

## Actuarial Advisory Committee Virtual Meeting

March 5, 2026, 9:30 a.m. (Central)

Present: Actuarial Advisory Committee (AAC) members Sherry Chan, Tonya Manning, and Scott Spencer (chairman), Chief Actuary Keith Sartain, and Bureau of the Actuary and Research staff Isaiah Forrest, Vincent Lui, Pat Pruitt, and Brett Schwab

The purpose of the meeting was to review the proposed retired lives assumptions included in the Progress Report on the 30th Actuarial Valuation that was sent to the Actuarial Advisory Committee in advance.

At the beginning of the meeting, Chief Actuary Keith Sartain welcomed new AAC chairman Scott Spencer and explained that this is the first meeting to discuss assumptions for the 30th Valuation, which will be published in the summer of 2027. It is typical to update most of these assumptions for a new triennial valuation. The next meetings of the committee will be in the spring to review the select economic and employment assumptions for the 2026 Section 502 Report and then to review the draft report. Future committee meetings will discuss proposed active lives assumptions and long-term employment and economic assumptions for the 30th Valuation. The meeting in the spring of 2027 to review the draft of the 30th Valuation may be in-person.

Keith then discussed the proposed mortality rates for age annuitants. Typically, we use the most recent experience and update the mortality rates for annuitants for every valuation. For the 29th Valuation study, we used six policy years of experience and assigned a weight of 50 percent to the period 2020-2021 because of excess deaths due to COVID. For the 30th Valuation, we returned to our previous practice of using the most recent three years of experience. After considering other weights, we used the 50 percent weight for the period 2021-2022 because of the excess deaths, but for no other year, just as we only weighted one policy year of experience for the 29th Valuation.

The proposed mortality rates were very similar to those used in the 29th Valuation. In addition to total experience, experience split between males and females and experience split between immediate annuitants and deferred annuitants was provided. We have always used aggregate rates rather than having separate male and female rates. Female employees are about 11 percent of the total; that percentage has been consistent over the years and is likely to remain so. There is also no reason to have separate rates for immediate annuitants and deferred annuitants. We compared our rates to those of a public plan, the Society of Actuaries 2016 Public Retirement Plans Mortality Table, and our rates are higher. As long as we have enough experience, it is reasonable to base our mortality assumptions on our own rates rather than a published table.

The employee population has been decreasing, while benefits have been increasing at about 1 percent less than inflation. Earnings for Tier 2 benefits are capped at a lower amount than for Tier 1 benefits. About 15 to 20 percent of annuitants are at the cap, which increases every year. Mortality rates for duration 0 are a little higher, but it would be unusual to have age annuitant mortality rates by duration.

Historical crude experience was provided for informational purposes and shows much less mortality improvement at the upper ages.

Scott Spencer asked if there was benefit-weighted experience. Keith Sartain replied that could be looked at in the future.

The Actuarial Advisory Committee approved the mortality rates for age annuitants.

The proposed mortality rates for disability annuitants were discussed next by Isaiah Forrest. He explained the difference between disability with freeze, which meets the Social Security definition of disability, and disability without freeze. More workers filed for disability benefits during the pandemic, but the experience has returned to pre-COVID levels. As with the age annuitants, we used three years of experience, with the period 2021-2022 weighted 50 percent for excess COVID deaths. The proposed rates would have been about 1.5 percent higher without the weighting.

The exposure is heavily concentrated at the later durations. Although we provide experience by duration, we have never had separate mortality rates by duration. We also provide percentages of railroad disability annuitants who would have qualified for a benefit under the social security disability standards for informational purposes. Keith pointed out that disability freeze decisions take time, perhaps as much as two or three years. Once a claim is approved by Social Security, it is paid by them. Otherwise, the claim is a Railroad Retirement liability, as we pay occupational disability benefits as well as total disability benefits. Recently, there appeared to be a lag in the speed of freeze decisions. Freeze decisions for claims of durations of five years or longer seem to have been made more quickly.

The Actuarial Advisory Committee approved the mortality rates for disability annuitants.

