Railroad Retirement System

Annual Report Required by Railroad Retirement Act of 1974 and Railroad Retirement Solvency Act of 1983

U.S. Railroad Retirement Board
Bureau of the Actuary and Research
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THE ANNUAL ACTUARIAL REPORT REQUIRED BY RAILROAD RETIREMENT ACT OF 1974 AND RAILROAD RETIREMENT SOLVENCY ACT OF 1983

I. INTRODUCTION

This report is intended to meet the requirements of Section 22 of the Railroad Retirement Act of 1974 and Section 502 of the Railroad Retirement Solvency Act of 1983.

Section 22 of the Railroad Retirement Act of 1974 requires the Railroad Retirement Board to prepare an annual report containing a five-year projection of revenues to and payments from the Railroad Retirement Account and to submit the report to the President and the Congress by July 1. The report must also contain a five-year projection of the account benefits ratio and average account benefits ratio. If the five-year projection indicates that funds in the Railroad Retirement Account will be insufficient to pay full benefits, (1) representatives of railroad employees, railroad carriers and the President must submit proposals to the Congress to preserve the financial solvency of the Railroad Retirement Account, and (2) the Railroad Retirement Board must issue regulations to reduce annuity levels during any fiscal year in which there would be insufficient funds to make full payments.

Section 502 of the Railroad Retirement Solvency Act of 1983 requires the Railroad Retirement Board to prepare an annual report on the actuarial status of the railroad retirement system and to submit the report to the Congress by July 1. The report must contain recommendations for any financing changes which might be advisable, including (1) changes in the tax rates, and (2) whether any part of the taxes on employers should be diverted to the Railroad Unemployment Insurance Account to aid in the repayment of its debt to the Railroad Retirement Account.

II. RAILROAD EMPLOYMENT

Over the years, the main source of income to the railroad retirement system has been a payroll tax on railroad employment. The amount of income that the tax produces is directly dependent on the number of railroad employees covered under the system.

A condensed history of 5-year average railroad employment from 1945 through 2019 is shown in the following table:

5-Year Period	Average employment for the period (rounded to thousands)	Average annual rate of decline from the prior period
1945-1949	1,572,000	
1950-1954	1,396,000	2.3%
1955-1959	1,108,000	4.5%
1960-1964	825,000	5.7%
1965-1969	710,000	3.0%

5-Year Period	Average employment for the period (rounded to thousands)	Average annual rate of decline from the prior period
1970-1974	603,000	3.2%
1975-1979	546,000	2.0%
1980-1984	453,000	3.7%
1985-1989	331,000	6.1%
1990-1994	279,000	3.4%
1995-1999	257,000	1.6%
2000-2004	233,000	1.9%
2005-2009	233,000	0.0%
2010-2014	233,000	0.0%
2015-2019	229,000	0.3%

This history shows that railroad employment has generally declined over a long period of years but less quickly since the early 2000s. Railroad employment may vary more dramatically year to year and was particularly affected by the COVID-19 pandemic in 2020 and 2021, but steadily recovered during 2022 and 2023, assisted by Amtrak hiring supported by the Infrastructure Investment and Jobs Act. Employment stabilized at slightly over 200,000, as shown below:

Year	Average employment for the year (rounded to hundreds)	Annual rate of decline from the prior year
2015	246,900	(2.0)%
2016	230,600	6.6%
2017	224,900	2.5%
2018	224,300	0.3%
2019	217,300	3.1%
2020	195,400	10.1%
2021	186,100	4.8%
2022	190,100	(2.1)%
2023	199,700	(5.0)%
2024	200,800	(0.6)%

Across 2024 and during 2025 so far, monthly average employment has been stable but slowly decreasing from about 202,000 at the beginning of 2024 to 199,000 in March 2025. We anticipate railroad employment will remain stable but decreasing for 2025 due to economic uncertainty and risk of a recession.

The employment assumptions used in the 29th Actuarial Valuation serve as the basis for the 2025 annual report required under Section 502. It includes three assumptions as to future expectations of railroad employment that are based on a model initially developed by the Association of American Railroads. This model was first adopted for the 19th valuation in 1994 and has been modified periodically in subsequent valuations based on actual experience and expectations. Employment assumptions I, II, and III are intended to provide optimistic, moderate, and pessimistic outlooks, respectively.

Employment assumptions I and II assume that (1) passenger employment will remain at the level of 46,000, and (2) the employment base excluding passenger employment will decline at a reducing annual rate for 40 years (initially 0.2 percent for assumption I and 1.4 percent for assumption II) and remain level thereafter.

Employment assumption III differs from employment assumptions I and II by assuming that (1) passenger employment will decline by 400 per year until a level of 38,000 is reached and then remain level, and (2) the employment base excluding passenger employment will decline at an initial annual rate of 2.6 percent reducing linearly for 40 years and remain level thereafter.

