

# United States Railroad Retirement Board

2020 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, email us at [opa@rrb.gov](mailto: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

**2020 Annual Report**

*For Fiscal Year Ended September 30, 2019*

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# THE REPORT IN BRIEF

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*The Railroad Retirement Board (RRB) paid benefits totaling \$13.3 billion, net of recoveries and offsetting collections, to about 557,000 beneficiaries in fiscal year 2019. Financial reports issued in 2020 on the solvency of the railroad retirement and railroad unemployment insurance systems were both favorable. Total railroad retirement system assets equaled \$27.3 billion as of September 30, 2019.*

## Benefits and Beneficiaries

**B**enefits paid by the RRB totaled \$13.3 billion in the fiscal year ending September 30, 2019. Retirement and survivor benefits were paid by the RRB to about 535,000 beneficiaries during the fiscal year, of whom 507,000 were on the RRB's annuity rolls at the end of the year. Approximately 23,000 railroad employees were paid unemployment and/or sickness insurance benefits. About 2,000 beneficiaries received payments under both the Railroad Retirement Act and the Railroad Unemployment Insurance Act.

Retirement and survivor benefit payments of \$13.0 billion during fiscal year 2019 were \$572.7 million more than payments in the prior year. Employee and spouse annuitants were paid some \$10.8 billion, accounting for 84 percent of the total payments. Employees received over \$8.0 billion in age annuities (including \$1.5 billion to annuitants full retirement age and over originally awarded a disability annuity), \$0.9 billion in disability annuities, and \$59.4 million in supplemental annuities, while spouses and divorced spouses received about \$1.9 billion.<sup>1</sup> Survivors were paid \$2.1 billion in annuities and approximately \$2.1 million in lump-sum benefits. The total number of beneficiaries who received retirement and survivor benefits declined by about 5,000 from fiscal year 2018.

*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 Federal Income Tax Transfers section on page 9 and the accompanying table on page 10, which are 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.*

<sup>1</sup> 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 the 2015 and later reports, 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 2019 totaled about \$116.1 million. Net benefits totaled approximately \$93.4 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 about \$1.3 million while net benefit payments increased by approximately \$0.6 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 6.9 percent for days after September 30, 2016, 6.6 percent for days after September 30, 2017, and 6.2 percent for days after September 30, 2018.

Gross unemployment benefits increased by four percent compared to the previous year due to the increase in the daily benefit rate, notably a \$5 (7 percent) increase that was in effect for one quarter of fiscal year 2018 and three quarters of fiscal year 2019. Gross unemployment benefits totaling \$42.3 million (\$40.3 million net) were paid to more than 9,300 claimants, while gross sickness benefits totaling \$73.8 million (\$53.1 million net) were paid to almost 14,700 claimants.

## Financial Reports

The RRB's 2020 railroad retirement financial report to Congress, which covered the period 2020-2044, was generally favorable. It concluded 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 next 25 years. The long-term stability of the system, however, is still uncertain. Under the current financing structure, actual levels of railroad employment and investment return over the coming years will largely determine whether corrective action is necessary.

The RRB's 2020 railroad unemployment insurance financial report reflected the fact that unemployment applications and claims are substantially higher than usual due to the global pandemic, with maximum benefit rates projected to increase 44 percent (from \$78 to \$112) from 2019 to 2030. As a result, experienced-based contribution rates will be higher in the near future, with a surcharge of 2.5 percent in 2021 and 3.5 percent in 2022. A surcharge of 1.5 percent in 2023 is likely under the optimistic and intermediate employment assumptions, with the pessimistic assumption showing a 2.5 percent surcharge that year. In addition, it is expected that short-term loans will be necessary to maintain solvency. These loans would be paid off by the end of fiscal year 2022 under the optimistic and intermediate assumptions, and 2023 under the pessimistic assumption.

The National Railroad Retirement Investment Trust's annual management report for fiscal year 2019 showed that, as of September 30, 2019, the net asset value of the Trust-managed assets was \$25.4 billion. This represented a decrease from \$26.6 billion in the previous year, with a net investment return for the year of 2.82 percent. The ending balance also reflects a transfer of \$1.8 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 \$27.3 billion.

The 2020 railroad retirement and railroad unemployment insurance financial reports and the National Railroad Retirement Investment Trust's 2019 annual management report are available by clicking on the *Financial & Reporting* tab at **RRB.gov**.

## Service Delivery

### Customer Service Plan

In fiscal year 2019, customers received benefit services within the timeframes promised in the RRB's Customer Service Plan 98.6 percent of the time.

### Service Enhancements

The RRB debuted a new online portal, **myRRB**, to provide access to benefit services with enhanced security, processed a cost-of-living adjustment for retirement and survivor benefits, continued to improve its electronic reporting system for railroad employers and its use of document imaging in claims adjudication, took steps to further reduce improper payments, and successfully trained two new classes of claims examiners.

## Office of Inspector General

During fiscal year 2019, 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 15 audit reports plus 2 management information reports.

Investigative activities resulted in 8 arrests, 25 indictments and/or informations, 39 convictions, 15 civil judgments, and more than \$106 million in financial accomplishments. This reflects fraud amounts related to programs administered exclusively by the RRB, as well as 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 <sup>1</sup>	Fiscal Year 2019	Fiscal Year 2018
<b>Employee age annuities</b>		
Number awarded	7,700	8,700
Awarded Age Annuity		
Number being paid at end of period	188,400	189,600
Average being paid at end of period	\$2,912	\$2,817
Disability converted to age annuity <sup>2</sup>		
Number being paid at end of period	48,500	47,400
Average being paid at end of period	\$2,564	\$2,474
<b>Employee disability annuities</b>		
Number of total disability annuities awarded	800	700
Number of occupational disability annuities awarded	1,000	900
Number of total disability annuities being paid at end of period	8,600	9,100
Number of occupational disability annuities being paid at end of period	13,900	16,000
Average total disability annuity being paid at end of period	\$2,106	\$2,008
Average occupational disability annuity being paid at end of period	\$3,266	\$3,164
<b>Supplemental employee annuities<sup>3</sup></b>		
Number awarded	3,300	4,200
Number being paid at end of period	117,800	120,200
Average being paid at end of period	\$42	\$42
<b>Spouse and divorced spouse annuities</b>		
Number awarded, total	9,800	10,500
Number being paid to divorced spouses at end of period	5,300	5,200
Number being paid at end of period, total	148,200	147,700
Average being paid to divorced spouses at end of period	\$685	\$656
Average being paid at end of period, total	\$1,065	\$1,035
<b>Survivor annuities</b>		
Number awarded to aged widow(er)s	5,000	5,400
Number awarded, total	6,500	6,900
Number being paid to aged widow(er)s at end of period	82,000	84,700
Number being paid at end of period, total	106,300	109,600
<b>Average being paid at end of period to</b>		
Aged widow(er)s	\$1,780	\$1,721
Disabled widow(er)s <sup>4</sup>	\$1,401	\$1,367
Widowed mothers (fathers)	\$1,942	\$1,902
Remarried widow(er)s	\$1,152	\$1,114
Divorced widow(er)s	\$1,168	\$1,118
Children	\$1,157	\$1,110
<b>Partition payments<sup>5</sup></b>		
Number being paid at end of period	2,100	1,900
Average being paid at end of period	\$321	\$317
<b>Lump-sum survivor benefits awarded</b>		
Number of lump-sum death benefits	2,100	2,500
Average lump-sum death benefit	\$948	\$936
Number of residual payments	6/	6/
Average residual payment	\$1,969	\$2,077

## Selected Data on Benefit Operations (Continued)

Employees and Earnings <sup>7</sup>	Fiscal Year 2019	Fiscal Year 2018
<b>Average employment</b>	219,000	224,000
<b>Creditable earnings, Railroad Retirement Act (billions):</b>		
Tier I	\$19.34	\$19.35
Tier II	\$17.75	\$18.03
<b>Creditable earnings, Railroad Unemployment Insurance Act (billions)</b>	\$4.16	\$4.15
Unemployment-Sickness <sup>8</sup>	Benefit Year 2018-2019	Benefit Year 2017-2018
<b>Qualified employees</b>	235,400	242,100
<b>Unemployment benefits</b>		
Gross amount paid (millions)	\$38.0 <sup>9</sup> (\$42.3) <sup>9</sup>	\$42.6 <sup>9</sup>
Beneficiaries	7,900 (9,300) <sup>9</sup>	9,300
Number of payments	52,300	63,000
Normal benefit accounts exhausted	1,700	2,100
Average payment per 2-week registration period	\$644	\$601
<b>Sickness benefits</b>		
Gross amount paid (millions)	\$73.5 (\$73.8) <sup>9</sup>	\$77.3
Beneficiaries	14,400 (14,700) <sup>9</sup>	15,700
Number of payments	102,100	115,000
Normal benefit accounts exhausted	3,000	3,500
Average payment per 2-week registration period	\$638	\$597

<sup>1</sup> Benefits are through September 30 for the associated years.

<sup>2</sup> 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 in 1960 and later.

<sup>3</sup> Excludes partition payments to spouses and divorced spouses where the employee is deceased. Averages are after court-ordered partitions. There are no annuitants receiving 1937 Act supplemental annuities.

<sup>4</sup> Average in current-payment status includes annuities to disabled widow(er)s age 60 and over now payable as aged widow(er)s' annuities.

<sup>5</sup> 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.

<sup>6</sup> Fewer than 50.

<sup>7</sup> Except for fiscal year 2018 employment, all figures in this section are preliminary.

<sup>8</sup> 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 7.3% under sequestration for days of unemployment and sickness after September 30, 2014, 6.8% for days after September 30, 2015, 6.9% for days after September 30, 2016, 6.6% for days after September 30, 2017, and 6.2 percent for days after September 30, 2018.

<sup>9</sup> Data in parentheses are for fiscal year (October 1, 2018 – September 30, 2019).

NOTE.--In Annual Reports through 2019, information in this table with respect to unemployment and sickness benefits paid was reported on a net basis. Beginning with this year's report, these amounts are now shown on a gross basis.



# A REVIEW OF OPERATIONS

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*At the end of fiscal year 2019, total railroad retirement system assets equaled \$27.3 billion. During fiscal year 2019, benefit payments totaled approximately \$13.3 billion, net of recoveries and offsetting collections. Of this amount, benefit payments totaled \$13.0 billion for the railroad retirement and survivor benefits program and \$93.2 million for the railroad unemployment and sickness insurance benefits program.*

## RAILROAD RETIREMENT AND SURVIVOR PROGRAM

As of September 30, 2019, 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 \$27.3 billion, a decrease of \$1.0 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 7 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 2019, 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 \$13.1 billion in benefit obligations (including \$113 million interest on FI advances and excluding \$1.9 billion in social security benefits which were reimbursed by the Social Security Administration) during fiscal year 2019.

## 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 \$6.1 billion, representing 45.5 percent of total financing sources (excluding a loss of \$1.2 billion, mostly due to a change in NRRIT net assets) and \$230.6 million less than in fiscal year 2018.

Railroad employees and employers pay tier I taxes which, by law, are the same as social security taxes. The 2019 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 2019 was \$132,900, with all earnings 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 \$98,700 and \$95,400 in 2019 and 2018, respectively, was 4.9 percent on employees in both years. It was 13.1 percent on employers in both 2019 and 2018.

Tier I and tier II taxes for fiscal year 2019 amounted to \$2.9 billion and \$3.2 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.

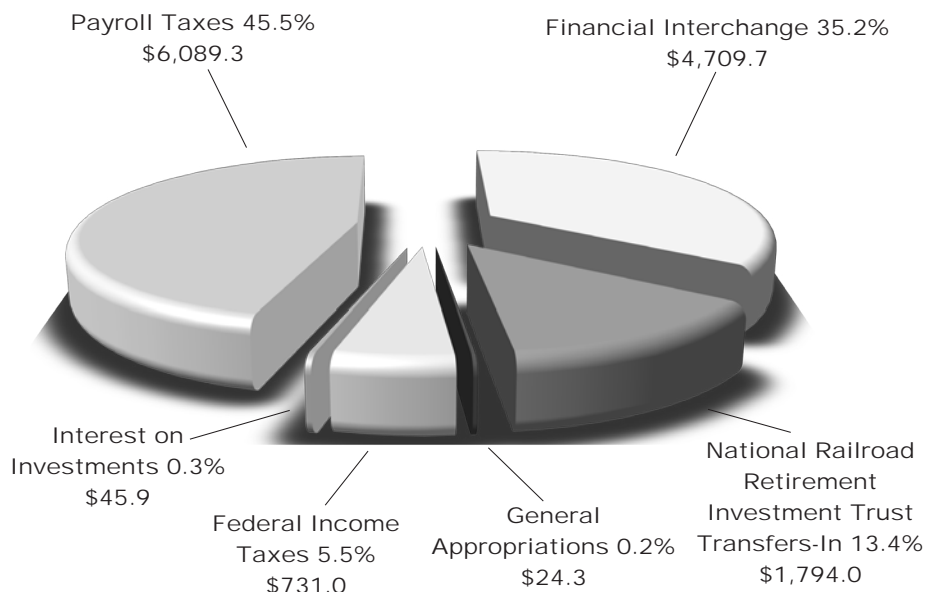
In the computation of the latter amount, credit is given for any social security benefits actually paid to railroad retirement beneficiaries. When benefit reimbursements exceed payroll taxes, the difference, with an allowance for interest and administrative expenses, is transferred from the Social Security 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 2019 amounted to \$4.7 billion.

