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

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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.

An abbreviated history of average railroad employment from 1955 through 2015 is shown in the following table.

Year	Average employment for year	Average annual rate of decline for the 5-year period ending with the year
1955	1,239,000	
1960	909,000	6.0%
1965	753,000	3.7
1970	640,000	3.2

1975	548,000	3.1
1980	532,000	0.6
1985	372,000	6.9
1990	296,000	4.5
1995	265,000	2.2
2000	246,000	1.5
2005	232,000	1.2
2010	221,000	1.0
2015	247,000	-2.2

Between 1955 and 2015, the average annual rate of decline was 2.7 percent. Since 2015, average employment has continued to decline with rates of decline as follows:

Year	Average employment for year	Annual rate of decline from previous year
2016	231,000	6.5%
2017	225,000	2.6
2018	224,000	0.4
2019	214,000	4.5

Two things become clear from the figures shown -- (1) railroad employment has generally declined over a long period of years, and (2) the rate of decline has been irregular.

Three employment assumptions were used in the 27th actuarial valuation, which served as the 2018 annual report required by Section 502. Employment assumptions I and II were based on a model developed by the Association of American Railroads, and assumed that (1) passenger employment would remain at the level of 48,000, and (2) the employment base, excluding passenger employment, would decline at a constant annual rate (0.5 percent for assumption I and 2.0 percent for assumption II) for 25 years, at a reducing rate over the next 25 years, and remain level thereafter. Employment assumption III differed from employment assumptions I and II by assuming that (1) passenger employment would decline by 500 per year until a level of 40,000 was reached and then remain level, and (2) the employment base, excluding passenger employment, would decline at a constant annual rate of 3.5 percent for 25 years, at a reducing rate over the next 25 years, and remain level thereafter.

The 2019 annual report continued the use of the three employment assumptions, updating them to reflect recent employment declines. This 2020 annual report also continues to use the three employment assumptions with the exception of an additional decline in one year as outlined below.

The projected average employment for 2019, based on the three employment assumptions used in the 2019 annual report, ranged from 217,000 to 222,000. The actual average employment for 2019 was 214,000 (subject to later adjustment), which was lower than the range of projected amounts. Average passenger employment for calendar year 2019 was estimated to be 48,000. Based on this result, it was decided to use 2019 average employment of 214,000 as a starting point in this year's report.

The rates of decline in freight employment from the 27th valuation continue to be used in all years except for 2020, where an additional decline in freight employment of 5, 6 or 7 percent between 2019 and 2020 is assumed to recognize a decline in employment measured for January 2020 to 197,000. The assumed declines in freight employment for 2020 are thus 5.5 percent, 8 percent, and 10.5 percent under employment assumptions I, II and III, respectively. These declines led to increases in assumed withdrawals in 2019 and 2020.

For employment assumptions I and II, passenger employment is assumed to remain level at 48,000. For employment assumption III, passenger employment is assumed to decline by 500 per year until a level of 40,000 is reached and then remain level.

Although the current coronavirus pandemic may result in employment falling below the employment assumptions noted above in the short term, these assumptions are intended to provide a reasonable range within which overall experience is expected to fall during the projection period. With the exception of the economic assumptions shown in Table 1 and the assumptions discussed above, the assumptions used in this report correspond to those published in the Twenty-Seventh Actuarial Valuation of the Assets and Liabilities Under the Railroad Retirement Acts as of December 31, 2016 with Technical Supplement, which may be found at www.rrb.gov.

III. RESULTS

Projections were made for the various components of income and outgo under each employment assumption for the 25 calendar years 2020-2044. The projections of these components were combined and the investment income calculated to produce the projected balances in the accounts at the end of each projection year. The results are summarized in Table 2 and Figure 1.

Table 2 consists of three tables, one for each of employment assumptions I, II and III. 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) and average account benefits ratio (AABR).[1]

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[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.

Table 2 indicates that cash flow problems do not arise during the projection period under any of the three employment assumptions. The results shown in Table 2 will be discussed separately for the SSEBA and the combined NRRIT and RRA.

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

The SSEBA must from time to time 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 employment assumption I (Table 2-I), the combined NRRIT and RRA balance declines through 2025 but then increases through the remainder of the projection period. The combined employer and employee tier 2 tax rate remains level at 18%.