These projected rates of decline were updated for the 29th Actuarial Valuation to reflect prior experience with slower declines in employment since 2001 and future expectations of more stable employment.

To recognize the increasing employment trend into the first quarter of 2024, we added a 1.4 percent increase in non-passenger employment across all scenarios between 2023 and 2024. This upward adjustment brought the projected 2024 employment under assumption I (optimistic) up to the preliminary employment estimate for the first quarter of 2024.

Description of updated employment assumptions for this 2025 report
These projections are updated to start with the preliminary 2024 average employment levels and then apply the three assumed rates of decline. The projected average employment for 2024, based on the three employment assumptions used in the 29th Actuarial Valuation, ranged from 195,900 to 200,000. The preliminary average employment for 2024 was 200,800 (subject to later adjustment), which was higher than the range of projected values. Assumed average passenger employment for 2024 remains at 46,000.

To recognize the decreasing employment trend to 199,000 in the first quarter of 2025, we made a -1.0 percent downward adjustment to the initial projected 2025 non-passenger employment numbers under all scenarios. This downward adjustment brings the projected 2025 employment under assumption I (optimistic) down to the preliminary employment estimate for the first quarter of 2025.

The table below shows the projected employment levels (in thousands) for the 2025 Section 502 report over the next few years under assumption scenario I (optimistic), II (moderate), and III (pessimistic).

Projection Year	Scenario I	Scenario II	Scenario III
2024	200.8	200.8	200.8
2025	199.0	197.2	194.9
2026	198.7	195.1	190.7
2027	198.4	193.1	186.7
2028	198.1	191.2	182.9

Table 1 shows these three employment assumption scenarios for 25 years.

III. OTHER ASSUMPTIONS, METHODS, AND CHANGES

The ultimate economic assumptions used in last year's 29th Actuarial Valuation will continue to be used in this year's report, but we are updating the economic assumptions used in the near-term projection years to reflect recent actual experience and expectations. These economic assumptions are shown in Table 1.

The 2024 base wage increase is 2.1% based on preliminary data, which is comparable to last year's valuation assumption of 1.5% base wage increase for the 2024 calendar year. This lower increase in base wages is due to union contracts with Class 1 railroads being ratified during 2023 that included cumulative one-time payouts that will not recur. We use the ultimate 3.5% assumption for 2025 and later years.

These projections are also updated to reflect census data as of December 31, 2023, new starting salaries for new entrant age groups, and actual account balances as of December 31, 2024.

The Social Security Fairness Act was signed into law on January 5, 2025. The law ends two statutory reductions for railroad retirees, their spouses, and survivors who are receiving public pensions from work not covered by social security. The two repealed provisions are known as the non-covered service pension (NCSP) reduction, which affected railroad employees, and the public service pension (PSP) offset, which applied to spouses, divorced spouses, and widowers. The repeal of these provisions means that individuals who were previously affected by these reductions will retroactively have their full tier 1 benefit amount restored for months after December 2023, the effective date of the repeal, and for future monthly benefit payments. The projected tier 1 benefits currently paid from the Social Security Equivalent Benefit Account were adjusted about $10 million per month higher to reflect this statutory change and include a $110 million retroactive payment for 2024 benefits paid in 2025.

With the exception of the employment and economic assumptions shown in Table 1, as well as Fairness Act benefit changes, the assumptions and methods used in this report correspond to those published in the Twenty-Ninth Actuarial Valuation of the Assets and Liabilities Under the Railroad Retirement Acts as of December 31, 2022 with Technical Supplement, which may be found at www.rrb.gov. Please see that document for a summary of the census data, actuarial assumptions and methods, benefit provisions and financial operations reflected in this report.

IV. RESULTS

Projections were made for the various components of income and outgo under each employment assumption for the 25 calendar years 2025 through 2049. The projections of these components were combined and the investment income calculated using a single rate to produce the projected balances in the accounts at the end of each projection year. The results are summarized in Table 2, Figure 1, and Figure 2.

Table 2 consists of three tables, one for each of employment assumptions: I (optimistic), II (moderate), and III (pessimistic). The tables show, for the Social Security Equivalent Benefit Account (SSEBA) and the combined National Railroad Retirement Investment Trust (NRRIT) and Railroad Retirement Account (RRA), for each projection year, (1) the various elements of income and outgo, (2) the account balance on December 31, and (3) the account benefits ratio (ABR), average account benefits ratio (AABR), and combined employer and employee tier 2 tax rate. [1]

Table 2 indicates that no cash flow problems arise during the projection period under the three employment assumptions. The results shown in Table 2 will be discussed separately for the SSEBA and the combined NRRIT and RRA.

Figure 1 shows the total account balances on December 31 under each employment assumption. Figure 2 shows the account benefits ratios under the three employment assumptions.