*(text continued on page 9)*

**RETIREMENT AND SURVIVOR PROGRAM**

**Financing Sources - Fiscal Year 2019 (In Millions)**

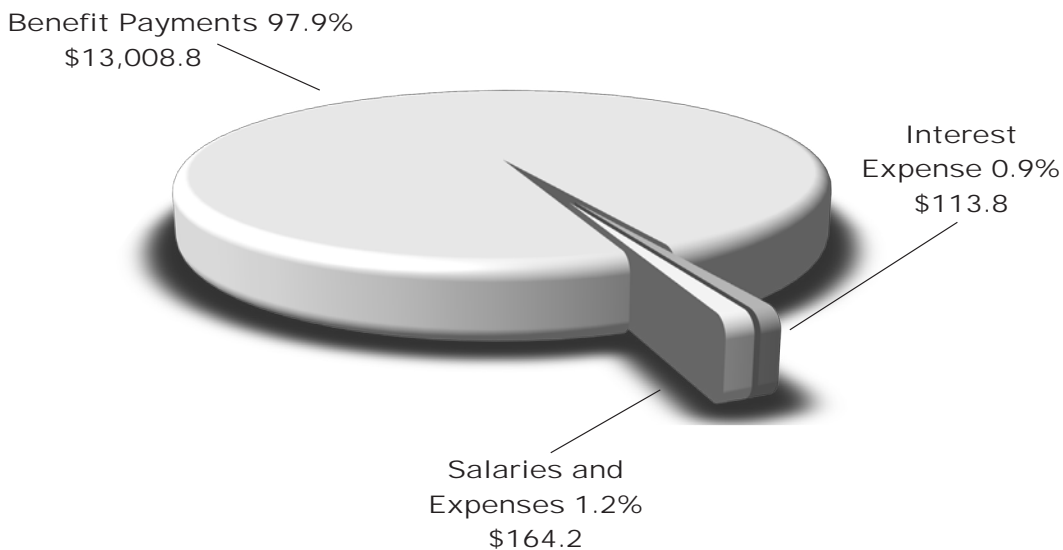
**GROSS TOTAL: \$13,394.2<sup>1</sup>**



<sup>1</sup>Excludes -\$1,163.8 million as shown under Other Financing Sources on page 11.

**Costs - Fiscal Year 2019 (In Millions)**

**TOTAL: \$13,286.8**



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

## Interest on Investments and Other Revenue

Interest revenue increased from \$38.5 million in fiscal year 2018 to \$45.9 million in fiscal year 2019. 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 2019 amounted to \$656 million during the year. Original transfers for fiscal year 2018 totaled \$674 million. Net income tax transfers after adjustments were \$734 million for fiscal year 2019, including a \$78 million adjustment for calendar year 2014. Net transfers in fiscal year 2018 totaled \$771 million, including \$97 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 2010 through 2019, including reconciliation adjustments through 2014.

## 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 2019 and 2018 were \$19.0 million and \$22.0 million, respectively. These amounts include Federal income tax transfers for 2019 and 2018. The amount appropriated for fiscal year 2019 was 13.6 percent less than fiscal year 2018, 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 2018-2019, and also \$150,000 for fiscal years 2017-2018.

*(text continued on page 13)*



**Federal Income Tax Transfers by Recipient Account and  
Benefit Component, Taxable Years 2010-2019 (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 <sup>1</sup>	Vested dual benefits
	<u>SSEB Account<sup>2</sup></u>	<u>RR Account</u>	<u>DBP Account<sup>3</sup></u>
<b>Original transfers during the year</b>			
2010	\$159	\$315	\$3
2011	160	300	3
2012	194	318	4
2013	199	333	3
2014	250	348	2
2015	263	386	2
2016	281	412	2
2017	292	422	2
2018	255	393	1
2019	267	401	2
<b>Reconciliation adjustments<sup>4</sup></b>			
2010 (2013)	23	16	1
2011 (2015)	32	49	••
2012 (2016)	17	60	-1
2013 (2018)	31	66	••
2014 (2019)	1	76	1

<sup>1</sup> Includes non-SSEB portion of tier I.

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

<sup>3</sup> Receives taxes on vested dual benefit component beginning October 1, 1988.

<sup>4</sup> The year in parentheses is the year the adjustments were made.

## Railroad Retirement and Survivor Program

**Consolidated Financing Sources,  
Costs and Net Position (Millions)**<sup>1</sup>

For the Fiscal Year Ended September 30	2019	2018
<b>Financing Sources:</b>		
Payroll Taxes	\$6,089.3	\$6,319.9
Financial Interchange	4,709.7	4,285.3
Interest on Investments and Other Revenue	45.9	38.5
Federal Income Taxes	731.0	770.0
General Appropriations	24.3	26.9
Other	(1,163.8)	(73.3)
Transfers to the National		
Railroad Retirement Investment Trust	0.0	0.0
Transfers from the National		
Railroad Retirement Investment Trust	1,794.0	1,809.0
	<hr/>	<hr/>
Total Financing Sources	12,230.4	13,176.3
<b>Costs:</b>		
Benefit Payments	13,008.8	12,436.1
Interest Expense	113.8	106.7
Salaries and Expenses <sup>2</sup>	164.2	163.1
Other	22.8	254.9
	<hr/>	<hr/>
Total Costs	13,309.6	12,960.8
	<hr/>	<hr/>
Financing Sources over Costs	(1,079.2)	215.5
Net Position - Beginning of Period	27,333.2	27,117.7
	<hr/>	<hr/>
Net Position - End of Period	<u>\$26,253.9</u>	<u>\$27,333.2</u>

<sup>1</sup> Source of data is the RRB's Performance and Accountability Report.

<sup>2</sup> Includes unemployment and sickness insurance salaries and expenses of approximately \$21.0 million and \$21.5 million for fiscal years 2019 and 2018, respectively.

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

## National Railroad Retirement Investment Trust (NRRIT) **Fiscal Year 2019 Summary**

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Market value of assets managed by NRRIT on September 30, 2019	\$25.4 billion
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Rate of return of investment portfolio managed by NRRIT for full year ended September 30, 2019	2.82%
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**Source:** *NRRIT*

All NRRIT annual management reports and quarterly updates are available at **RRB.gov**.

## Other Financing Sources

Other financing sources consisted of \$8.4 million to be provided by the Office of Personnel Management to pay future retirement benefits to RRB employees. These financing sources were offset by a decrease in NRRIT net assets of \$1.2 billion, a gain on contingent liability of \$10.1 million, and a \$1.9 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 \$164.2 million and \$163.1 million shown on page 11 for salaries and expenses in fiscal years 2019 and 2018, respectively, about \$21.0 million for fiscal year 2019 and \$21.5 million for fiscal year 2018 were for the unemployment and sickness insurance program. About \$1.0 million in other costs for fiscal year 2019 and \$0.9 million for fiscal year 2018 were for the unemployment and sickness insurance program.

Excluding \$22.0 million from total costs of \$13.3 billion for fiscal year 2019 and \$22.4 million from total costs of \$13.0 billion for fiscal year 2018, total costs for the railroad retirement and survivor program for fiscal year 2019 increased \$349.2 million, or 2.7 percent.

## Benefit Payments

In fiscal year 2019, railroad retirement benefit payments increased \$572.7 million, or almost 4.6 percent, to about \$13.0 billion on an accrual basis, including \$17.2 million in vested dual benefits.

## Interest Expense

Interest expense of \$113.8 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 \$21.0 million for fiscal year 2019 and \$21.5 million for fiscal year 2018, salaries and expenses for the railroad retirement and survivor program were about \$143.2 million for fiscal year 2019 and about \$141.6 million for fiscal year 2018, a \$1.6 million or 1.1 percent increase. Adjusted by the \$21.0 million in salaries and expenses and \$1.1 million in other costs for the unemployment and sickness insurance program, fiscal year 2019 administrative expenses for the railroad retirement and survivor program were about 1.07 percent of total costs.



## Other Costs

Other costs consisted primarily of post-retirement benefits (pensions, health and life insurance) for RRB employees of \$7.3 million for the railroad retirement and survivor program and \$1.1 million for the unemployment and sickness insurance program. In addition, carrier refunds of \$35.8 million were incurred. These costs were offset by approximately \$12.1 million in reimbursements from the Centers for Medicare & Medicaid Services for Part B Medicare costs and various other revenues of approximately \$1,500.

## 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 2019, the net asset value of Trust-managed assets decreased from \$26.6 billion on October 1, 2018, to \$25.4 billion on September 30, 2019. This includes \$1.8 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 2.82 percent.

Total railroad retirement system assets (Trust-managed assets and reserves held in Treasury accounts) grew from \$20.7 billion in 2002 to \$27.3 billion as of the end of fiscal year 2019, after net transfers for benefit payments of approximately \$25.1 billion over the same timeframe.

Trust operations are described in detail in the NRRIT Annual Management Report for fiscal year 2019 and previous years, as well as reports issued on a quarterly basis, which are available by clicking on the *Financial & Reporting* tab at [RRB.gov](http://RRB.gov).

## BENEFIT OPERATIONS

Retirement and survivor benefits paid, including vested dual benefits and supplemental employee annuities, totaled \$13.0 billion in fiscal year 2019, \$277 million more than in fiscal year 2018. Benefits were paid to about 535,000 beneficiaries in fiscal year 2019, and approximately 506,600 beneficiaries were being paid at the end of the year.

The table shown here presents retirement and survivor benefit payments for fiscal years 2019 and 2018, 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.

Effective December 2017, tier I benefits increased by 2.0 percent due to a cost-of-living adjustment, while tier II benefits increased by 0.7 percent. Increases of 2.8 percent for tier I and 0.9 percent for tier II were effective December 2018.

These cost-of-living increases provided additional benefit payments of about \$220 million in fiscal year 2019 compared to fiscal year 2018.

Monthly retirement and survivor benefits being paid numbered about 633,700 at the end of the 2019 fiscal year, about 7,700 less than at the end of the prior year. Monthly beneficiaries on the rolls declined by approximately 5,400 over the year, from 511,900 to 506,600. 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 2019 numbered 259,400, about 2,700 less than at the end of the previous fiscal year. The number of age annuities being paid, including 48,500 disability annuities converted to age, decreased slightly from 237,000 to 236,800 over the year, while disability annuities decreased from 25,100 to 22,600. Supplemental annuities being paid to employees declined by approximately 2,400, numbering 117,800 at the end of the year. The number of divorced spouse annuities being paid rose nearly 100, to 5,300. Spouse and divorced spouse annuities together increased by almost 500, totaling 148,200 at year-end. Nearly 106,300 monthly survivor benefits were being paid at the end of

Type of benefit	Amount (in millions)		Percent change
	Fiscal year 2019 <sup>1</sup>	Fiscal year 2018 <sup>2</sup>	
<b>Retirement benefits</b>			
Employee annuities			
Age <sup>3</sup>	\$8,000.7	\$7,739.4	+3.4
Disability	884.4	933.7	-5.3
Supplemental <sup>4</sup>	59.4	60.5	-1.8
Spouse and divorced spouse annuities	1,892.3	1,833.5	+3.2
<b>Total</b>	<b>10,836.8</b>	<b>10,567.2</b>	<b>+2.6</b>
<b>Survivor benefits</b>			
Annuities	2,122.9	2,116.5	+0.3
Lump-sum benefits	2.1	2.3	-11.7
<b>Total</b>	<b>2,125.0</b>	<b>2,118.8</b>	<b>+0.3</b>
<b>Partition payments<sup>5</sup></b>	<b>7.7</b>	<b>7.0</b>	<b>+11.0</b>
<b>Grand total</b>	<b>\$12,969.5</b>	<b>\$12,693.0</b>	<b>+2.2</b>
<sup>1</sup> Data is from the Monthly Treasury Statement and the Bureau of Fiscal Operations. <sup>2</sup> Data is from the Bureau of Fiscal Operations. <sup>3</sup> A disability annuity ends when the retiree attains full retirement age, at which time the annuity converts to an age and service annuity. FY 2019 and FY 2018 include \$1,451.6 million and \$1,368.6 million, respectively, in payments to annuitants full retirement age and over originally awarded a disability annuity. <sup>4</sup> Excludes partition payments to spouses and divorced spouses where the employee is deceased. <sup>5</sup> 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. <b>Note.</b> --Detail may not add to total due to rounding.			

fiscal year 2019, a decrease of 3,300 from the previous year. Approximately 2,100 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 2019, an increase of nearly 200 from the prior year.

