



Statement of the U.S. Railroad Retirement Board September 24, 2008

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Recent articles in the New York Times and other newspapers have drawn attention to the apparent high percentage of Long Island Rail Road employees filing for and receiving occupational disability annuities from the Railroad Retirement Board while also receiving retirement benefits from the Long Island Rail Road.

The issue surrounding the Long Island Rail Road is not typical of the RRB's experience with the occupational disability program or the average railroad retiree population. While the newspaper articles have suggested that Long Island Rail Road retirees receive generous benefits, the average occupational disability annuity payable under the Railroad Retirement Act at the end of fiscal year 2007 was, in fact, approximately \$26,400 per year. Currently almost 600,000 individuals receive monthly benefits. Only 64,000 or 10.6% are receiving occupational disability benefits. Over 70% of all occupationally disabled employees are also found to be totally and permanently disabled using the more stringent requirements of the Social Security Act.

All Board decisions regarding an applicant's eligibility for an occupational disability under current law are based on whether the medical evidence submitted meets the standards adopted by the Board. The standards for determining the physical and mental conditions which will result in an occupational disability were established as a result of the full cooperation of rail management and rail labor. The railroads are welcome participants in the occupational disability process. The employer is given the opportunity to provide information regarding the physical and mental demands of the applicant's job in every occupational disability case and is notified when an award of a disability annuity is made.

It should also be noted that all funding for the occupational disability program comes entirely from the Railroad Retirement Trust Fund, which is funded exclusively from taxes imposed on all railroad employees and railroad companies. No Social Security Trust Fund money or revenues from other sources are utilized to fund the occupational disability program.

The Board is committed to paying benefits accurately and timely, and to safeguarding its customers' trust funds. The Board is concerned about the anomalous issues relating to the Long Island Rail Road. The investigation into this matter is ongoing. The agency will continue to work with the Board's Office of Inspector General to ensure the integrity of all its programs, including addressing the issues raised in the New York Times' articles.