A. Social Security Equivalent Benefit Account

The SSEBA pays the social security level of benefits and administrative expenses allocable to those benefits, and it receives as income the social security level of taxes. The SSEBA also receives or pays the financial interchange transfers between the railroad retirement and social security systems. The financial interchange transfer, subject to the qualification in the next paragraph, should be enough to offset any surplus or deficit for the year, including the impact of statutory changes. The SSEBA can thus be regarded as automatically funded, the financial interchange being the mechanism for correcting any surplus or deficiency.

The qualification mentioned in the preceding paragraph arises because, in a relatively small number of cases, the railroad retirement system does not pay benefits when the social security system would. In these cases, mainly dependent children of retired railroad employees, the SSEBA collects an amount through the financial interchange but

[1] At the end of each fiscal year (September 30), the Account Benefits Ratio (ABR) is calculated by dividing the fair market value of the assets in the RRA and the NRRIT as of the close of such fiscal year by the total benefits and administrative expenses paid from the RRA and the NRRIT during such fiscal year. The Average Account Benefits Ratio (AABR), with respect to any calendar year, is the average of the account benefits ratios for the 10 most recent fiscal years ending before such calendar year. If the AABR is not a multiple of 0.1, it is increased to the next highest multiple of 0.1. The tier 2 tax rate is determined from a tax rate table based on the AABR.

does not pay a corresponding benefit. This imbalance between outgo and income is small in any particular year.

From time to time, the SSEBA must transfer to the NRRIT or RRA amounts not needed to pay current benefits and administrative expenses in such a manner as to maximize investment return to the railroad retirement system.

The SSEBA is assumed to maintain a target balance of approximately 1.5 months of benefit payments in order to meet benefit obligations and contingencies and transfer any excess to the NRRIT/RRA. However, if the NRRIT/RRA runs into cash flow problems, the SSEBA is assumed to transfer enough of its accumulated funds to the NRRIT/RRA to provide for benefit payments until the SSEBA is exhausted. Thereafter, the SSEBA is assumed to transfer to the NRRIT/RRA any excess of income over outgo, maintaining a zero balance.

B. Railroad Retirement Account and National Railroad Retirement Investment Trust

The RRA receives tier 2 payroll taxes and income taxes on tier 2 and excess tier 1 benefits. Tier 2 benefits, excess tier 1 benefits, supplemental annuity benefits and administrative expenses are paid from the RRA. The NRRIT receives funds from the RRA and SSEBA for investment, pays investment expenses, and transfers funds to the RRA to meet benefit obligations.

The tier 2 payroll tax rate is determined from a tax rate table based on the AABR. The combined employer and employee tier 2 tax rate is 18% for values of the AABR between 4.0 and 6.0, inclusive. A maximum rate of 27% is reached when the AABR falls below 2.5, and a minimum rate of 8.2% is reached when the AABR reaches 9.0. Since the AABR is a 10-year average of the ABRs, whether the AABR in a given year increases or decreases from the prior year depends solely on whether the ABR in the prior year is greater or less than the ABR 10 years earlier.

Under all three employment assumptions, the projections show the combined employer and employee tier 2 tax rate remains at the current 18% level for at least the next 18 years.

Under employment assumption I (Table 2-I), the combined NRRIT and RRA balance increases throughout the projection period. The combined employer and employee tier 2 tax rate remains at 18% through 2042 and then decreases to 17% in 2043, 16% in 2045, and 15% in 2048.

Under employment assumption II (Table 2-II), the combined NRRIT and RRA balance increases throughout the projection period. The combined employer and employee tier 2 tax rate remains at 18% through 2048 and decreases to 17% in 2049.

Under employment assumption III (Table 2-III), the combined NRRIT and RRA balance slowly increases until 2046 and decreases for 2047 through 2049. The combined employer and employee tier 2 tax rate remains at 18% throughout the projection period.

C. Analysis of Results

Under each employment assumption, no cash flow problems occur throughout the 25-year projection period and the ABR remains above 0.5 for each year.

The overall conclusion is 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 not guaranteed. Under the current financing structure, actual levels of railroad employment and investment return over the coming years will largely determine whether future corrective action is necessary.

D. Comparison of Results with 2024 Report

The actual investment return in 2024 was 2.8% higher than expected. Actual 2024 employment starts higher than expected and is generally projected to remain higher than last year's report except under optimistic assumption I.

The year-end 2024 combined account balances are about $1.2 billion higher than last year's report because of good investment performance during 2024 along with strong payroll tax collections. The projected combined account balances remain higher than in last year's report over the 25-year projection period under all three employment assumptions.

The projected tier 2 tax rate in each calendar year is the same as or lower than projected in last year's report under all three employment assumptions.

- Under employment assumption I (optimistic) when compared to last year's report, the projected tier 2 tax rate remains the same until it becomes at least 1% lower in 2043 through 2049.
- Under employment assumption II (moderate) when compared to last year's report, the projected tier 2 tax rate remains the same until it becomes 1% lower in 2049.
- Under employment assumption III (pessimistic) when compared to last year's report, the tier 2 tax rate remains the same in each calendar year until it becomes 1% lower in 2044 through 2048 and 2% lower in 2049.

