Wyoming.....	4,300	7,280	3,700	6,348	600	926
Outside United States:						
Canada.....	2,200	1,508	1,400	773	800	734
Mexico.....	200	204	100	73	100	131
Other.....	600	725	400	487	200	238
Total⁵.....	656,800	\$1,014,387	534,700	\$836,534	120,700	\$177,427

¹ Includes 1,400 partition payments to spouses and divorced spouses where the employee is deceased or not otherwise entitled to an annuity.
² Includes 123,000 supplemental annuities to employees receiving regular annuities. In a relatively small number of cases, employees were also receiving spouse or widow(er)'s benefits.
³ State of residence of beneficiary on September 30, 2015.
⁴ Less than 50.
⁵ Includes beneficiaries whose state of residence was unknown.

NOTE.--Retirement benefits include regular and supplemental employee annuities, spouse annuities and divorced spouse annuities. Survivor benefits include annuities to aged and disabled widow(er)s, widowed mothers and fathers, remarried and divorced widow(er)s, children, parents, and widow(er)s annuities temporarily being paid at spouse annuity rates pending final adjudication of survivor annuities. Benefit amounts exclude social security payments to dual beneficiaries.

Table 8.-- Principal administrative data for the unemployment and sickness benefit programs, benefit years 2010-2011 through 2014-2015, cash basis

Item	2010-2011	2011-2012	2012-2013 ¹	2013-2014 ¹	2014-2015 ¹
Qualified employees.....	239,100	235,100	243,800	247,600	248,200
Maximum daily benefit rate.....	\$66	\$66	\$66	\$68	\$70
UNEMPLOYMENT BENEFITS					
Net amount of benefits paid (thousands)	\$51,424	\$40,691	\$47,174	\$39,867	\$30,752
Payments:²					
Number.....	89,300	71,800	83,500	69,700	52,100
Average amount per two week claim period.....	\$566	\$573	\$557	\$550	\$578
Beneficiaries.....	11,600	9,200	10,700	10,000	7,600
Applications received.....	14,500	12,300	14,500	13,100	11,500
Claims received.....	101,100	81,400	96,000	82,900	62,500
Normal benefit accounts exhausted.....	2,800	2,200	2,500	2,300	1,900
Non-compensable waiting period only ³ ..	(4)	(4)	(4)	(4)	(4)
SICKNESS BENEFITS					
Net amount of benefits paid (thousands)	\$51,161	\$49,056	\$43,394	\$45,316	\$48,428
Payments:²					
Number.....	117,100	112,200	102,500	101,100	102,700
Average amount per two week claim period.....	\$585	\$585	\$571	\$555	\$572
Beneficiaries.....	17,400	16,700	15,800	15,600	15,500
Applications received.....	21,200	20,600	19,400	19,100	19,400
Claims received.....	137,300	131,700	121,100	119,900	121,300
Normal benefit accounts exhausted.....	3,100	3,000	2,600	2,600	2,800
Non-compensable waiting period only ³ ..	100	100	(4)	(4)	100

¹ In accordance with the Emergency Balanced Budget and Deficit Control Act of 1985, as amended by the Budget Control Act of 2011, amounts reflect a reduction of 9.2% under sequestration for days of unemployment and sickness after February 28, 2013, 7.2% for days after September 30, 2013, and 7.3% for days after September 30, 2014.

² Not adjusted for recoveries or settlements of underpayments.

³ Benefits are payable for each day of unemployment or sickness in excess of 7 during the first 14-day registration period in a benefit year.

⁴ Less than 50.

NOTE.--Data covered program activities during the year, regardless of when unemployment or sickness occurred. Starting in June 2009, includes temporary extended unemployment benefits authorized by the American Recovery and Reinvestment Act of 2009, the Worker, Homeownership, and Business Assistance Act of 2009, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, the Temporary Payroll Tax Cut Continuation Act of 2011, the Middle Class Tax Relief and Job Creation Act of 2012 and the American Taxpayer Relief Act of 2012. Benefits had to begin by December 31, 2013. Net benefits for these temporary payments were \$9,388,000 in 2010-2011, \$7,011,000 in 2011-2012, \$6,868,000 in 2012-2013, \$2,391,000 in 2013-2014, and -\$327,000 in 2014-2015.