Next, Brett Schwab reviewed the proposed spouse total termination rates. Most spouse benefits are terminated because of the death of either the spouse or the annuitant. Once again, a 50 percent weight was used for the period 2021-2022. The experience showed that the spouse termination rates for the 29th Valuation were a pretty good fit, with the ratio of actual to expected terminations being 99.7 percent. We expect some improvement in the spouse termination rates, however, and the proposed rates provide a better fit.

Spouse mortality rates are not used in the valuation, but spouse mortality experience is provided for information only. Spouse mortality is significantly lower than widow mortality, which was discussed a little later in the meeting.

The Actuarial Advisory Committee approved the spouse total termination rates.

Pat Pruitt talked about how the 2013 RRB Mortality Improvement Scale was created for use with the 26th Valuation, published in 2015, and also used with the 27th and 28th Valuations. On the basis of more recent experience, the rates of mortality improvement were reduced to produce the 2021 RRB Mortality Improvement Scale, which was used with the 29th Valuation.

For the 30th Valuation, the RRB's own experience, going back as far as the 8th Valuation, was updated to add three more years. Additional sources of information on mortality improvement were consulted, such as the demographic assumptions used for the 2025 OASDI Trustees Report, updated U.S. census information from the Human Mortality Database, and the Society of Actuaries Retirement Plans Experience Committee, which has not been publishing updates to their mortality improvement scale because they did not think it was appropriate to incorporate the

higher mortality due to COVID. They are waiting a little longer until there is more post-pandemic experience available before updating their mortality improvement scale.

For the RRB, average mortality improvement rates for age annuitant mortality, disability annuitant mortality, and spouse termination have decreased slightly or stayed the same. Because we continue to see some decreases in mortality improvement in our own experience and in other data, we proposed continuing to use the 2021 Mortality Improvement Scale for the 30th Valuation. We will continue to monitor experience to determine whether to make changes to the mortality improvement scale in the future.

The Actuarial Advisory Committee approved the continued use of the 2021 RRB Mortality Improvement Scale for the 30th Valuation.

Brett then discussed the number of retired employees with spouses eligible for benefits. The ratio of spouses to employees is higher for the group of employees with 30 or more years of service than for the group with less than 30 years of service because the former group is eligible for full benefits available at earlier ages. The ratios of spouses to employees do not have a significant effect on the valuation. Since the percentage of employees who are female is small, most of the spouses are female. The probabilities of spouse have not changed much, but they are updated on the basis of the most recent experience for each valuation.

The Actuarial Advisory Committee approved the probabilities of a retired employee having a spouse eligible for benefits.

Pat reviewed widow mortality experience for the most recent three years. The experience for the period 2021-2022 was weighted 50 percent, as was done for the experience for age annuitant and disability annuitant mortality. Because there has tended to be little improvement in widow mortality, the mortality improvement scale is not used with the widow mortality rates. Instead, the graduated widow mortality rates include an implied 6 percent mortality improvement.

The Actuarial Advisory Committee approved the mortality rates for widows.

Next, Pat discussed the remarriage experience of widows between the 2009 and 2024 anniversaries of widowhood. The experience period includes more years than the experience periods for the other studies because there are few remarriages. Remarriage experience does not reflect a reduced weight for pandemic years.

The Actuarial Advisory Committee approved the remarriage rates for widows.

Isaiah then talked about termination rates for disabled children. As with the mortality experience, the termination experience for 2021-2022 was weighted 50 percent due to excess COVID deaths. The resulting rates based on the most recent experience are lower than those used for the 29th Valuation. As with past valuations, we added a 6 percent margin to the graduated termination rates for disabled children. The mortality improvement scale is not used with these rates.

The Actuarial Advisory Committee approved the termination rates for disabled children.

Finally, Brett discussed the Family Composition Table. He mentioned that widows age 60 and 61 are deemed to be age 62 by law. Partial credibility was given to experience from past valuations to smooth the data and to avoid overreacting to short-term fluctuations. The crude rates related to deaths under age 70 show a notably lower percentage married, with the greatest differences tending to occur at ages with relatively small numbers of employee deaths.

The Actuarial Advisory Committee approved the Family Composition Table.

The meeting adjourned at 11:20 a.m.