V. RECOMMENDATIONS

As stated in the introduction, this report must contain recommendations with regard to (1) tax rates and (2) whether any part of the taxes on employers should be diverted to the Railroad Unemployment Insurance Account to aid in the repayment of any debt to the Railroad Retirement Account.

Based on the analysis presented in this report, the Chief Actuary makes the following recommendations:

A. Tax Rates

No change in the rate of tax imposed on employers and employees is recommended. The tier 2 tax rate adjustment mechanism will adequately increase or decrease tax rates in response to changes in fund balance.

B. Diversion of Taxes to Railroad Unemployment Insurance Account

No diversion of taxes from the Railroad Retirement Account to the Railroad Unemployment Insurance Account is recommended at this time. There are currently no outstanding loans.

Table 1. Employment, inflation and investment return assumptions

Calendar year	Average employment (thousands) I	II	III	Percentage increase over prior year: Base Wages	Cost of living [a]	Investment return
2024	200.8 [c]	200.8 [c]	200.8 [c]	2.1% [c]	3.2% [b]	9.8% [b]
2025	199.0	197.2	194.9	3.5	2.5 [b]	7.0
2026	198.7	195.1	190.7	3.5	3.2	7.0
2027	198.4	193.1	186.7	3.5	2.9	7.0
2028	198.1	191.2	182.9	3.5	2.7	7.0
2029	197.9	189.4	179.3	3.5	2.5	7.0
2030	197.6	187.6	175.8	3.5	2.5	7.0
2031	197.3	185.9	172.5	3.5	2.5	7.0
2032	197.1	184.3	169.3	3.5	2.5	7.0
2033	196.8	182.8	166.3	3.5	2.5	7.0
2034	196.6	181.3	163.4	3.5	2.5	7.0
2035	196.4	179.9	160.6	3.5	2.5	7.0
2036	196.2	178.5	158.0	3.5	2.5	7.0
2037	196.0	177.2	155.4	3.5	2.5	7.0
2038	195.8	176.0	153.0	3.5	2.5	7.0
2039	195.6	174.8	150.7	3.5	2.5	7.0
2040	195.4	173.7	148.5	3.5	2.5	7.0
2041	195.2	172.6	146.4	3.5	2.5	7.0
2042	195.0	171.6	144.4	3.5	2.5	7.0
2043	194.9	170.6	142.5	3.5	2.5	7.0
2044	194.7	169.7	140.7	3.5	2.5	7.0
2045	194.5	168.8	139.4	3.5	2.5	7.0
2046	194.4	168.0	138.1	3.5	2.5	7.0
2047	194.3	167.2	136.9	3.5	2.5	7.0
2048	194.1	166.5	135.8	3.5	2.5	7.0
2049	194.0	165.8	134.8	3.5	2.5	7.0

[a] Cost-of-living adjustments are effective with January payments of each year pursuant to the preceding third quarter over third quarter annual increase in the CPI-W. Actual Tier 1 COLA is the same as the actual social security increase. Tier 2 COLA is 32.5% of the Tier 1 COLA.

[b] Actual.

[c] Preliminary.

Table 2-I. Progress of the Combined National Railroad Retirement Investment Trust (NRRIT) and Railroad Retirement Account (RRA), and Social Security Equivalent Benefit Account (SSEBA) under Employment Assumption I
(Dollar amounts in millions)