## Retirement

### Regular employee annuities

Awards of regular employee annuities numbered 9,400 in fiscal year 2019, nearly 900 less than in fiscal year 2018. 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 2019	Number	Percent	Average		
			Monthly amount	Years of service	Age at retirement
<b>Age</b>					
Beginning at full retirement age or over	1,900	20	\$2,574	20.2	67.7
Unreduced, beginning at age 60 to under full retirement age	3,500	37	4,231	36.6	61.1
Reduced, beginning at age 62 to under full retirement age	2,300	24	2,068	16.1	63.4
<b>Disability</b>	1,800	19	2,880	19.3	54.8
<b>Total</b>	9,400	100	\$3,118	25.1	61.8
<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 were 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,

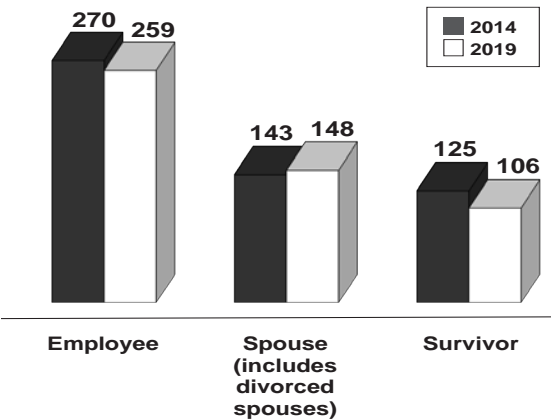
if at least 5 years were after 1995, may qualify for tier I only before retirement age on the basis of total disability if they also meet certain social security earnings requirements. An employee is considered totally disabled if medical evidence shows that a permanent physical or mental condition exists 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.

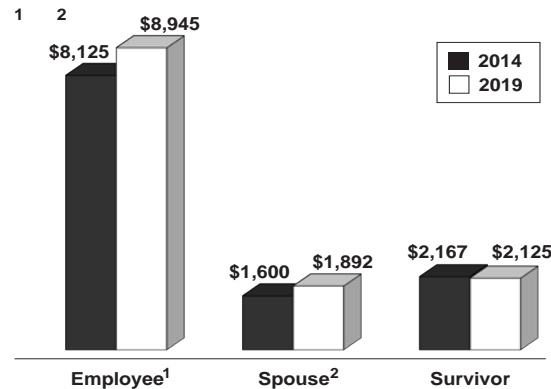
Of the year's 1,800 disability awards, 800 averaging \$2,243 per month were for total disability and 1,000 averaging \$3,397 were for occupational disability. Many employees who are disabled for all employment but are otherwise qualified for an occupational disability annuity are initially awarded occupational disability annuities in order to expedite payment.

An estimated three-fifths of all employees recently awarded disability annuities will meet the medical criteria for a disability freeze determination. The standards for freeze determinations follow social security law and are

**Number of monthly beneficiaries, September 30, 2014, and 2019 (thousands)**

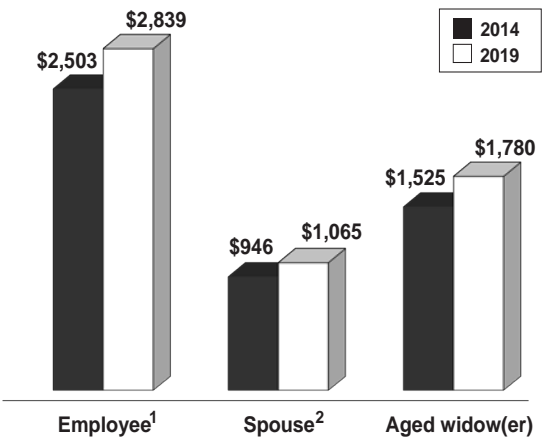


**Amount of benefits paid, fiscal years 2014 and 2019 (millions)**



<sup>1</sup>Includes \$60.8 million in fiscal year 2014 and \$59.4 million in fiscal year 2019 for supplemental annuities.  
<sup>2</sup>Includes divorced spouses.

**Average monthly amount, September 30, 2014, and 2019**



<sup>1</sup>Without supplemental annuity.  
<sup>2</sup>Includes divorced spouses.



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 2019, approximately 6,400, or 68 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 \$3,594 per month, compared to \$2,091 for the 3,000 awards based on deferred retirement. Immediate retirees averaged 29 years of railroad service, almost twice the average of 16 years for deferred retirees. Of the year’s awards, 52 percent of normal age retirements were immediate. While 93 percent of all 60/30 retirements were immediate, only 37 percent of the reduced age awards to employees with less than 30 years of service were immediate. Immediate retirements accounted for 78 percent of the year’s disability awards.

The 259,400 retired employees on the rolls as of September 30, 2019, were being paid regular monthly annuities averaging \$2,839. The table shown here presents data by type of annuity for these benefits.

Of the 22,600 disability annuities being paid, 8,600 were for total disability and 13,900 for occupational disability. The two types of disability annuities averaged \$2,106 and \$3,266, respectively.

In fiscal year 2019, payments of over \$241 million were for total disability annuities and \$643 million for occupational disability annuities.

Almost 184,000 employees on the rolls at the end of fiscal year 2019 were immediate retirees and their regular annuities averaged \$3,271 per month. Annuities

of the 75,400 deferred retirees averaged \$1,787. 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.

<b>Employee annuities in current-payment status on September 30, 2019</b>	<b>Number</b>	<b>Percent</b>	<b>Average monthly amount</b>	<b>Percent immediate retirements</b>
<b>Age</b>				
Beginning at full retirement age or over	22,500	9	\$2,308	49
Unreduced, beginning at age 60 to under full retirement age	107,400	41	3,701	92
Reduced, beginning at age 60 to under full retirement age	58,500	23	1,698	28
Disability converted to age annuity <sup>1</sup>	48,500	19	2,564	82
<b>Disability</b>	<b>22,600</b>	<b>9</b>	<b>2,822</b>	<b>80</b>
<b>Total</b>	<b>259,400</b>	<b>100</b>	<b>\$2,839</b>	<b>71</b>
<sup>1</sup> 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 in 1960 and later.				
<b>Note.</b> --Detail may not add to total due to rounding.				

Moreover, the average social security benefit paid to deferred retirees was higher than that paid to immediate retirees. Combined railroad retirement and social security benefits to deferred retirees who were dual beneficiaries averaged \$2,061, while combined benefits to immediate retirees averaged \$3,068. 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 2019 averaged \$2,159 per month. Tier I amounts of some 7,300 employees were completely offset by social security benefits. Tier I amounts being paid averaged \$1,995.

The employee tier II component is based solely on railroad earnings. Tier II amounts being paid at the end of fiscal year 2019 averaged \$918. 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. Some 8,100 retirees were receiving vested dual benefits averaging \$158 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 3,300 supplemental annuities were awarded in fiscal year 2019, about 900 less than in fiscal year 2018. Nearly 2,500 of the awards (74 percent) began concurrently with the employee's regular annuity, while the remaining 800 were to employees already receiving a regular annuity. Supplemental annuity awards averaged approximately \$41 per month after court-ordered partitions; 79 percent were at the current maximum rate

Dual benefit status	Total	Type of retirement	
		Immediate	Deferred
<b>Receiving social security benefit</b>			
Number	29,000	10,000	19,000
Average monthly amount:			
Railroad retirement (regular)	\$1,029	\$1,862	\$ 590
Social security	1,379	1,206	1,470
Combined benefit	2,409	3,068	2,061
<b>Not receiving social security benefit</b>			
Number	230,400	173,900	56,400
Average monthly amount	\$3,067	\$3,352	\$2,191
<b>Note.--Detail may not add to total due to rounding.</b>			

of \$43. Supplemental annuities are reduced for any part of a private railroad pension attributable to employer contributions. During the fiscal year, 800 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 averaged \$42 and were being paid to over 117,800, or 45 percent, of the retired employees on the rolls at the end of the 2019 fiscal year.

## **Spouse and divorced spouse annuities**

Annuity awards to spouses and divorced spouses of retired employees numbered 9,800 in fiscal year 2019, 700 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 approximately 2,600 reduced spouse annuities awarded in fiscal year 2019, fewer than 10 averaging \$1,074 per month were to spouses of 30-year employees, and over 2,600 averaging \$607 were to spouses of employees with less than 30 years of service.

At the end of fiscal year 2019, nearly 142,900 spouse annuities averaging \$1,079 per month were being paid. Almost 5,300 divorced spouse annuities averaging \$685 per month were also being paid. These included nearly 100, averaging \$714, 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 \$4,163. This included \$3,084 in regular and supplemental employee annuities and \$1,079 in spouse annuities.

Nearly 58,800, or 40 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 \$1,692 per month, including \$425 in railroad retirement benefits and \$1,267 in social security benefits. Railroad retirement annuities to the 86,200 spouses not receiving social security benefits averaged \$1,506, while railroad retirement annuities to the 3,100 divorced spouses not receiving social security benefits averaged \$915.

Monthly spouse benefits	Awarded in fiscal year 2019		In current-payment status on September 30, 2019	
	Number	Average amount	Number	Average amount
Beginning at full retirement age or over	1,900	\$ 649	18,000	\$ 623
With minor or disabled child in care	200	1,319	1,500	1,399
Unreduced, beginning at age 60 to under full retirement age	4,400	1,551	79,700	1,481
Reduced rate	2,600	608	43,600	522
<b>Total</b>	<u>9,000</u>	1,086	<u>142,900</u>	1,079
Divorced spouse annuities	800	719	5,300	685
<b>Grand total</b>	9,800	\$1,057	148,200	\$1,065

**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 may be 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 142,900 spouses on the rolls at the end of fiscal year 2019, 93,600 were being paid tier I amounts averaging \$958 per month. The tier I amounts of 49,300 spouses were completely offset by other benefits also due. Spouse tier II amounts averaged \$491. Vested dual benefits averaging \$103 were being paid to fewer than 5 spouses. The 5,300 divorced spouses on the rolls at the end of fiscal year 2019 were being paid tier I amounts averaging \$697 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. Almost \$0.3 million was paid in separation/severance lump-sum benefits during fiscal year 2019.

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 2019 fiscal year, the RRB paid nearly 100 dual retirement tax refunds averaging \$97. Most of the payments were to employees retiring during the year. Fewer than 10 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 6,500 during fiscal year 2019, about 400 less than the previous year. Nearly 106,300 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 82,000, or 77 percent, of the survivor annuities were to aged widows and widowers.<sup>1</sup>

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.

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<sup>1</sup>Aged 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 nearly 300 annuities temporarily paid at spouse or divorced spouse rates, aged widow(er)s' annuities

Monthly survivor benefits	Awarded in fiscal year 2019		In current-payment status on September 30, 2019	
	Number	Average amount	Number	Average amount
Aged widow(er)s	5,000	\$2,299	82,000	\$1,780
Disabled widow(er)s <sup>1</sup>	100	1,563	3,300	1,401
Widowed mothers (fathers)	100	1,940	600	1,942
Remarried widow(er)s	100	1,249	2,700	1,152
Divorced widow(er)s	700	1,271	9,800	1,168
Children:				
Under age 18	300	1,542	1,600	1,469
Student	*	1,460	*	1,543
Disabled	100	1,372	6,300	1,072
Parents	*	1,229	*	983
<b>Total</b>	<b>6,500</b>	<b>...</b>	<b>106,300</b>	<b>...</b>

<sup>1</sup>Number 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.

being paid at the end of the 2019 fiscal year included 42,200 which were reduced for age. Aged widow(er)s' tier I amounts being paid averaged \$1,417 per month. In over 6,500 cases, the tier I amount was wholly offset by reductions for other benefits. Approximately 27,000 aged widow(er)s were also receiving social security benefits, and these averaged \$1,155. Tier II amounts averaged \$478. Less than 50 vested dual benefits, averaging \$65, 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 2019, tier I amounts being paid to disabled widow(er)s on the rolls averaged \$1,156. (In about 100 cases, the tier I amount was wholly offset by reductions.) Social security benefits being paid to nearly 1,400 disabled widow(er)s averaged \$1,000. Tier II amounts averaged \$290, while the less than 50 vested dual benefits being paid averaged \$106.

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 2019 averaged \$1,425 for widowed mothers and fathers and \$1,070 for children. Fewer than 50 mothers/fathers and nearly 2,000 children received social security benefits averaging \$1,132 and \$672, respectively. Tier II amounts paid mothers/fathers and children averaged, respectively, \$546 and \$118.

### **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. About 2,100 lump-sum death benefits averaging \$948 were awarded during fiscal year 2019. Approximately 200 benefits were to widow(er)s, while more than 1,900 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 2019 fiscal year, and they averaged \$1,969.

## **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 2019, there were nearly 2,100 spouses and divorced spouses receiving payments averaging \$321 where the employee was deceased or not otherwise entitled to an annuity. While all but 1 received a partitioned tier II benefit, only 3 percent received a partitioned vested dual benefit and 38 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. 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 24,900 beneficiaries for Medicare during fiscal year 2019. As of the end of the fiscal year, about 465,500 persons were enrolled in the Part A plan, and approximately 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 \$832 million in the 2019 fiscal year.

The regular monthly premium for Part B during fiscal year 2019 was \$134.00 for coverage through December 2018, and \$135.50 thereafter. 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 2019, nearly 17,700 Part B premiums and about 14,400 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 2019 about 428,300 annuitants were having their premiums withheld. Of the remaining Part B enrollees, over 2,800 were paying premiums to the RRB, either directly or through an intermediary, and 15,100 had their premiums paid by state agencies. The RRB periodically transfers premiums to the SMI Trust Funds.