Under employment assumption II (Table 2-II), the combined NRRIT and RRA balance generally declines throughout the projection period, except for an increase in 2044. The combined employer and employee tier 2 tax rate increases to 19% in 2031-2036, with further increases to 20% in 2037-2043 and 23% in 2044.

Under employment assumption III (Table 2-III), the combined NRRIT and RRA balance declines throughout the entire projection period. The combined employer and employee tier 2 tax rate increases in steps, starting at 18% in 2020, until reaching 27% in 2039. Despite the 27% tax rate, expenditures continue to exceed income at the end of the projection period, and the ABR falls to a level of 0.36.

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 in each year under all assumptions except under employment assumption III, where the ABR falls to 0.36 in calendar year 2044.

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 still uncertain. Under the current financing structure, actual levels of railroad employment and investment return over the coming years will largely determine whether corrective action is necessary.

D. Comparison of Results with 2019 Report

Favorable investment return in calendar year 2019 results in higher starting combined RRA, NRRIT, and SSEBA balances under each employment assumption. Lower projected employment, however, results in generally lower projected payroll tax income which is partially offset by lower projected benefit payments. Under each employment assumption, the combined account balances are lower at the end of the projection period than in last year’s report.

Under each employment assumption, the tax rates are the same or within 1 percent of last year’s report, except under employment assumption III for 2036 and 2039, where the rates are 3 and 4 percent higher, respectively.

IV. 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.

A. Tax Rates

This report recommends no change in the rate of tax imposed on employers and employees. The tax adjustment mechanism will automatically increase or decrease tax rates in response to changes in fund balance. Even under a pessimistic employment assumption, this mechanism is expected to prevent cash flow problems for at least 25 years.

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 loans outstanding from the Railroad Retirement Account to the Railroad Unemployment Insurance Account.

Table 1. Employment, inflation and investment return assumptions

Calendar year	Average employment (thousands)			Percentage increase over prior year		Investment return
	I	II	III	Earnings	Cost of living	
2019	214	214	214	1.4%	2.8%	16.8%
2020	205	201	196	2.0	1.6	0.0
2021	204	198	190	3.6	0.5	7.0
2022	203	195	185	3.6	1.5	7.0
2023	202	192	179	3.6	2.6	7.0
2024	202	189	174	3.6	2.6	7.0
2025	201	186	169	3.6	2.6	7.0
2026	200	183	164	3.6	2.6	7.0
2027	199	181	160	3.6	2.6	7.0
2028	199	178	155	3.6	2.6	7.0
2029	198	175	151	3.6	2.6	7.0
2030	197	173	147	3.6	2.6	7.0
2031	196	170	142	3.6	2.6	7.0
2032	196	168	138	3.6	2.6	7.0
2033	195	165	134	3.6	2.6	7.0
2034	194	163	131	3.6	2.6	7.0
2035	193	161	127	3.6	2.6	7.0
2036	193	159	124	3.6	2.6	7.0
2037	192	156	121	3.6	2.6	7.0
2038	191	154	118	3.6	2.6	7.0
2039	191	152	115	3.6	2.6	7.0
2040	190	150	113	3.6	2.6	7.0
2041	189	148	110	3.6	2.6	7.0
2042	188	146	108	3.6	2.6	7.0
2043	188	144	105	3.6	2.6	7.0
2044	187	142	103	3.6	2.6	7.0

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)