				Combined NRRIT and RRA				SSEBA				
Calendar year	Account benefits ratio[a]	Average account benefits ratio[b]	Tier 2 tax rate	Benefits and administration	Tax income[c]	Other income[d]	Balance, end year	Benefits and administration	Tax income[c]	Other income and expense[e]	Balance, end year	Combined balance, end year
2025	4.72	4.70	18.0%	$5,993	$4,291	$2,165	$28,068	$9,045	$3,961	$4,953	$1,128	$29,196
2026	4.74	4.70	18.0%	6,055	4,489	2,028	28,531	9,156	4,183	4,986	1,141	29,672
2027	4.78	4.70	18.0%	6,119	4,636	2,056	29,103	9,349	4,345	5,028	1,166	30,269
2028	4.83	4.70	18.0%	6,194	4,783	2,103	29,796	9,528	4,507	5,043	1,188	30,984
2029	4.89	4.70	18.0%	6,281	4,930	2,158	30,603	9,692	4,665	5,048	1,208	31,811
2030	4.96	4.70	18.0%	6,378	5,079	2,220	31,523	9,854	4,825	5,049	1,228	32,751
2031	5.04	4.80	18.0%	6,480	5,231	2,258	32,533	10,023	4,989	5,055	1,249	33,782
2032	5.14	4.80	18.0%	6,570	5,389	2,362	33,715	10,200	5,159	5,062	1,271	34,986
2033	5.28	4.90	18.0%	6,646	5,552	2,450	35,071	10,388	5,338	5,073	1,295	36,366
2034	5.43	5.00	18.0%	6,740	5,721	2,550	36,602	10,576	5,522	5,077	1,318	37,920
2035	5.58	5.00	18.0%	6,865	5,895	2,663	38,295	10,759	5,709	5,073	1,341	39,636
2036	5.74	5.10	18.0%	6,994	6,074	2,777	40,153	10,949	5,882	5,091	1,364	41,517
2037	5.92	5.20	18.0%	7,129	6,261	2,919	42,204	11,145	6,061	5,109	1,389	43,593
2038	6.10	5.30	18.0%	7,276	6,453	3,067	44,448	11,340	6,246	5,118	1,413	45,861
2039	6.31	5.50	18.0%	7,422	6,653	3,229	46,908	11,540	6,439	5,126	1,438	48,346
2040	6.54	5.60	18.0%	7,568	6,861	3,405	49,606	11,745	6,640	5,131	1,463	51,069
2041	6.78	5.80	18.0%	7,733	7,077	3,596	52,547	11,956	6,850	5,133	1,489	54,036
2042	7.02	5.90	18.0%	7,921	7,300	3,807	55,733	12,180	7,065	5,143	1,517	57,250
2043	7.23	6.10	17.0%	8,126	7,153	4,019	58,779	12,418	7,288	5,159	1,547	60,326
2044	7.42	6.30	17.0%	8,353	7,380	4,232	62,037	12,680	7,517	5,195	1,579	63,616
2045	7.57	6.50	16.0%	8,605	7,211	4,445	65,088	12,968	7,755	5,250	1,615	66,703
2046	7.72	6.70	16.0%	8,857	7,442	4,659	68,332	13,278	8,005	5,312	1,654	69,986
2047	7.89	6.90	16.0%	9,100	7,683	4,888	71,804	13,611	8,268	5,384	1,695	73,499
2048	8.03	7.10	15.0%	9,351	7,490	5,117	75,061	13,964	8,544	5,464	1,739	76,800
2049	8.17	7.30	15.0%	9,614	7,734	5,347	78,528	14,341	8,830	5,559	1,786	80,314

a The fair market value of the assets in the RR Account and NRRIT as of the close of the fiscal year (September 30) divided by the total benefits and administrative expenses paid from the RR Account and NRRIT during the fiscal year.

b The average of the account benefits ratios for the 10 most recent fiscal years ending before the calendar year.

c Includes payroll taxes and income taxes on benefits.

d Includes investment income and transfers from SSEB Account.

e Other income includes financial interchange income, advances from general revenues, and interest income. Other expense includes repayment of advances from general revenues and transfers to the NRRIT or RRA.

Table 2-II. Progress of the Combined National Railroad Retirement Investment Trust (NRRIT) and Railroad Retirement Account (RRA), and Social Security Equivalent Benefit Account (SSEBA) under Employment Assumption II
(Dollar amounts in millions)

				Combined NRRIT and RRA				SSEBA				
Calendar year	Account benefits ratio[a]	Average account benefits ratio[b]	Tier 2 tax rate	Benefits and administration	Tax income[c]	Other income[d]	Balance, end year	Benefits and administration	Tax income[c]	Other income and expense[e]	Balance, end year	Combined balance, end year
2025	4.72	4.70	18.0%	$5,993	$4,274	$2,164	$28,050	$9,045	$3,946	$4,968	$1,128	$29,178
2026	4.73	4.70	18.0%	6,055	4,440	2,025	28,460	9,156	4,140	5,030	1,141	29,601
2027	4.76	4.70	18.0%	6,119	4,554	2,048	28,943	9,349	4,273	5,100	1,166	30,109
2028	4.79	4.70	18.0%	6,193	4,667	2,088	29,505	9,528	4,404	5,146	1,188	30,693
2029	4.83	4.70	18.0%	6,280	4,778	2,133	30,136	9,692	4,530	5,183	1,208	31,344
2030	4.86	4.70	18.0%	6,376	4,889	2,180	30,829	9,854	4,655	5,219	1,228	32,057
2031	4.90	4.70	18.0%	6,478	5,003	2,202	31,556	10,022	4,783	5,260	1,249	32,805
2032	4.95	4.70	18.0%	6,567	5,121	2,285	32,395	10,198	4,917	5,304	1,271	33,666
2033	5.04	4.80	18.0%	6,642	5,242	2,347	33,342	10,385	5,057	5,352	1,294	34,636
2034	5.12	4.90	18.0%	6,735	5,368	2,417	34,392	10,572	5,201	5,395	1,318	35,710
2035	5.20	4.90	18.0%	6,857	5,496	2,494	35,526	10,753	5,345	5,431	1,340	36,866
2036	5.28	5.00	18.0%	6,984	5,629	2,568	36,739	10,940	5,474	5,489	1,363	38,102
2037	5.36	5.00	18.0%	7,116	5,768	2,663	38,053	11,131	5,608	5,548	1,387	39,440
2038	5.45	5.10	18.0%	7,261	5,911	2,758	39,462	11,321	5,746	5,598	1,411	40,873
2039	5.55	5.10	18.0%	7,402	6,060	2,860	40,980	11,514	5,890	5,648	1,435	42,415
2040	5.66	5.20	18.0%	7,543	6,216	2,969	42,622	11,711	6,041	5,694	1,459	44,081
2041	5.77	5.30	18.0%	7,703	6,380	3,084	44,383	11,911	6,200	5,736	1,484	45,867
2042	5.88	5.40	18.0%	7,885	6,548	3,211	46,256	12,124	6,362	5,788	1,510	47,766
2043	5.98	5.50	18.0%	8,083	6,722	3,343	48,237	12,348	6,529	5,847	1,538	49,775
2044	6.08	5.60	18.0%	8,303	6,902	3,480	50,317	12,594	6,702	5,923	1,569	51,886
2045	6.16	5.70	18.0%	8,545	7,089	3,625	52,485	12,865	6,880	6,018	1,602	54,087
2046	6.25	5.80	18.0%	8,788	7,284	3,776	54,757	13,153	7,069	6,119	1,638	56,395
2047	6.35	5.90	18.0%	9,020	7,490	3,937	57,164	13,461	7,271	6,228	1,676	58,840
2048	6.46	6.00	18.0%	9,258	7,706	4,107	59,719	13,786	7,483	6,343	1,717	61,436
2049	6.54	6.10	17.0%	9,507	7,535	4,272	62,020	14,132	7,703	6,472	1,760	63,780