The agency is also able 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 2019, about 12,600 Part C premiums and approximately 58,900 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 2019 were less than financing sources by \$47.9 million and the net position increased by \$47.9 million from \$293.0 million at the end of fiscal year 2018 to \$340.9 million at the end of fiscal year 2019. For fiscal year 2019, as compared to fiscal year 2018, total financing sources for the railroad unemployment and sickness insurance program increased by \$2.4 million (1.8 percent) to \$136.7 million.

*(text continued on page 28)*

#### Unemployment and Sickness Insurance Program Consolidated Financing Sources, Costs and Net Position (Millions)<sup>1</sup>

For the Fiscal Year Ended September 30	2019	2018
<b>Financing Sources:</b>		
Employer Payroll Taxes	\$131.4	\$133.9
Interest Income	5.3	0.4
General Appropriations	0.0	0.0
Other	0.0	0.0
Total Financing Sources	136.7	134.3
<b>Costs:</b>		
Benefit Payments:		
Unemployment	35.9	28.3
Sickness	66.7	67.0
Other	(13.8)	(5.0)
Total Costs	88.8	90.3
Financing Sources over Costs	47.9	44.0
Net Position - Beginning of Period	293.0	249.0
Net Position - End of Period <sup>2</sup>	\$340.9	\$293.0

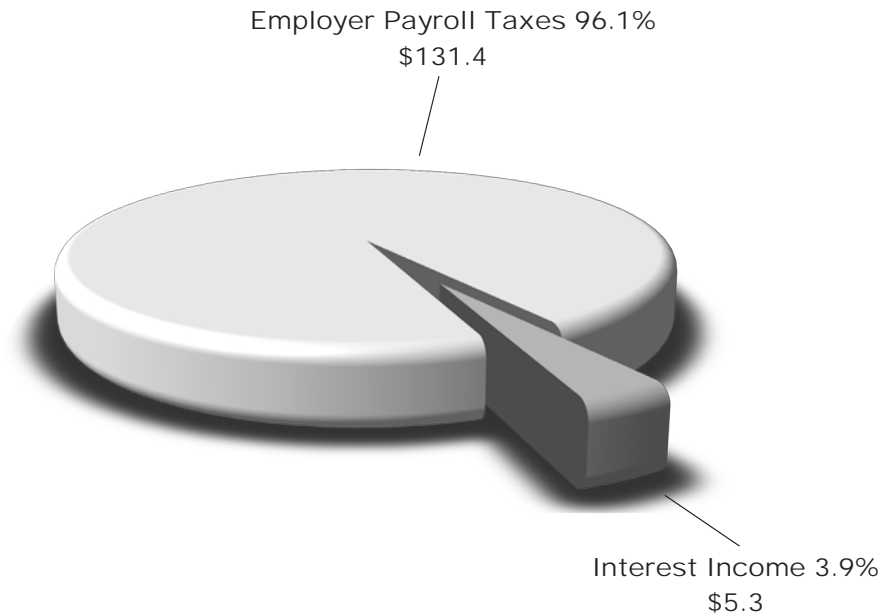
<sup>1</sup> Source of data is the RRB's Performance and Accountability Report.

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

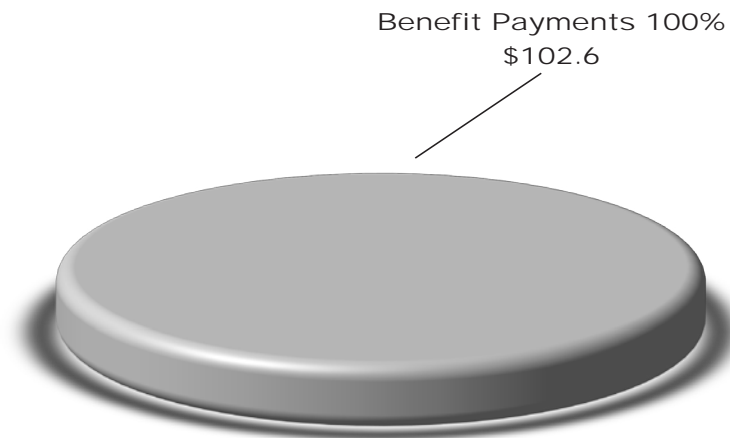
**Note.**--Detail may not add to total due to rounding.

**UNEMPLOYMENT AND SICKNESS  
INSURANCE PROGRAM**

Financing Sources - Fiscal Year 2019 (In Millions)  
**GROSS TOTAL \$136.7**



Costs - Fiscal Year 2019 (In Millions)  
**TOTAL \$102.6**



## 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 2019, the taxable earnings base was the first \$1,605 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 2019, 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 2019. Most employers were assessed the minimum rate in 2019. New employers in 2019 paid an initial rate of 2.75 percent.

### Employer Payroll Taxes

Payroll taxes by employers totaled \$131.4 million during fiscal year 2019. This was a decrease of 1.9 percent or \$2.5 million less 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 2.4 percent in fiscal year 2019, of which the RRB earned \$5.4 million as its pro rata share.

### Costs

Total costs for the railroad unemployment and sickness insurance program decreased by \$1.5 million (1.7 percent) to \$88.8 million.

### Benefit Payments

During fiscal year 2019, unemployment insurance benefit payments increased by \$10.2 million (26.9 percent) to \$35.9 million. Sickness insurance benefit payments decreased by \$0.3 million (0.4 percent) to \$66.7 million.

## BENEFIT OPERATIONS

Net unemployment and sickness benefits totaling about \$82.4 million were paid in the 2018-2019 benefit year, \$14.7 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 6.8 percent for days of unemployment and sickness after September 30, 2015, 6.9 percent for days after September 30, 2016, 6.6 percent for days after September 30, 2017, and 6.2 percent for days after September 30, 2018. Beneficiaries numbered 21,700, in comparison to the previous year's total of 24,500. Almost 500 employees received both unemployment and sickness benefits during the 2018-2019 benefit year. The number of unemployment benefit claimants decreased by 16 percent, while sickness benefit claimants decreased by 9 percent. Total net unemployment benefit payments decreased by 23 percent, while net sickness benefits decreased by 10 percent. The number of employees qualified for benefits under the Railroad Unemployment Insurance Act decreased 3 percent to 235,400.

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 2018-2019, there were 6,600 and 12,200 unemployment and sickness benefit waiting period claims, respectively.

### Unemployment

Nearly 7,900 railroad workers were paid \$31.6 million in net unemployment benefits during the 2018-2019 benefit year. The number of benefit claimants decreased by approximately 1,500 from the prior year total of 9,300, and the benefit amount decreased \$9.2 million from the prior year's total of \$40.9 million. The average number of compensable days per unemployment benefit claimant was 67 in benefit year 2018-2019, one fewer than the previous benefit year.

The mid-month unemployment count in the 2018-2019 benefit year began with a July count of 1,900 claimants, the low for the year. The count fluctuated before reaching a peak of 2,800 in January 2019. The count began to decline in February, reaching 1,900 in May 2019. For the 2018-2019 benefit year as a whole, the weekly number of claimants averaged 2,200 in comparison to an average of 2,600 in the previous benefit year. The overall unemployment benefit claimant rate, measured in relation to the number of employees qualified to receive benefits under the Railroad Unemployment Insurance Act during a particular time period, fell 13 percent to 3.3 per 100 qualified, from the previous year's 3.8 per 100 qualified. The median age for all unemployment benefit claimants was 43 years, as compared to 42 in the previous benefit year.

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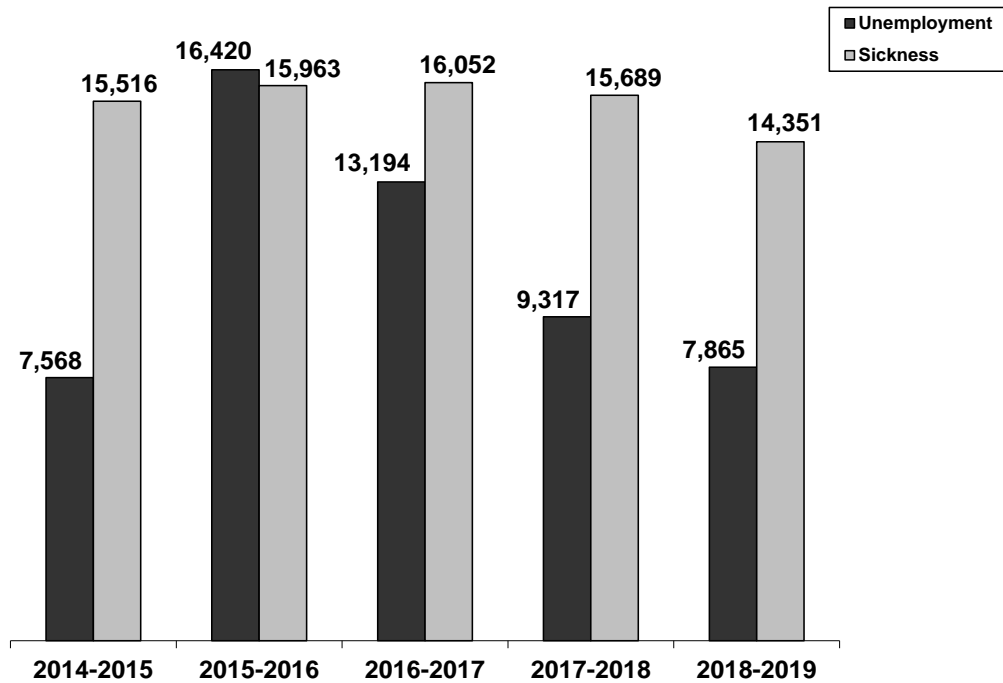
**NOTE.**—Railroad unemployment and sickness benefits are paid on the basis of benefit years beginning July 1 and ending June 30 of the following year. Consequently, operational data in this “Benefit Operations” section are generally presented for this time span, rather than fiscal years beginning October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



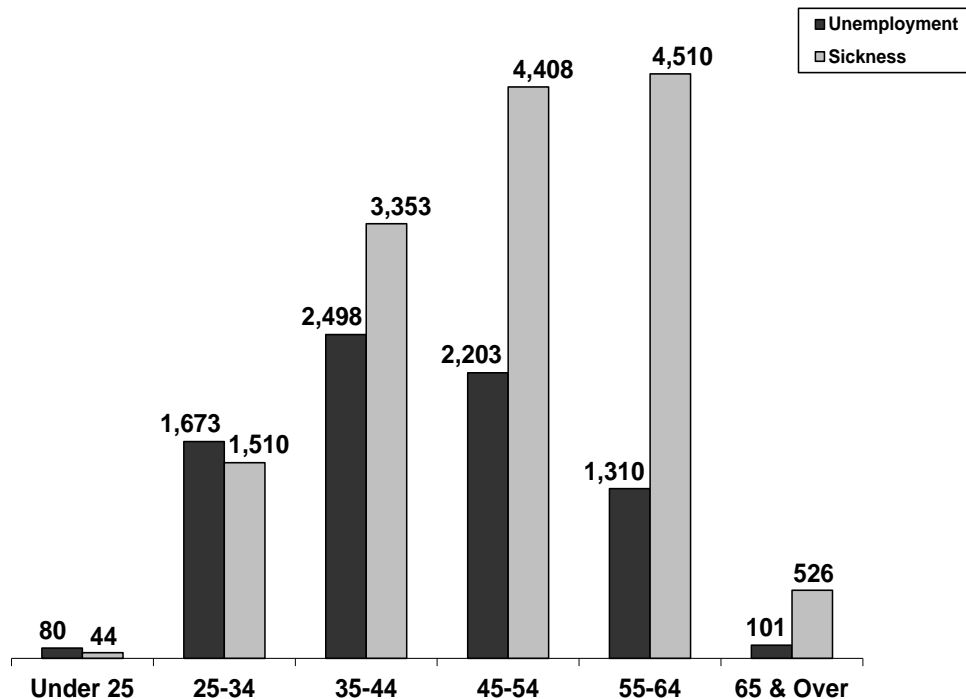
**Major unemployment and sickness benefit operations,  
benefit years 2018-2019 and 2017-2018**

Item	Benefit year 2018-2019			Benefit year 2017-2018		
	Total	Unemploy- ment <sup>1</sup>	Sickness	Total	Unemploy- ment <sup>1</sup>	Sickness
Applications	30,100	12,200	17,900	32,100	12,500	19,600
Claims	182,500	63,000	119,600	209,200	75,500	133,700
Claimants	<sup>1</sup> 21,700	7,900	14,400	<sup>1</sup> 24,500	9,300	15,700
Gross amount of benefits <sup>2</sup>	\$82,393,800	\$31,651,400	\$50,742,400	\$97,053,600	\$40,879,500	\$56,174,100
Number of payments						
Normal	136,000	46,500	89,500	157,100	56,600	100,500
Extended	18,400	5,800	12,600	20,800	6,400	14,500
<b>Total</b>	154,400	52,300	102,100	177,900	63,000	115,000
Average amount per 2-week registration period <sup>2</sup>						
Normal	\$737	\$740	\$736	\$688	\$688	\$688
Extended	607	615	603	568	571	567
<b>Total</b>	722	726	720	674	676	673
<p><sup>1</sup> Benefits for both unemployment and sickness were paid to approximately 500 employees in benefit years 2017-2018 and 2018-2019. Those claimants who had only a non-compensable waiting period are not included in the beneficiary counts since no benefits were paid.</p> <p><sup>2</sup> 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 7.3% under sequestration for days of unemployment and sickness after September 30, 2014, a reduction of 6.8% for days after September 30, 2015, a reduction of 6.9% for days after September 30, 2016, a reduction of 6.6% for days after September 30, 2017, and a reduction of 6.2% for days after September 30, 2018.</p> <p><b>NOTE.</b>--In Annual Reports through 2019, information in this table, with respect to benefits paid, was reported on a net basis. Beginning with this year's report, these amounts are now shown on a gross basis.</p>						

**Claimants under the Railroad Unemployment Insurance Act,  
Benefit Years 2014-2015 through 2018-2019**



**Unemployment and Sickness Benefit Claimants by Age,  
Benefit Year 2018-2019**



## Sickness

The number of sickness benefit claimants during the 2018-2019 benefit year was 14,400, about 1,300 less than the previous year. Gross sickness benefits of \$73.5 million were paid, \$3.9 million less than in the prior benefit year. Net sickness benefits totaled \$50.7 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 decreased by approximately \$5.4 million in comparison with the previous year.

