

INVESTMENT PERFORMANCE

After experiencing substantial growth during the first six years of the Trust's operations, railroad retirement system assets, like the assets of most pension funds, declined as a result of the general economic downturn beginning in 2008. As of December 31, 2023, railroad retirement system assets stood at \$27.7 billion compared to \$20.7 billion at the Trust's inception. In addition, since its inception the Trust has transferred an additional \$33.2 billion in earnings to the Treasury for making benefit payments to participants in the railroad retirement system.

RELATIONSHIP BETWEEN THE RRB AND THE TRUST

The Trust and the RRB are separate entities. The RRB remains a federal agency and continues to have full responsibility for administering the railroad retirement system, including eligibility determinations and the calculation of beneficiary payments. The Trust has no powers or authority over the administration of railroad retirement benefits. Although the RRB does not have authority with respect to day-to-day activities of the Trust, the RRB may bring legal action to enforce any provision of the Act in the event it should ever become necessary.

ADDITIONAL INFORMATION ABOUT THE TRUST

Under the Act, the financial statements of the Trust are required to be audited annually by an independent public accountant. In addition, the Trust must submit an annual management report to Congress on its operations, including a statement of financial position, statement of cash flows, a statement on internal accounting and administrative control systems, the independent auditor's report, and any other information necessary to inform Congress about the operations and financial condition of the Trust. These reports, as well as quarterly updates on Trust activities, are posted on the RRB's website (RRB.gov).

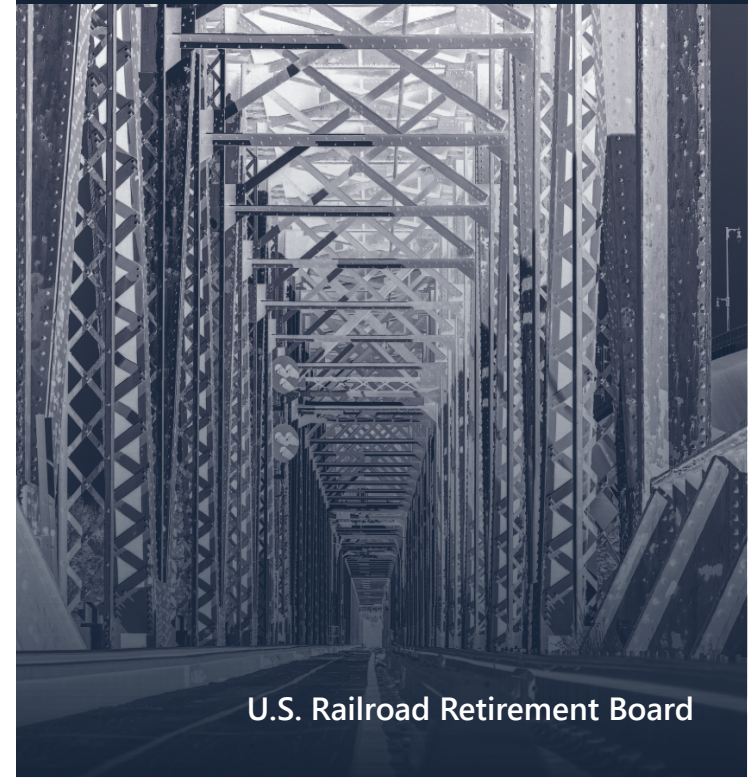


U.S. Railroad Retirement Board
844 North Rush Street
Chicago, IL 60611-1275
RRB.gov

Form IB-7 (May 2024)

FACTS ABOUT THE

National Railroad Retirement Investment Trust



U.S. Railroad Retirement Board

HISTORY AND PURPOSE OF THE NATIONAL RAILROAD RETIREMENT INVESTMENT TRUST

In December 2001, Congress passed the Railroad Retirement and Survivors' Improvement Act ("the Act"), creating the National Railroad Retirement Investment Trust ("the Trust"). The Trust is a tax-exempt entity independent from the federal government whose sole purpose is to manage and invest railroad retirement system assets.

Under the Act, the Trust is authorized to invest the assets transferred from the Railroad Retirement Account in a diversified investment portfolio in the same manner as those of private sector retirement plans, including stocks, bonds, and other investments. Previously, investments were limited to U.S. government securities. Earnings from the Trust's investments help fund benefit payments. To carry out its mandate, the Trust's Board of Trustees is authorized to adopt rules to govern its operations, employ professional staff, and contract with outside advisors to provide legal, accounting, investment advisory or other services necessary for the proper administration of the Trust.

As provided by the Act, the Trust began its work in February 2002. Initially, the Trust focused on building a management team and establishing procedures and guidelines for the investment of railroad retirement system assets. In September 2002, the Treasury began transferring railroad retirement system assets available for investment to the Trust. The majority of these transfers were completed by March 2003.

THE BOARD OF TRUSTEES

The Trust's Board is comprised of seven Trustees, three of whom are selected by railroad labor unions and three by railroad companies. The seventh Trustee is an independent Trustee selected by the other six Trustees. The Trustees' terms are for three years and are staggered. As of February 2024, the members of the Board are as follows:

Trustees selected by the rail labor unions:

Dean Devita, President Emeritus of the National Conference of Firemen and Oilers – 32BJ/SEIU;
Leo McCann, Former President, American Train Dispatchers Association; and
William C. Walpert, National Secretary-Treasurer Emeritus, Brotherhood of Locomotive Engineers and Trainmen.

Trustees selected by the railroad carriers:

Mary S. Jones, Vice President & Treasurer (Retired), Union Pacific Corporation;
Beth Miller, Treasurer, BNSF Railway Company; and
Chris Neikirk, Vice President and Treasurer, Norfolk Southern Corporation.

The **Independent Trustee** is Douglas J. Brown, Senior Vice President and Chief Investment Officer of Exelon Corporation.

Under the Act, the Trustees are required to discharge their duties solely in the interest of the Railroad Retirement Board (RRB), and through it, the participants and beneficiaries in the railroad retirement system.

RAILROAD RETIREMENT SYSTEM'S ASSETS MANAGED BY THE TRUST

The Trust is responsible for investing assets transferred to it from the RRB. The Trust funds railroad retirement tier II annuity components (which are similar to a private defined benefit pension plan), supplemental annuities, and certain aspects of tier I annuity components (which generally are like social security) that exceed social security levels. An example of such a benefit is early retirement. The additional cost of providing full retirement benefits to 30-year service employees at age 60 instead of the normal tier I/social security retirement age (currently transitioning from 65 to 67) is paid from funds managed by the Trust.

HOW THE TRUST MAKES DECISIONS ON THE INVESTMENT OF RAILROAD RETIREMENT SYSTEM ASSETS

Pursuant to the Act, the Trustees have adopted investment guidelines that address such issues as the diversification of Trust assets into broad asset classes, such as domestic and international equity, private equity, and investment-grade, high-yield bonds. The guidelines set out the criteria for investments made by the Trust and are regularly updated to ensure that they are responsive to the ever-changing investment environment. These guidelines are implemented by the Trust's professional staff and outside investment managers who may be retained by the Trust. Investment performances are carefully monitored by the Trust's Chief Investment Officer and staff and are subject to regular oversight by the Board of Trustees.