[a] The fair market value of the assets in the RR Account and NRRIT as of the close of the fiscal year (September 30) divided by the total benefits and administrative expenses paid from the RR Account and NRRIT during the fiscal year.

[b] The average of the account benefits ratios for the 10 most recent fiscal years ending before the calendar year.

[c] Includes payroll taxes and income taxes on benefits.

[d] Includes investment income and transfers from SSEB Account.

[e] Other income includes financial interchange income, advances from general revenues, and interest income. Other expense includes repayment of advances from general revenues and transfers to the NRRIT or RRA.

Table 2-III. Progress of the Combined National Railroad Retirement Investment Trust (NRRIT) and Railroad Retirement Account (RRA), and Social Security Equivalent Benefit Account (SSEBA) under Employment Assumption III
(Dollar amounts in millions)

Calendar year	Account benefits ratio[a]	Average account benefits ratio[b]	Tier 2 tax rate	Combined NRRIT and RRA: Benefits and administration	Tax income[c]	Other income[d]	Balance, end year	SSEBA: Benefits and administration	Tax income[c]	Other income and expense[e]	Balance, end year	Combined balance, end year
2025	4.71	4.70	18.0%	$5,993	$4,252	$2,164	$28,028	$9,045	$3,928	$4,986	$1,128	$29,156
2026	4.72	4.70	18.0%	6,055	4,380	2,021	28,374	9,156	4,087	5,083	1,141	29,515
2027	4.73	4.70	18.0%	6,119	4,456	2,038	28,750	9,349	4,186	5,187	1,166	29,916
2028	4.74	4.70	18.0%	6,193	4,529	2,069	29,155	9,528	4,280	5,270	1,188	30,343
2029	4.74	4.70	18.0%	6,279	4,597	2,102	29,575	9,692	4,368	5,345	1,208	30,783
2030	4.74	4.70	18.0%	6,375	4,666	2,133	29,999	9,854	4,454	5,420	1,228	31,227
2031	4.73	4.70	18.0%	6,475	4,734	2,134	30,392	10,021	4,541	5,502	1,249	31,641
2032	4.73	4.70	18.0%	6,563	4,805	2,192	30,826	10,197	4,631	5,588	1,271	32,097
2033	4.75	4.70	18.0%	6,637	4,878	2,224	31,291	10,383	4,727	5,679	1,294	32,585
2034	4.76	4.80	18.0%	6,728	4,954	2,259	31,776	10,568	4,824	5,768	1,317	33,093
2035	4.75	4.80	18.0%	6,848	5,031	2,295	32,254	10,746	4,919	5,848	1,339	33,593
2036	4.73	4.80	18.0%	6,972	5,111	2,321	32,714	10,928	4,998	5,952	1,362	34,076
2037	4.71	4.80	18.0%	7,102	5,194	2,362	33,168	11,115	5,080	6,058	1,385	34,553
2038	4.68	4.80	18.0%	7,242	5,281	2,395	33,603	11,297	5,164	6,156	1,408	35,011
2039	4.65	4.80	18.0%	7,379	5,372	2,426	34,022	11,482	5,253	6,253	1,431	35,453
2040	4.62	4.80	18.0%	7,515	5,468	2,457	34,432	11,669	5,346	6,346	1,454	35,886
2041	4.59	4.80	18.0%	7,668	5,570	2,484	34,818	11,858	5,445	6,436	1,477	36,295
2042	4.53	4.70	18.0%	7,842	5,675	2,512	35,163	12,057	5,545	6,536	1,502	36,665
2043	4.47	4.70	18.0%	8,032	5,783	2,535	35,449	12,265	5,648	6,643	1,528	36,977
2044	4.38	4.70	18.0%	8,242	5,900	2,552	35,659	12,494	5,759	6,763	1,556	37,215
2045	4.28	4.70	18.0%	8,473	6,026	2,564	35,776	12,743	5,877	6,897	1,587	37,363
2046	4.17	4.60	18.0%	8,702	6,161	2,570	35,806	13,005	6,005	7,033	1,620	37,426
2047	4.07	4.60	18.0%	8,917	6,306	2,572	35,767	13,285	6,145	7,175	1,654	37,421
2048	3.96	4.50	18.0%	9,136	6,460	2,570	35,661	13,578	6,295	7,319	1,691	37,352
2049	3.85	4.40	18.0%	9,363	6,620	2,563	35,481	13,886	6,451	7,473	1,729	37,210