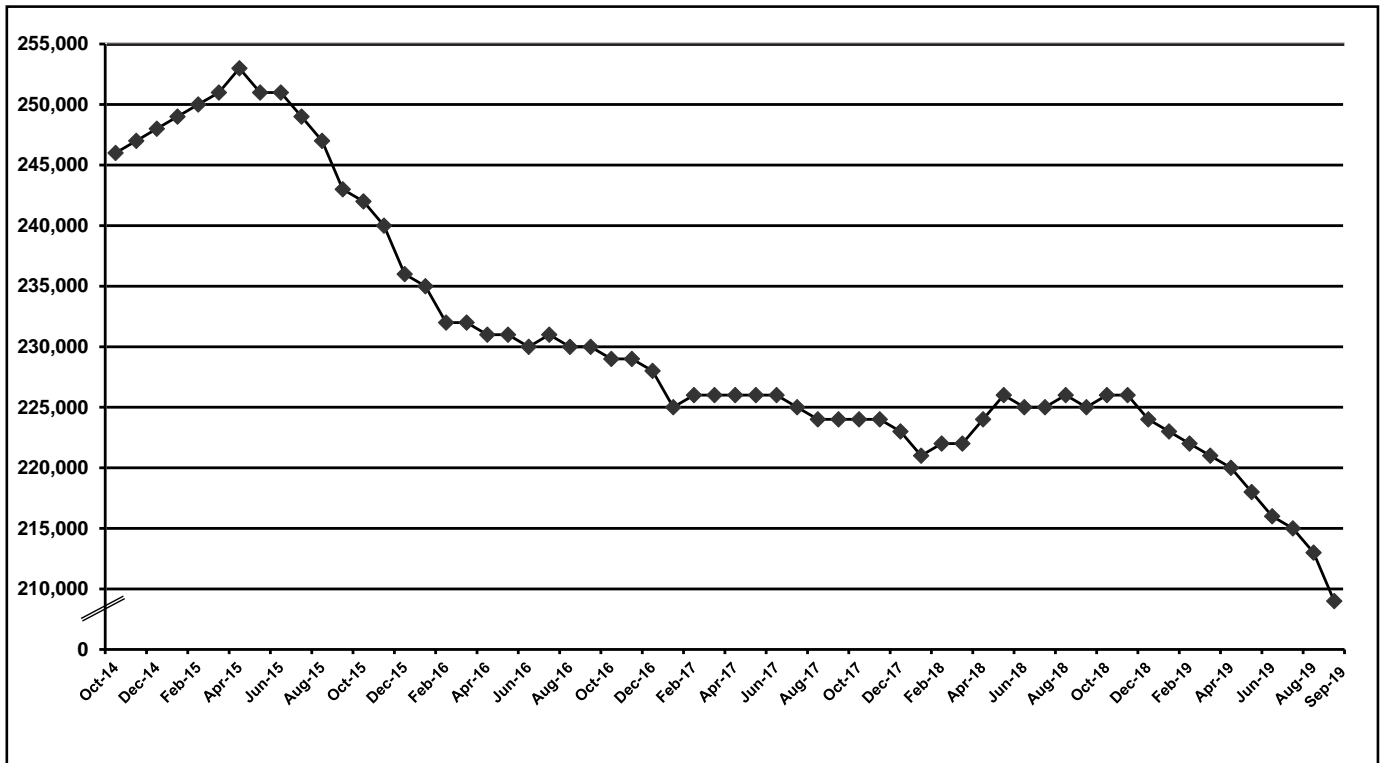
The utilization rate for sickness benefits was 6.1 percent of qualified employees, lower than the previous benefit year's rate of 6.5 percent, and the lowest since the program's inception. The average duration of sickness was 71 days in benefit year 2018-2019, down from 73 in the previous benefit year.

Among the most common causes of sickness were injuries that included fractures or wounds (affecting 27 percent of beneficiaries), diseases of the musculoskeletal system and connective tissue (24 percent), mental disorders, including drug and alcohol addictions (11 percent), circulatory and heart disease (7 percent), and digestive disorders (6 percent). The median age of all sickness benefit claimants was 50 years, the same as the previous benefit year.

## RAILROAD EMPLOYMENT

The preliminary average monthly railroad employment in fiscal year 2019 fell 2.0 percent to 219,000 from the 224,000 average of the previous fiscal year. After a period of sustained growth, recent railroad employment peaked in April 2015 at 253,000, the highest level since November 1999. Employment has since declined 17.3 percent through September 2019. During fiscal year 2019, employment began at 226,000 in October 2018 and November 2018, and thereafter declined to 209,000 in September 2019.

**Average Railroad Employment  
Fiscal Years 2015 through 2019**



*Note.*--Numbers for 2019 are preliminary.

# ADMINISTRATIVE DEVELOPMENTS

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*The following describes some major activities and issues addressed in 2018 and 2019 as part of the RRB's efforts to improve operations and customer service.*

## Performance Management

### Customer Service Plan

The RRB's Customer Service Plan promotes the principles and objectives of customer-driven quality service agencywide. 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 every field office. 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 2019, the overall benefit timeliness index was 98.6 percent. This means that the RRB provided benefit services within the timeframes promised in the Customer Service Plan 98.6 percent of the time. Overall performance and processing times during fiscal year 2019 were only slightly lower than the 98.8 percent composite level seen in fiscal year 2018. The RRB also met or exceeded seven out of ten of its customer service performance goals for the year in its Annual Performance Plan.

### Reducing Improper Payments

The RRB developed an agency risk assessment plan in response to provisions in the Improper Payments Elimination and Recovery Act (IPERA) and Office of Management and Budget (OMB) guidance. The objective is to evaluate payment outlays susceptible to improper payments by assessing risk for the benefit programs that the RRB administers. Risk assessments for the Railroad Retirement Act (RRA), Railroad Unemployment Insurance Act (RUIA), and railroad Medicare programs were previously included in the Performance and Accountability Report for fiscal year 2016. Risk assessments will be completed again for the RRA and RUIA programs in fiscal year 2020.

The RRB's estimated improper payment rate for the RRA and RUIA programs has consistently fallen below the statutory threshold for "significant improper payments." In

fiscal year 2018, the RRB requested reporting relief for these two programs following the guidance in OMB Circular A-123, Appendix C, Part II.A.3. OMB approved this request in July 2018.

Medicare was the only program with payment integrity data reported in the agency's Fiscal Year 2018 Performance and Accountability report. The RRB reported the results for the Centers for Medicare and Medicaid Services (CMS) comprehensive error rate testing program as it pertained to the RRB's specialty Medicare administrative contractor, Palmetto GBA. However, the same testing results were captured by the Department of Health and Human Services in its 2018 Agency Financial Report, which resulted in duplicative reporting. The RRB consulted with CMS and decided to no longer include the results of this testing in the agency's Performance and Accountability Report. The RRB notified OMB of this decision and received no objection. As a result, the RRB ceased reporting improper payment data for the railroad Medicare starting with the Fiscal Year 2019 Program Integrity Report.

In addition, pursuant to a request from OMB, the RRB submitted information on overpayments recaptured outside payment recapture audits and the dollar amounts of confirmed fraud as determined by the agency's Office of Inspector General. Information provided to OMB was incorporated into its website, **PaymentAccuracy.gov**, which features current and historical improper payment data for all government agencies and is available for public viewing.

## Service Enhancements

### Employer Reporting System

The Employer Reporting System is a web-based platform that enables railroad employers to submit information to the RRB through a secure and efficient electronic process instead of mailing paper forms. In fiscal year 2019, the agency focused on improvements and enhancements to the 30 existing services available to employers, as opposed to adding new ones. Specifically, action was taken to evaluate and update the system's existing risk assessment to ensure that it meets with current requirements of the Federal Information Security Modernization Act. The risk assessment update is also significant in terms of guaranteeing compliance with guidance from the National Institute of Standards and Technology and OMB on digital authentication.

### Cost-of-Living Adjustment

In December 2019, tier I benefits increased by 1.6 percent while tier II benefits rose by 0.5 percent, due to a cost-of-living adjustment (COLA). The increases were effective with the January 2020 payments, with income tax withholding calculated using updated tax tables. The increase was paid to 517,300 annuitants, and was also included in RRB-paid social security benefits to 126,414 beneficiaries. The total amount of the COLA was over \$11.7 million in railroad retirement annuities and almost \$2.7 million in social security



benefits. The standard Medicare Part B premium for 2020 increased from \$135.50 per month to \$144.60, with increased premiums for some high-income beneficiaries.

## Officials

Erhard Chorlé continues to serve as Chairman of the Railroad Retirement Board, along with John Bragg as the Labor Member and Thomas Jayne as the Management Member. All three first assumed office in February 2019, the first time that had occurred since 1934. Martin Dickman has served as the Inspector General for the RRB since 1994.

In July 2019, the Board named Crystal Coleman as the agency's Director of Programs. At the time of her appointment, she had served as the Deputy Director of Programs since November 2015. Before joining the RRB, Ms. Coleman was the Deputy Regional Administrator for the Employee Benefits Security Administration in Dallas. In October 2019, the Board appointed Terryne Murphy as the agency's Chief Information Officer (CIO). Previously, she worked at the Department of Commerce, serving as Acting CIO and Deputy CIO for Solutions & Service Delivery.

## Human Capital Management

### Staffing

More than 40 percent of the RRB's employees have 20 or more years of service, and almost 30 percent of the current workforce will be eligible for retirement by fiscal year 2021. To help cope with the loss of experience and bridge the knowledge gap, the agency continues to place increased emphasis on strategic management of human capital, particularly in the areas of training, development, and succession planning. The RRB continues to work on developing a new methodology to identify potential areas of skill and knowledge gaps which it plans to implement through the agency's Learning Management System (LMS). The LMS is an information system that assists the agency in managing and planning its training program. This new methodology will incorporate job analysis of agency positions to identify critical competencies and skill gaps within the current employee base, which the LMS can then be used to address.

The RRB also continues to work on improving its assessment and hiring processes. With assistance from the Office of Personnel Management (OPM), the agency has developed online assessment tools for entry-level claims examiners and claims representative positions, and the RRB continues to work with OPM on additional assessment tools. In fiscal year 2019, the RRB posted openings for accountants, claims assistant, and claims representative positions. All of these openings drew a high volume of applicants. The agency also announced a number of priority information technology and security jobs for the Bureau of Information Services. Altogether, the RRB posted 163 internal and external job announcements, with 82 external hires in fiscal year 2019.

Two training classes for initial adjudication examiners were completed in 2019. One was for processing applications for sickness and unemployment benefits under the RUIA,

and the other was for Medicare examiners who enroll individuals and process payments. The RUIA class included eight new examiners, and was completed in October 2019, while the Medicare class had six examiners complete the training in November 2019. The Office of Programs projects a continuing need for numerous initial and post training classes for employees who are responsible for customer service, adjudication, and policy and systems, for both the RRA and RUIA through fiscal year 2021.

## Training

The training section in the RRB's Bureau of Human Resources continues to create, implement, and modify an overall training program with the goal of creating opportunities to assist employees in building the knowledge, skills and abilities needed to achieve the agency's strategic goals. In 2019, the bureau once again coordinated and hosted the RRB Employee Fair for headquarters employees. About 200 employees participated in the 2-day event that included workshops and informational booths for different RRB-provided services and topics. In addition, the training team conducted workshops on individual development plans throughout the year. Staff also continued to implement the onboarding program for new employees; created and published 11 online courses to the agency's LMS to satisfy mandatory Federal training requirements, as well as online training for new policies and procedures implemented during the year; and coordinated the delivery of more than 35 in-person, instructor-led training sessions on soft-skill courses. The training section also partnered with the Bureau of Information Services to implement agency wide information security training strategies for all employees.

