

# YOUR RAILROAD RETIREMENT IS UNDER ATTACK BY THE ROMNEY/RYAN TICKET

If you don't think your Railroad Retirement is under attack by the Mitt Romney/Paul Ryan, President/Vice President, ticket then you haven't read the text of the Paul Ryan Budget. The link below takes you to the exact text which is also quoted below.

[House Report 112-421 - CONCURRENT RESOLUTION ON THE BUDGET-- FISCAL YEAR 2013](#)

*“Conform Railroad Retirement Tier 1 Benefits to Social Security Benefits. Tier 1 benefits for railroad retirees are supposed to mimic Social Security benefits, but they are more generous than Social Security in many ways. This option would conform Tier 1 so that its benefits would equal those of Social Security, with an estimated savings to taxpayers of \$2 billion over 10 years.”*

Please do not believe the lies. Conforming Railroad Retirement Tier 1 Benefits to Social Security Benefits does not save taxpayers anything. Let's look at the **facts**:

- The Railroad Retirement System is a closed system. Not one (1) single penny is paid into the system from the public sector. It is a “closed” retirement system because the employer and the employee are the only ones who contribute. This pension plan is commonly referred to as a “Defined Benefit Plan”
- If employment levels remain stable your Railroad Retirement Fund is solvent for the next 75 years.
- Railroad Retirement is a model for the world. What made it a model for the world today? Just one example was the ability to invest a portion of our retirement funds in the stock market. This was made possible in December of 2001 when the National Railroad Retirement Investment Trust (NRRIT, or "the Trust") was established. Because the NRRIT was allowed to invest in “non government securities” we have realized a greater return on our investments. The NRRIT is averaging a 7% return on investments. Far more lucrative than “government securities”. What if those securities go south and we lose money? The employer would have to increase its' contribution to the fund to make up those losses. Right now employees contribute 4.2% to their Tier 1 and 3.9% to their Tier 2. Employees are capped at no more than 4.9% contribution to Tier 2 by law. The employer contributes 6.2% to the employees Tier 1 and 12.1% to Tier 2. *Tier 1 is the Social Security equivalent and Tier 2 is the private pension equivalent.*
- The NRRIT currently has 25 Billion Dollars in the fund.

What will conforming Railroad Retirement Tier 1 to Social Security mean? Lets' look at the facts again.

- A railroad employee and spouse will lose their 60/30 retirement provision. They would have to retire under the Social Security rules which would allow retirement at age 62 with a reduced benefit.
- A railroad employee would lose the ability to retire with an “Occupational Disability”. Right now a railroad employee with more than 30 years of service who is occupationally disabled could retire and receive his/her full retirement benefit. Not under Social Security.
- Most importantly the amount of your, and your spouse's, retirement check will be substantially reduced. Take a look at the chart that follows and you will be shocked to see what you have worked hard for all of your railroad career would be taken away by a group of political individuals who have no clue as to what they are doing to the hard working, middle class, railroaders across the country.

# RRB/SSA Comparison Chart – Annual Amounts

	<u>RRB</u>	<u>SSA</u>
Average Employee Age Annuity on the Rolls *	\$34,020	\$14,220
Average Spouse Annuity on the Rolls	\$10,080	\$6,780
Average Employee Age Annuity Awarded in 2011 *	\$40,860	\$19,680
Average Spouse Annuity Awarded in 2011 *	\$16,020	\$9,840
Average Disability Annuity Awarded in 2011	\$34,080	\$13,800
Occupational Disability Annuity	Yes	No
Full Annuity at 60 with 30 Years	Yes	No
Average Widow(er) Annuity on the Rolls	\$16,320	\$13,380
Average Widow(er) Annuity Awarded in 2011	\$21,420	\$10,740

\* Career rail employee with at least 30 years of service.

*Note.*—Amounts shown are as of the close of fiscal year ending September 30, 2011. *See other side for monthly amounts.*

# RRB/SSA Comparison Chart – Monthly Amounts

	<u>RRB</u>	<u>SSA</u>
Average Employee Age Annuity on the Rolls *	\$2,835	\$1,185
Average Spouse Annuity on the Rolls	\$840	\$565
Average Employee Age Annuity Awarded in 2011 *	\$3,405	\$1,640
Average Spouse Annuity Awarded in 2011 *	\$1,335	\$820
Average Disability Annuity Awarded in 2011	\$2,840	\$1,150
Occupational Disability Annuity	Yes	No
Full Annuity at 60 with 30 Years	Yes	No
Average Widow(er) Annuity on the Rolls	\$1,360	\$1,115
Average Widow(er) Annuity Awarded in 2011	\$1,785	\$895

\* Career rail employee with at least 30 years of service.

*Note.*—Amounts shown are as of the close of fiscal year ending September 30, 2011. *See other side for annual amounts.*