[a] The fair market value of the assets in the RR Account and NRRIT as of the close of the fiscal year (September 30) divided by the total benefits and administrative expenses paid from the RR Account and NRRIT during the fiscal year.

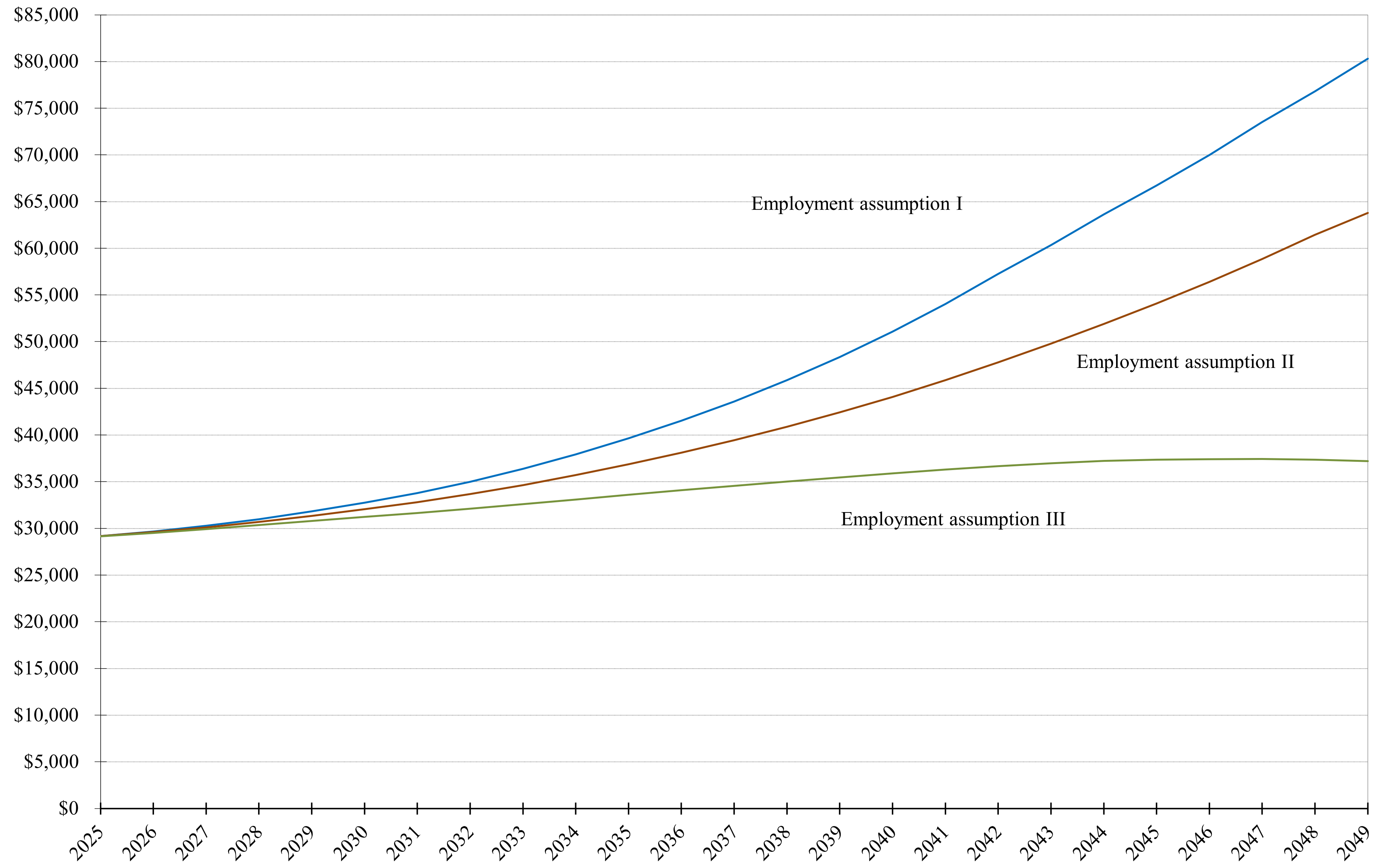
[b] The average of the account benefits ratios for the 10 most recent fiscal years ending before the calendar year.