The agency continues to use its LMS, also known as *RRB University*, as the cornerstone of its training and development activities. This platform allows the agency to accurately track, document and deliver training opportunities to employees throughout the RRB, and has been incorporated into mandatory technical training for employees in the agency's Bureau of Field Service and Office of Programs. In 2019, more than 1,060 employees and contractors completed 881 individual learning objects (i.e., online courses, instructor-led training, form requirements, course curricula, etc.) managed through the LMS, for a total of 24,374 learning-object completions.

Office of Programs staff also took advantage of 14 external training courses in 2019, including offerings on communication skills, contract management, instructional design, labor relations, presentation skills, project management, sexual harassment in the workplace, and supervisory skills.

## Employee Survey

The Federal Employee Viewpoint Survey, developed by OPM, is a tool that measures employees' perceptions of whether, and to what extent, conditions characterizing successful organizations are present in their agencies. Similar to prior years, the responses by RRB employees to the 2019 survey were positive. Of the 809 employees invited to participate, 346 completed the survey, for a response rate of 43 percent. Forty survey items were

identified as strengths (65 percent or more positive) while only four survey items were identified as a challenge (35 percent or more negative). Additionally, scores for 55 items increased since the last survey while only ten items decreased. The agency’s “engagement index” score exceeded OPM’s goal for 2019 of 69 percent, and met or exceeded the governmentwide benchmarks in all areas.

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. About 95 percent of the RRB respondents think the work they do is important, and 88 percent know how their work relates to the agency’s goals and priorities. Over 75 percent of respondents feel their work gives them a feeling of personal accomplishment. More than 82 percent of respondents like the kind of work they do and feel they are held accountable for achieving results. Also, 83 percent of agency employees continued to feel supported by their supervisors in balancing work and other life issues.

On the other hand, the lowest scores were on items measuring performance culture and talent management, although these scores still represent only a minority of the employees who responded. For example, only 41 percent of the employees surveyed agree that pay raises depend on how well employees perform their jobs, and only 42 percent of respondents feel creativity and innovation are rewarded. Almost 42 percent feel they do not have sufficient resources to get their jobs done. As a result, this is an area the agency intends to concentrate on improving in the upcoming years.

## 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, supervisors and work teams have the opportunity to be recognized for their accomplishments, with the nominees, finalists and winners honored at an annual awards ceremony. The 32nd awards ceremony was held in July 2019 at Kasbeer Hall on Loyola University Chicago’s neighboring Water Tower campus. The program honored seven individual nominations and two team nominations.

## Information Technology

### myRRB

In October 2019, the agency debuted a new gateway to online services through its website, **RRB.gov**. This gateway, **myRRB**, replaced the previous website portal known as “Benefit Online Services.” While providing access to the same online services, **myRRB** offers a simplified, more approachable design that also incorporates identity protection and verification through **login.gov**. Launched in 2017 by the General Services Administration, **login.gov** provides a single sign-on solution that enables citizens to access several government programs and services using the same email address and password. **Login.gov** verifies a user’s identity during the account creation process and

each time the user tries to access the system, providing an extra layer of security to protect personal information. **MyRRB** is mobile-device friendly, and offers the following services to railroad employees: apply for and claim unemployment benefits, claim sickness benefits, view RUIA account history, view service and compensation history, and obtain a retirement benefits estimate. Customers can also request various documents through **myRRB** without having to sign in, including a duplicate tax statement, a monthly rate verification letter, a replacement Medicare card, and a copy of the employee's service and compensation history. The agency continues to plan for further improvements to **myRRB** that will introduce new self-serve options and enhance existing services.

## 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 2019, the RRB's information security team administered statutorily required security-awareness training for agency employees and contractors. Staff members identified as having more significant information security responsibilities participated in enhanced role-based security training. In addition, the RRB's privacy team prepared and coordinated training for all employees and necessary contractors on safeguarding controlled unclassified information, Federal tax information, and Privacy Act information.

## Information Resources Management

In fiscal year 2019, the RRB coordinated and secured computer matching agreements with 11 states. The agency also secured OMB approval of 13 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.

## Process Improvements

The RRB implemented several improvements to assist employees in the Office of Programs in effectively and efficiently processing benefit claims and payments.

- A project began in fiscal year 2019 to expand tables and fields in the Service Earnings and Railroad Compensation History (SEARCH) program. The initiative will take place in two phases. The first phase expands the number of tables from the year 2020 to the year 2034, which translates into a 14-year increase in the amount of data. The second phase will expand the field length of various SEARCH fields. The first phase was completed in October 2019, and the second, more complex phase is underway. This involves the expansion of the primary insurance amount fields from four spaces, or bytes, to five bytes, and the expansion of the tier II contribution

field from seven bytes to eight bytes. This also requires integration testing and involvement with various other systems.

- The RRB upgraded its imaging system by instituting a two-dimension barcode on several forms and programs used to process benefits. The new barcode is both more concise and can hold more information, thereby enabling integration with the agency's program to assign and track work. As a result, the RRB updated scanning applications in its headquarters and all 53 field offices.

## **Disaster Recovery Test**

In August 2019, the RRB conducted a successful agencywide disaster recovery test. This was the third annual test conducted over a 2-day period, with all testers accessing applications and systems from remote locations. In addition to testing access to the RRB's virtual private network as well as mainframe applications and menus, the scope of the test also included the ability to exchange files with the Social Security Administration and the Department of the Treasury. The file transfer with Treasury encountered a problem on the first day of the test, but was completed successfully on the second day. Otherwise, the test identified no major issues or material weaknesses.

## **Office of Equal Opportunity**

### **Equal Opportunity Policies and Procedures**

The agency's Equal Employment Opportunity (EEO) complaint program has policies and procedures in place to address all forms of discrimination, including harassment. The discrimination complaint process and the anti-harassment complaint process have the elements of impartiality, timeliness and credibility.

Both the agency's website and its intranet include information to ensure that the public and agency employees have access to information regarding the complaint programs. Training is provided to ensure that employees know their rights and responsibilities under various Federal laws and executive orders. In fiscal year 2019, the agency's Office of Equal Opportunity (OEO) created a poster summarizing all EEO programs, and it is posted on every floor at headquarters and in each field office.

### **Diversity Program**

Throughout the year, the OEO sponsored many events and activities to foster an inclusive work environment and enhance the understanding of disability issues. These included a variety of cultural enrichment events to commemorate African American History Month, Women's History Month, Asian Pacific Heritage Month, and Hispanic Heritage Month, as well as National Disability in Employment Awareness Month. These events/programs were organized by the OEO's three employee committees: the Workplace

Diversity Committee, the Federal Women's Program Committee and the Employee's with Disabilities Advisory Council.

## **Recruitment**

The RRB is committed to maintaining a diverse workforce. The OEO worked cooperatively with the Bureau of Human Resources in 2019 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.

The Office of the Labor Member has proactively helped educate rail union officials about the benefits available to members and their families under the Railroad Retirement and Railroad Unemployment Insurance Acts since 1957. At seminars sponsored by the Labor Member of the Board, RRB employees describe and discuss the benefits available under the railroad retirement-survivor, unemployment-sickness, and Medicare programs, and provide attendees with comprehensive informational materials. These meetings are attended by officials and members of rail labor unions, as well as railroad employees and spouses nearing retirement. In 2019, seminars were held in a number of RRB-serviced cities throughout the country. In addition, railroad labor unions frequently request that RRB representatives speak before their meetings, seminars and conventions.

At seminars for railroad executives and managers, agency representatives review programs, financing, and administration, with special emphasis on those areas which require cooperation between railroads and RRB offices. During 2019, the Management Member's Office conducted seminars and presentations for railroad officials, as well as benefit update presentations and pre-retirement counseling seminars attended by railroad employees and their spouses.

## **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 here can be found at [RRB.gov/OurAgency/InspectorGeneral/Library](https://www.RRB.gov/OurAgency/InspectorGeneral/Library).



## Office of Audit

During fiscal year 2019, the Office of Audit published 15 audit reports, including mandated audits and assessments such as the annual information security audit, the annual Improper Payments Elimination and Recovery Act of 2010 compliance audit, the annual financial statement audit, an assessment of the RRB's compliance with the Digital Accountability and Transparency Act of 2014, and the annual Federal Information Security Modernization Act of 2014 compliance audit. The OIG also issued audits of the RRB's disability program, railroad Medicare program, and the RRB's write-off and waiver processes in addition to a variety of other areas. In total, the Office of Audit issued 153 recommendations to agency management and identified more than \$6 million in questioned costs.

Pursuant to the Reports Consolidation Act of 2000 and the requirements of OMB 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: disability program integrity; information technology security and systems modernization; management of railroad Medicare; payment accuracy and transparency; financial management and reporting; and compliance with various Federal guidance.

## 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 other law enforcement agencies, such as the Federal Bureau of Investigation and the U.S. Secret Service.

As of September 30, 2019, the Office of Investigations' caseload totaled 312 matters, which represents more than \$314 million in potential fraud losses.<sup>1</sup> During fiscal year 2019, the office secured 8 arrests, 25 indictments and/or informations, 39 convictions, 15 civil judgments, and more than \$106 million in financial accomplishments.<sup>2</sup>

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<sup>1</sup> 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.

<sup>2</sup> 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 were included in the disposition resulting from the investigation.

# LEGAL RULINGS

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*During fiscal year 2019, six cases involving the RRB were filed with Federal courts and the agency issued a total of 278 decisions on claimant appeals of previous agency determinations.*

## **Court Cases**

**S**ix petitions for review were filed during the fiscal year in the U.S. Circuit Courts of Appeal, with three rulings issued and three cases still pending at the end of the year. Of the two cases filed in the U.S. Circuit Courts of Appeal the previous fiscal year, one was dismissed and one remained pending at the end of the fiscal year. In addition, during the fiscal year one case was opened in the U.S. District Court for the Southern District of Texas and was dismissed and one case was opened in the U.S. District Court for the Southern District of Georgia and remained pending. Finally, one petition for certiorari was filed in the U.S. Supreme Court and remained pending at the end of the fiscal year.

## **Appeals**

Any claimant for benefits under the Railroad Retirement Act (RRA) or the Railroad Unemployment Insurance Act (RUIA) 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.

## **RRA**

During fiscal year 2019, 224 appeals were filed with the Bureau of Hearings and Appeals under the RRA, and the Bureau rendered decisions in 211 appeals. The reconsideration decision was sustained in 110 cases. In 101 appeals the decision was favorable to the claimant in whole or in part.

Forty-four appeals were filed with the Board in fiscal year 2019, and the Board issued 31 decisions. In 21 cases the previous ruling of the hearings officer was affirmed, in 4 cases the decision was fully favorable to the appellant, and in 1 case the decision was partially favorable. The Board remanded 4 cases to the Bureau of Hearings and Appeals. One appeal was dismissed. At the end of the year, 138 appeals were pending before the Board.

## **RUIA**

During fiscal year 2019, 27 appeals were filed with the Bureau of Hearings and Appeals under the RUIA, and the Bureau rendered decisions in 33 appeals. The reconsideration decision was sustained in 23 cases. In 10 appeals the decision was favorable to the claimant in whole or in part.

Ten appeals were filed with the Board in fiscal year 2019. The Board rendered decisions in 2 appeals affirming the decision of the hearings officer, and in 1 appeal the decision was partially favorable to the appellant. At the end of the year, 16 appeals were pending before the Board.

# STATISTICAL TABLES

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Table 1--Beneficiaries and benefits paid under the Railroad Retirement Act and the Railroad Unemployment Insurance Act, by fiscal year, 2010-2019, cash basis

Fiscal year	Total <sup>1</sup>	Retirement <sup>2</sup>	Survivor <sup>2</sup>	Unemployment <sup>3</sup>	Sickness <sup>3</sup>
<b>BENEFICIARIES (in thousands)</b>					
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
2016.....	583	428	131	17	17
2017.....	574	427	127	12	16
2018.....	563	423	123	9	16
2019.....	<sup>4</sup> 557	422	119	9	15
<b>BENEFIT PAYMENTS (in millions)</b>					
2010.....	\$10,966.7	\$8,588.6	\$2,187.1	<sup>5</sup> \$113.7	\$77.3
2011.....	11,072.7	8,778.5	2,165.3	<sup>5</sup> 52.1	76.9
2012.....	11,446.3	9,155.4	2,171.7	<sup>5</sup> 46.2	73.0
2013.....	11,748.1	9,456.5	2,175.5	<sup>5</sup> 51.5	64.6
2014.....	11,998.3	9,724.9	2,167.2	<sup>5</sup> 40.8	65.4
2015.....	12,273.2	10,012.2	2,156.9	36.7	67.4
2016.....	12,497.4	10,202.4	2,139.2	80.2	75.6
2017.....	12,593.3	10,341.4	2,121.9	53.8	76.3
2018.....	12,803.5	10,567.2	2,118.8	40.7	76.8
2019.....	13,077.9	10,836.8	2,125.0	42.3	73.8

<sup>1</sup> 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. The number of beneficiaries represents all individuals paid benefits in year. In the total number for each year, beneficiaries are counted only once, even though they may have received more than one type of benefit.

<sup>2</sup> Retirement benefits include vested dual benefit and supplemental annuity payments. Survivor benefits include vested dual benefit payments but exclude partition payments.