Table 9.--All employees, new entrants, employees qualified for RUIA benefits and related data, by employer, 2014

Class or name of employer	All employees			New entrants		Creditable Compensation (thousands)			
	Total	With 12 months of service in 2014	With sufficient service for RRA annuity	Qualified for RUIA benefits	Total	Qualified for RUIA benefits	Tier I	Tier II	RUIA
CLASS OF EMPLOYER									
Class I railroads.....	210,749	166,027	142,116	198,842	21,667	12,805	\$14,932,102	\$13,918,867	\$3,268,554
Class II railroads.....	5,512	4,188	3,560	5,086	621	367	339,372	324,228	83,019
Class III railroads and switching & terminal companies.....	45,734	36,145	32,222	42,736	3,941	2,207	3,147,515	2,869,477	701,506
Car-loan companies.....	1,731	1,380	991	1,574	226	103	101,782	96,212	26,556
Miscellaneous employers.....	6,725	5,205	3,557	6,005	763	380	465,786	406,614	98,278
Total.....	270,451	212,945	182,446	254,243	27,218	15,862	\$18,986,558	\$17,615,397	\$4,177,913
SELECTED EMPLOYERS									
BNSF Railway Co.....	51,783	40,857	32,213	49,197	7,221	5,153	\$3,910,862	\$3,586,928	\$809,843
Canadian National, U.S. Operations									
Bessemer and Lake Erie Railroad Co.....	79	55	50	68	15	4	4,721	4,629	1,084
Chicago Central and Pacific Railroad Co.....	291	232	215	276	23	10	23,986	21,121	4,579
Grand Trunk Western Railroad Co.....	920	668	642	863	103	55	73,597	65,384	13,901
Illinois Central Railroad Co.....	4,290	3,371	2,941	4,076	402	237	348,016	306,933	66,842
Pittsburgh and Conneaut Dock Co.....	43	25	24	37	13	10	2,074	2,074	562
Wisconsin Central LTD.....	2,334	1,675	1,474	2,192	307	193	196,390	171,918	35,279
Canadian Pacific, Soo Line Corporation									
Dakota, Minnesota & Eastern Railroad Corp.....	823	592	526	756	88	45	46,528	45,523	12,081
Delaware and Hudson Railway Co. Inc.....	510	372	361	489	39	26	32,945	31,139	7,820
Soo Line Railroad Co.....	2,936	2,057	1,825	2,653	322	152	198,159	185,888	42,068
CSX Transportation Inc.....	33,227	26,037	22,431	31,093	2,870	1,379	2,335,318	2,193,125	512,147
Kansas City Southern Railway Co.....	3,150	2,521	2,068	2,963	322	182	220,796	207,382	49,037
Gateway Eastern Railway Co.....	11	10	9	11	.....	.....	667	662	181
Texas Mexican Railway Co.....	274	196	126	248	51	28	18,991	17,596	4,092
National Railroad Passenger Corp. (Amtrak).....	22,429	17,724	15,775	21,537	1,706	1,108	1,496,066	1,399,209	352,241
Norfolk Southern Corp.....	31,997	26,081	22,294	30,307	2,251	1,102	2,140,530	2,040,415	500,362
Union Pacific Railroad Co.....	55,652	43,554	39,142	52,076	5,934	3,121	3,882,455	3,638,942	856,434

¹ Includes labor organizations, lessor companies, employer associations and miscellaneous carrier affiliates.

NOTE.--Tier I compensation excludes miscellaneous compensation taxable at the tier I tax rate.



U.S. Railroad Retirement Board

844 North Rush Street
Chicago, IL 60611-1275

Toll Free: (877) 772-5772
TTY: (312) 751-4701
Directory: (312) 751-4300
www.rrb.gov