[c] Includes payroll taxes and income taxes on benefits.

[d] Includes investment income and transfers from SSEB Account.

[e] Other income includes financial interchange income, advances from general revenues, and interest income. Other expense includes repayment of advances from general revenues and transfers to the NRRIT or RRA.

Figure 1. Combined NRRIT, RRA and SSEBA Balance
(In millions)



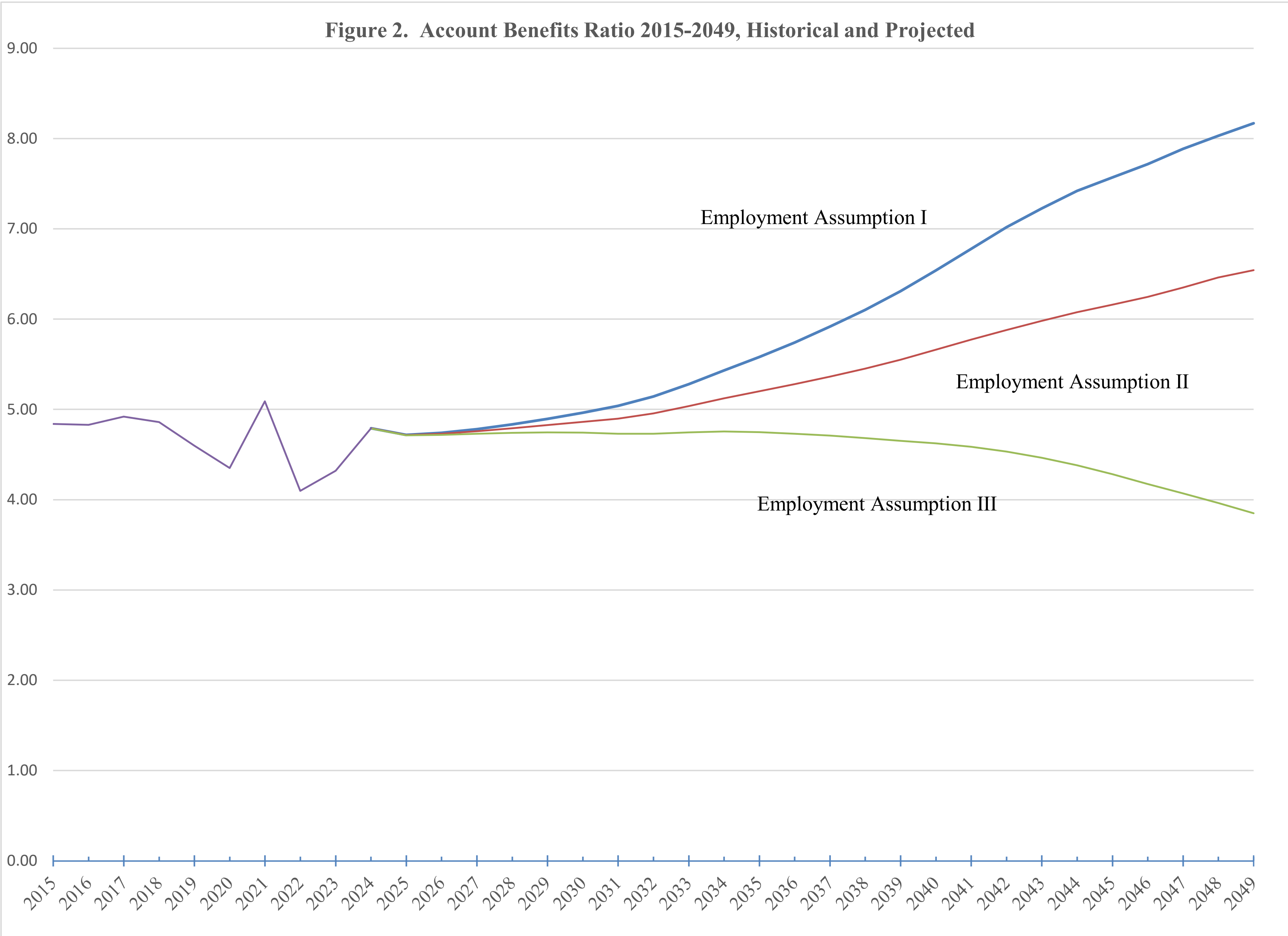


Figure 2. Account Benefits Ratio 2015-2049, Historical and Projected
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5.00
4.00
3.00
2.00
1.00
0.00
Employment Assumption I
Employment Assumption II
Employment Assumption III
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