<sup>3</sup> 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, 7.3% for days after September 30, 2014, 6.8% for days after September 30, 2015, 6.9% for days after September 30, 2016, 6.6% for days after September 30, 2017, and 6.2% for days after September 30, 2018.

<sup>4</sup> In fiscal year 2019, 6,700 individuals received both retirement and survivor benefits, 600 employees received both unemployment and sickness benefits, and 1,700 employees received benefits under both the Railroad Retirement Act and the Railroad Unemployment Insurance Act.

<sup>5</sup> 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. Benefits had to begin by December 31, 2013.

NOTE.-- In Annual Reports through 2019, information in this table, with respect to unemployment and sickness benefits paid, was reported on a net basis. Beginning with this year's report, these amounts are shown on a gross basis.

Table 2.--Status of the Railroad Retirement Act accounts and trust funds, by fiscal year, 2010-2019 (In millions), cash basis

Item	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>RAILROAD RETIREMENT ACCOUNT</b>										
<b>Receipts</b>										
Tax transfers <sup>1</sup> .....	\$2,599.0	\$2,712.7	\$2,659.8	\$3,140.2	\$3,392.2	\$3,760.8	\$3,586.7	\$3,562.9	\$3,822.9	\$3,730.4
Interest and profit on investments <sup>2</sup> .....	11.0	12.3	11.4	9.0	14.0	17.2	16.8	16.4	15.8	11.0
Transfers from the National RR Investment Trust <sup>3</sup> .....	1,989.0	1,744.0	2,026.0	1,581.0	1,429.0	1,191.0	1,410.0	1,821.0	1,809.0	1,794.0
Transfers from the SSEB Account <sup>3</sup> .....	81.0	255.0	19.0	171.0	93.0	129.0	.....	(296.0)	91.0	191.0
Loan repayments from RUI Account <sup>4</sup> .....	.....	48.4	.....	.....	.....	.....	.....	.....	.....	.....
Loan repayments from DBP Account <sup>4</sup> .....	.....	.....	.....	.....	4.5	.....	.....	.....	.....	.....
<b>Expenditures</b>										
Benefit payments <sup>5</sup> .....	\$4,474.4	\$4,600.3	\$4,775.0	\$4,906.2	\$5,044.0	\$5,106.8	\$5,229.0	\$5,321.4	\$5,446.1	\$5,548.2
Financial Interchange adjustment <sup>6</sup> .....	(13.1)	(88.5)	(141.9)	(166.6)	(164.0)	(162.3)	(146.5)	.....	.....	.....
Net transfers to administration.....	68.7	73.6	69.6	70.2	69.3	72.1	72.3	76.7	85.7	84.1
Loans to RUI Account.....	46.5	.....	.....	.....	.....	.....	.....	.....	.....	.....
Loans to DBP Account <sup>7</sup> .....	.....	.....	.....	.....	4.5	.....	.....	.....	.....	.....
<b>SOCIAL SECURITY EQUIVALENT BENEFIT ACCOUNT<sup>8</sup></b>										
<b>Receipts</b>										
Tax transfers <sup>1</sup> .....	\$2,514.9	\$2,675.3	\$2,878.5	\$2,954.1	\$3,163.1	\$3,389.3	\$3,097.5	\$3,113.8	\$3,267.3	\$3,129.8
Interest and profit on investments <sup>2</sup> .....	18.9	21.9	20.1	22.4	21.9	24.3	18.6	14.9	24.4	23.4
Transfers under financial interchange <sup>9</sup> .....	4,391.6	4,574.3	4,651.0	4,499.0	4,700.8	4,676.6	4,662.7	4,522.5	4,942.4	4,946.4
Advances against financial interchange <sup>10</sup> .....	3,819.0	3,820.4	3,738.6	3,943.0	3,886.1	3,849.9	3,926.1	4,095.4	4,109.1	4,306.4
<b>Expenditures</b>										
Benefit payments.....	\$6,243.7	\$6,291.1	\$6,506.7	\$6,686.9	\$6,815.2	\$7,035.4	\$7,090.4	\$7,124.5	\$7,226.7	\$7,403.8
Financial Interchange adjustment <sup>6</sup> .....	13.1	88.5	141.9	166.6	164.0	162.3	146.5	.....	.....	.....
Net transfers to administration.....	33.6	29.6	31.4	30.1	32.3	32.9	30.0	30.5	29.8	33.4
Transfers under financial interchange <sup>11</sup> .....	535.1	477.2	510.9	576.6	611.6	594.7	656.8	637.4	596.5	570.3
Repayment of advances against financial interchange <sup>4</sup> .....	3,837.6	3,946.6	3,946.3	3,863.1	4,041.9	3,982.7	3,940.1	4,054.5	4,194.3	4,202.4
Transfers to the National RR Investment Trust/RR Account <sup>3</sup> .....	81.0	255.0	19.0	171.0	93.0	129.0	.....	(296.0)	91.0	191.0

See footnotes at end of table.



**Table 2.--Status of the Railroad Retirement Act accounts and trust funds, by fiscal year, 2010-2019 (in millions), cash basis - Continued**

Item	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>NATIONAL RAILROAD RETIREMENT INVESTMENT TRUST <sup>11</sup></b>										
Cash and investment balance at end of period <sup>12</sup>	\$23,770.4	\$22,119.0	\$23,586.2	\$24,963.7	\$26,039.9	\$24,483.9	\$25,007.7	\$26,389.6	\$26,468.7	\$25,332.4
<b>DUAL BENEFITS PAYMENTS ACCOUNT <sup>13</sup></b>										
Loans from Railroad Retirement Account <sup>7</sup>	.....	.....	.....	.....	\$4.5	.....	.....	.....	.....	.....
Benefit payments	\$62.1	\$55.2	\$48.6	\$42.6	37.2	\$31.9	\$27.5	\$23.6	\$20.2	\$17.1
Repayment of loans from Railroad Retirement Account <sup>4</sup>	.....	.....	.....	.....	4.5	.....	.....	.....	.....	.....

<sup>1</sup> 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(f) 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 a one-time general revenue transfer under the Hiring Incentives to Restore Employment Act of 2010.

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

<sup>3</sup> 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. In fiscal year 2017, the Railroad Retirement Account transferred funds to the SSEB Account to pay benefits. In fiscal years 2018 and 2019, the SSEB Account transferred funds not needed to pay current benefits and administrative expenses to the Railroad Retirement Account.

<sup>4</sup> Includes interest.

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

<sup>6</sup> Adjustments in benefit payments charged to the Social Security Equivalent Benefit Account as compared to actual financial interchange benefits, with interest. This adjustment was discontinued in fiscal year 2017.

<sup>7</sup> 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.

<sup>8</sup> Established October 1, 1984, to keep track of the financing and payment of social security level portions of railroad retirement benefits.

<sup>9</sup> Transfers to or from OASDHI Trust Funds under section 7(c)(2) of the 1974 Railroad Retirement Act.

<sup>10</sup> Advances, including interest, from U.S. Treasury to offset lag in receipt of financial interchange funds under section 7(c)(4) of the 1974 Railroad Retirement Act as amended.

<sup>11</sup> Established February 1, 2002, for investment of railroad retirement assets.

<sup>12</sup> Source: National Railroad Retirement Investment Trust.

<sup>13</sup> Established October 1, 1981, to keep track of the financing and payment of vested dual benefits.

**NOTE--This Table has been revised to only include information from the Monthly Treasury Statements and other resources within the Railroad Retirement Board's Bureau of the Actuary and Research.**

Table 3.--Status of the Railroad Unemployment Insurance Account, by fiscal year, 2015-2019 (in thousands), cash basis

Item	Fiscal year				
	2015	2016	2017	2018	2019
<b>RECEIPTS</b>					
Taxes.....	\$46,672	\$90,241	\$100,030	\$108,255	\$105,243
Interest.....	3,165	2,514	1,945	2,480	2,058
Transfer from Administration fund under sec. 11(d) of the RUI Act.....	11,339	13,375	12,357	11,208	9,674
Undistributed recoveries of benefit payments <sup>1</sup> .....	368	2,458	(2,866)	(439)	(42)
<b>Total.....</b>	<b>\$61,544</b>	<b>\$108,588</b>	<b>\$111,466</b>	<b>\$121,504</b>	<b>\$116,933</b>
<b>EXPENDITURES</b>					
Benefit payments <sup>2</sup> .....	\$83,501	\$133,492	\$105,614	\$92,750	\$87,768
Funding for Office of Inspector General.....	1,053	1,080	1,260	1,522	1,421
<b>Total.....</b>	<b>\$84,554</b>	<b>\$134,572</b>	<b>\$106,875</b>	<b>\$94,272</b>	<b>\$89,189</b>
<b>Cash balance end of period.....</b>	<b>\$95,002</b>	<b>\$69,019</b>	<b>\$73,610</b>	<b>\$100,843</b>	<b>\$128,587</b>

<sup>1</sup> Net of distributed payments.

<sup>2</sup> 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, 7.3% for days after September 30, 2014, 6.8% for days after September 30, 2015, 6.9% for days after September 30, 2016, 6.6% for days after September 30, 2017, and 6.2% for days after September 30, 2018.

Table 4.--Status of the RUIA Administration Fund, by fiscal year, 2010-2019 (in thousands), cash basis

Fiscal year	Taxes and interest	Administrative expenditures <sup>1</sup>	Transfer to Railroad Unemployment Insurance Account under Sec. 11d <sup>2</sup>	Balance at end of period
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
2016.....	27,146	15,498	13,375	12,132
2017.....	26,551	14,842	12,357	11,483
2018.....	25,621	17,429	11,208	8,467
2019.....	26,203	16,066	9,674	8,930

<sup>1</sup> Expenditures for each year included encumbrances as of end of year. Fiscal years 2009 and 2011-2019 reflect reallocation of prior period administrative expenses between the Railroad Retirement Act and Railroad Unemployment Insurance Act programs.

<sup>2</sup> 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, 2010-2019**

Fiscal year	Retired employees											
	Total <sup>1</sup>	Awarded age annuity	Disability converted to age <sup>2</sup>	Disability	Supple- mental <sup>3</sup>	Spouses and divorced spouses	Aged widow(er)s <sup>4</sup>	Disabled widow(er)s <sup>5</sup>	Widowed mothers (fathers) <sup>4</sup>	Children	Remarried widow(er)s	Divorced widow(er)s <sup>4</sup>
<b>NUMBER AT END OF YEAR</b>												
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
2016	654,127	190,835	44,744	31,308	122,966	145,891	90,919	3,660	652	8,695	3,187	9,709
2017	648,277	190,301	46,180	27,990	122,050	146,850	87,817	3,528	623	8,478	3,037	9,708
2018	641,470	189,571	47,436	25,059	120,222	147,708	84,710	3,378	604	8,232	2,903	9,760
2019	633,742	188,372	48,475	22,552	117,831	148,163	81,959	3,277	576	7,957	2,743	9,764
<b>AVERAGE AMOUNT</b>												
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
2016	.....	2,675	2,358	2,675	42	991	1,618	1,307	1,883	1,066	1,050	1,055
2017	.....	2,731	2,401	2,691	42	1,008	1,664	1,326	1,878	1,078	1,071	1,078
2018	.....	2,817	2,474	2,746	42	1,035	1,721	1,367	1,902	1,110	1,114	1,118
2019	.....	2,912	2,564	2,822	42	1,065	1,780	1,401	1,942	1,157	1,152	1,168

<sup>1</sup> 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, 2019, there were 23 parents' annuities in current-payment status averaging \$983 and 2,050 partition payments averaging \$321.

<sup>2</sup> 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 gradually increases, from age 65 to 67, for those born between 1937 and 1960. It is age 67 for those born after 1959 and age 65 for those born before 1938.

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

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

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

Table 6.--Number and average amount of retirement and survivor annuities awarded during year, by type of annuitant and fiscal year, 2010-2019

Fiscal year	Retired employees							Spouses and divorced spouses				Divorced widow(er)s
	Total <sup>1</sup>	Age	Disability	Supple- mental <sup>2</sup>	Spouses and divorced spouses	Aged widow(er)s	Disabled widow(er)s	Widowed mothers (fathers)	Children	Remarried widow(er)s		
<b>NUMBER AWARDED</b>												
2010.....	40,191	10,712	3,161	7,319	11,256	6,163	189	99	429	157	702	
2011.....	39,647	10,542	3,086	7,087	11,301	6,053	173	110	417	158	718	
2012.....	38,649	10,054	2,858	6,778	11,479	5,828	181	115	454	164	734	
2013.....	38,094	10,211	2,324	6,502	11,444	5,995	164	111	456	146	739	
2014.....	37,294	10,210	1,800	6,673	11,495	5,582	133	111	398	144	745	
2015 <sup>3</sup> .....	36,316	10,059	1,686	6,194	11,300	5,546	120	99	462	151	696	
2016.....	35,950	10,236	1,682	5,910	11,373	5,319	123	94	380	116	715	
2017.....	33,540	9,121	1,562	5,178	10,758	5,484	86	86	390	127	746	
2018.....	31,795	8,665	1,662	4,155	10,459	5,411	78	94	379	123	766	
2019.....	28,997	7,663	1,767	3,294	9,799	5,036	100	88	394	107	748	
<b>Cumulative 1937-2019</b>	<b>5,332,617</b>	<b>1,548,813</b>	<b>532,099</b>	<b>535,314</b>	<b>1,253,182</b>	<b>1,067,369</b>	<b>19,312</b>	<b>85,779</b>	<b>240,345</b>	<b>16,453</b>	<b>30,393</b>	
<b>AVERAGE AMOUNT</b>												
2010.....	.....	\$2,786	\$2,509	\$41	\$950	\$1,740	\$1,536	\$1,778	\$1,203	\$1,064	\$963	
2011.....	.....	2,814	2,524	41	958	1,789	1,531	1,779	1,194	1,077	991	
2012.....	.....	2,888	2,585	41	981	1,859	1,515	1,647	1,220	1,130	1,049	
2013.....	.....	2,921	2,565	41	1,003	1,911	1,503	1,916	1,332	1,161	1,104	
2014.....	.....	3,041	2,624	41	1,024	1,985	1,615	1,874	1,294	1,151	1,095	
2015.....	.....	3,114	2,611	41	1,055	2,031	1,685	1,728	1,302	1,153	1,175	
2016.....	.....	3,124	2,667	41	1,062	2,096	1,677	2,034	1,371	1,166	1,174	
2017.....	.....	3,159	2,723	41	1,047	2,113	1,752	1,806	1,368	1,189	1,209	
2018.....	.....	3,188	2,775	41	1,054	2,188	1,864	1,864	1,386	1,270	1,222	
2019.....	.....	3,173	2,880	41	1,057	2,299	1,563	1,940	1,487	1,249	1,271	

<sup>1</sup> 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 2019 total includes 1 parent annuity of \$1,229. Cumulative total includes 3,558 annuities to parents.

<sup>2</sup> Excludes partition payments to spouses and divorced spouses where the employee is deceased. Averages are after court-ordered partitions.

<sup>3</sup> Supplemental annuity awards exclude more than 1,000 restorations due to Legal Opinion 2014-2. Reductions to Supplemental Annuities for 401(k) Distributions.

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, 2019, by class and state (amounts in thousands)

State <sup>3</sup>	Total <sup>1</sup>		Retirement benefits <sup>2</sup>		Survivor benefits	
	Number	Monthly amount	Number	Monthly amount	Number	Monthly amount
Alabama.....	11,500	\$19,455	9,500	\$16,042	2,000	\$3,409
Alaska.....	200	299	200	241	(4)	58
Arizona.....	12,000	20,196	9,900	16,902	2,000	3,275
Arkansas.....	12,200	20,384	10,300	17,221	1,900	3,145
California.....	30,500	49,260	25,000	40,799	5,300	8,434
Colorado.....	10,600	18,563	9,100	16,139	1,500	2,414
Connecticut.....	2,900	5,963	2,400	5,080	500	882
Delaware.....	3,000	5,467	2,600	4,818	400	647
Washington DC.....	400	636	300	570	100	66
Florida.....	35,500	60,429	29,900	51,621	5,500	8,772
Georgia.....	21,000	35,936	17,700	30,465	3,200	5,460
Hawaii.....	200	272	200	233	(4)	39
Idaho.....	5,600	9,626	4,800	8,150	800	1,466
Illinois.....	38,600	64,301	32,000	53,589	6,500	10,661
Indiana.....	18,500	31,163	15,200	25,697	3,200	5,442
Iowa.....	11,100	18,774	9,300	15,787	1,700	2,967
Kansas.....	16,600	28,845	14,000	24,467	2,500	4,364
Kentucky.....	16,900	27,596	13,900	22,493	3,000	5,088
Louisiana.....	8,900	14,810	7,300	12,211	1,600	2,594
Maine.....	2,700	4,193	2,200	3,372	500	820
Maryland.....	10,200	17,267	8,500	14,690	1,700	2,571
Massachusetts.....	4,500	7,720	3,800	6,585	700	1,132
Michigan.....	15,400	25,373	12,600	20,679	2,800	4,669
Minnesota.....	16,400	27,137	13,600	22,757	2,700	4,359
Mississippi.....	6,800	11,087	5,500	8,995	1,300	2,089
Missouri.....	23,100	38,501	19,400	32,617	3,500	5,856
Montana.....	7,400	12,813	6,400	11,026	1,000	1,779
Nebraska.....	18,900	35,381	16,700	31,459	2,100	3,902
Nevada.....	3,900	6,498	3,300	5,487	600	1,006
New Hampshire.....	1,000	1,772	900	1,483	200	288
New Jersey.....	10,000	19,002	8,200	16,108	1,800	2,892
New Mexico.....	4,900	8,213	4,000	6,772	900	1,432
New York.....	23,500	43,367	19,300	36,709	4,200	6,646
North Carolina.....	12,000	19,322	9,700	15,962	2,200	3,351
North Dakota.....	3,900	6,898	3,300	5,761	600	1,132

See footnotes at end of table.



Table 7.--Retirement and survivor benefits in current-payment status on September 30, 2019, by class and state (amounts in thousands) - Continued

State <sup>3</sup>	Total <sup>1</sup>		Retirement benefits <sup>2</sup>		Survivor benefits	
	Number	Monthly amount	Number	Monthly amount	Number	Monthly amount
Ohio.....	27,500	\$44,310	21,900	\$35,350	5,500	\$8,937
Oklahoma.....	5,900	9,791	4,800	7,987	1,100	1,797
Oregon.....	9,100	14,895	7,600	12,340	1,500	2,537
Pennsylvania.....	35,700	60,585	28,700	49,379	6,900	11,186
Rhode Island.....	700	1,268	600	1,091	100	177
South Carolina.....	8,400	14,152	7,000	11,906	1,400	2,238
South Dakota.....	2,200	3,835	2,000	3,358	300	475
Tennessee.....	14,800	24,755	12,300	20,690	2,500	4,050
Texas.....	42,500	74,776	35,300	63,067	6,800	11,627
Utah.....	6,000	10,421	5,000	8,750	900	1,664
Vermont.....	800	1,157	600	921	200	237
Virginia.....	18,800	31,889	15,300	26,525	3,400	5,352
Washington.....	12,700	21,482	10,500	17,683	2,200	3,788
West Virginia.....	9,100	15,280	7,300	12,248	1,800	3,025
Wisconsin.....	11,500	18,778	9,600	15,691	1,900	3,074
Wyoming.....	4,800	8,886	4,200	7,923	500	955
<b>Outside United States:</b>						
Canada.....	2,000	1,264	1,400	678	600	586
Mexico.....	200	180	100	67	100	113
Other.....	600	721	400	493	200	227
<b>Total<sup>5</sup>.....</b>	<b>633,700</b>	<b>\$1,074,955</b>	<b>525,400</b>	<b>\$899,144</b>	<b>106,300</b>	<b>\$175,154</b>

<sup>1</sup> Includes 2,050 partition payments to spouses and divorced spouses where the employee is deceased or not otherwise entitled to an annuity.

<sup>2</sup> Includes 117,800 supplemental annuities to employees receiving regular annuities. In a relatively small number of cases, employees were also receiving spouse or widow(er)'s benefits.

<sup>3</sup> State of residence of beneficiary on September 30, 2019.

<sup>4</sup> Less than 50.

<sup>5</sup> 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 2014-2015 through 2018-2019, cash basis**

Item	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Qualified employees.....	248,200	254,200	260,700	242,100	235,400
Maximum daily benefit rate.....	\$70	\$72	\$72	\$72	\$77
<b>UNEMPLOYMENT BENEFITS<sup>1</sup></b>					
<b>Gross amount of benefits paid (thousands)</b>					
Payments:					
Number.....	52,100	112,300	90,000	63,000	52,300
Average amount per two week claim period.....	\$578	\$591	\$594	\$601	\$644
Beneficiaries.....	7,600	16,400	13,200	9,300	7,900
Applications received.....	11,500	24,100	16,800	12,500	12,200
Claims received.....	62,500	137,000	108,100	75,500	63,000
Normal benefit accounts exhausted.....	1,900	3,300	3,100	2,100	1,700
Non-compensable waiting period only <sup>2</sup> ..	(3)	(3)	(3)	(3)	(3)
<b>SICKNESS BENEFITS<sup>1</sup></b>					
<b>Gross amount of benefits paid (thousands)</b>					
Payments:					
Number.....	102,700	109,700	114,400	115,000	102,100
Average amount per two week claim period.....	\$572	\$592	\$597	\$597	\$638
Beneficiaries.....	15,500	16,000	16,100	15,700	14,400
Applications received.....	19,400	19,800	20,100	19,600	17,900
Claims received.....	121,300	129,200	133,800	133,700	119,600
Normal benefit accounts exhausted.....	2,800	3,100	3,400	3,500	3,000
Non-compensable waiting period only <sup>2</sup> ..	100	(3)	(3)	(3)	(3)

<sup>1</sup> In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, 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, 7.3% for days after September 30, 2014, 6.8% for days after September 30, 2015, 6.9% for days after September 30, 2016, 6.6% for days after September 30, 2017, and 6.2% for days after September 30, 2018.  
<sup>2</sup> 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.  
<sup>3</sup> Less than 50.

NOTE.--In Annual Reports through 2019, information on this table, with respect to benefits paid, was reported on a net basis. Beginning with this year's report, these amounts are now shown on a gross basis.

**Table 9.--All employees, new entrants, employees qualified for RUIA benefits, and related data, by employer, 2018**

Type or name of employer	All employees			New entrants		Creditable Compensation (thousands)			
	Total	With 12 months of service in 2018	With sufficient for RRA annuity	Qualified for RUIA benefits	Total	Qualified for RUIA benefits	Tier I	Tier II	RUIA
<b>TYPE OF EMPLOYER</b>									
Class I line-haul railroads.....	164,806	129,947	125,197	156,021	13,961	8,234	\$13,131,771	\$12,211,717	\$2,769,960
Non-Class I line-haul railroads and switching & terminal companies.....	23,533	16,972	15,036	20,975	2,754	1,374	1,400,868	1,345,618	364,956
Commuter railroads <sup>1</sup> .....	50,456	41,093	36,624	48,728	3,233	2,090	4,148,078	3,764,907	868,479
Car-loan companies.....	2,543	1,505	1,230	2,244	494	253	150,572	144,768	39,390
Labor organizations.....	2,394	1,742	1,691	1,939	229	70	185,553	156,829	34,048
Miscellaneous employers <sup>2</sup> .....	4,998	3,633	2,916	4,700	477	318	391,688	348,008	81,960
<b>Total</b>	<b>248,730</b>	<b>195,092</b>	<b>182,694</b>	<b>234,607</b>	<b>21,148</b>	<b>12,339</b>	<b>\$19,408,531</b>	<b>\$17,971,847</b>	<b>\$4,158,792</b>
<b>SELECTED EMPLOYERS</b>									
BNSF Railway Co.....	47,833	38,259	34,589	45,428	5,037	3,166	\$4,075,693	\$3,719,430	\$813,434
Canadian National, U.S. Operations									
Bessemer and Lake Erie Railroad Co.....	67	57	50	67	.....	.....	5,165	5,092	1,206
Chicago Central and Pacific Railroad Co.....	308	249	216	293	30	17	25,770	23,610	5,243
Grand Trunk Western Railroad Co.....	842	654	591	822	69	56	75,458	67,995	14,353
Illinois Central Railroad Co.....	4,479	3,405	3,138	4,295	475	326	377,230	342,872	74,967
Pittsburgh and Conneaut Dock Co.....	34	24	19	33	.....	.....	1,673	1,673	574
Wisconsin Central Transportation Corp.....	2,550	1,965	1,627	2,424	264	176	214,228	200,151	42,948
Canadian Pacific, Soo Line Corporation									
Dakota, Minnesota & Eastern Railroad Corp.....	800	597	536	745	113	82	55,513	53,221	12,668
Delaware and Hudson Railway Co. Inc.....	220	179	178	211	9	7	15,520	15,080	3,743
Soo Line Railroad Co.....	2,337	1,796	1,715	2,200	237	146	191,625	171,811	38,303
CSX Transportation Inc.....	23,072	18,315	20,483	22,074	311	138	1,894,773	1,767,983	386,438
Kansas City Southern Railway Co.....	3,123	2,565	2,257	2,971	244	151	247,961	230,766	53,280
Gateway Eastern Railway Co.....	6	1	5	6	.....	.....	434	425	97
Texas Mexican Railway Co.....	266	185	166	240	55	32	21,318	19,253	4,223
National Railroad Passenger Corp. (Amtrak).....	21,345	17,030	15,277	20,579	1,310	800	1,618,841	1,507,842	364,837
Norfolk Southern Corp.....	29,830	22,938	22,248	27,715	2,917	1,420	2,180,851	2,055,545	492,222
Union Pacific Railroad Co.....	49,039	38,758	37,379	46,497	4,200	2,517	3,748,559	3,536,810	826,260

<sup>1</sup> Includes National Railroad Passenger Corp. (Amtrak).

<sup>2</sup> Includes lessor companies, employer associations and miscellaneous carrier affiliates.

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



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