Calendar year	Account benefits ratio[a]	Average account benefits ratio[b]	Tier 2 tax rate	Combined NRRIT and RRA: Benefits and administration	Combined NRRIT and RRA: Tax income[c]	Combined NRRIT and RRA: Other income[d]	Combined NRRIT and RRA: Balance, end year	SSEBA: Benefits and administration	SSEBA: Tax income[c]	SSEBA: Other income and expense[e]	SSEBA: Balance, end year	Combined balance, end year
2020	4.42	5.00	18.0%	$5,757	$3,536	$115	$24,643	$7,640	$3,221	$4,288	$951	$25,594
2021	4.26	4.90	18.0%	5,739	3,620	1,647	24,171	7,677	3,315	4,353	942	25,113
2022	4.21	4.80	18.0%	5,743	3,732	1,705	23,865	7,770	3,438	4,356	968	24,833
2023	4.15	4.80	18.0%	5,766	3,846	1,694	23,639	7,937	3,566	4,391	988	24,627
2024	4.10	4.70	18.0%	5,799	3,963	1,684	23,488	8,100	3,695	4,426	1,009	24,497
2025	4.05	4.60	18.0%	5,838	4,079	1,602	23,330	8,260	3,824	4,456	1,028	24,358
2026	4.02	4.50	18.0%	5,879	4,272	1,677	23,401	8,422	4,011	4,430	1,049	24,450
2027	4.02	4.40	18.0%	5,926	4,396	1,687	23,558	8,583	4,147	4,457	1,069	24,627
2028	4.01	4.30	18.0%	5,990	4,522	1,703	23,793	8,747	4,283	4,483	1,089	24,882
2029	4.01	4.20	18.0%	6,071	4,650	1,723	24,095	8,913	4,421	4,512	1,109	25,204
2030	4.01	4.20	18.0%	6,163	4,783	1,748	24,463	9,083	4,563	4,542	1,131	25,594
2031	4.01	4.10	18.0%	6,260	4,919	1,745	24,868	9,262	4,692	4,593	1,153	26,021
2032	4.04	4.10	18.0%	6,351	5,060	1,808	25,385	9,452	4,826	4,649	1,176	26,561
2033	4.08	4.10	18.0%	6,429	5,205	1,848	26,009	9,654	4,967	4,712	1,201	27,210
2034	4.13	4.10	18.0%	6,525	5,355	1,896	26,735	9,858	5,111	4,772	1,227	27,962
2035	4.18	4.10	18.0%	6,651	5,510	1,951	27,545	10,059	5,257	4,826	1,252	28,797
2036	4.22	4.10	18.0%	6,786	5,670	2,006	28,434	10,268	5,408	4,886	1,278	29,712
2037	4.28	4.10	18.0%	6,928	5,835	2,076	29,416	10,486	5,564	4,948	1,305	30,721
2038	4.34	4.10	18.0%	7,086	6,007	2,148	30,486	10,704	5,726	5,005	1,332	31,818
2039	4.40	4.20	18.0%	7,244	6,185	2,226	31,653	10,929	5,895	5,062	1,359	33,012
2040	4.48	4.20	18.0%	7,405	6,371	2,310	32,929	11,164	6,071	5,122	1,389	34,318
2041	4.55	4.30	18.0%	7,589	6,562	2,401	34,303	11,406	6,252	5,185	1,419	35,722
2042	4.62	4.30	18.0%	7,799	6,760	2,500	35,764	11,662	6,437	5,257	1,450	37,214
2043	4.68	4.40	18.0%	8,028	6,964	2,604	37,305	11,931	6,629	5,335	1,484	38,789
2044	4.73	4.40	18.0%	8,284	7,177	2,712	38,909	12,216	6,827	5,424	1,519	40,428

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

[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)

Calendar year	Account benefits ratio[a]	Average account benefits ratio[b]	Tier 2 tax rate	Combined NRRIT and RRA: Benefits and administration	Combined NRRIT and RRA: Tax income[c]	Combined NRRIT and RRA: Other income[d]	Combined NRRIT and RRA: Balance, end year	SSEBA: Benefits and administration	SSEBA: Tax income[c]	SSEBA: Other income and expense[e]	SSEBA: Balance, end year	Combined balance, end year
2020	4.41	5.00	18.0%	$5,757	$3,512	$115	$24,619	$7,640	$3,200	$4,309	$951	$25,570
2021	4.25	4.90	18.0%	5,739	3,552	1,643	24,076	7,677	3,257	4,412	943	25,019
2022	4.17	4.80	18.0%	5,743	3,625	1,695	23,654	7,770	3,345	4,449	968	24,622
2023	4.09	4.80	18.0%	5,766	3,701	1,675	23,264	7,937	3,438	4,519	988	24,252
2024	4.01	4.70	18.0%	5,798	3,777	1,652	22,895	8,100	3,531	4,590	1,009	23,904
2025	3.91	4.50	18.0%	5,836	3,852	1,553	22,463	8,260	3,621	4,659	1,028	23,491
2026	3.83	4.50	18.0%	5,876	4,000	1,608	22,194	8,421	3,768	4,673	1,048	23,242
2027	3.76	4.40	18.0%	5,922	4,076	1,592	21,940	8,582	3,860	4,742	1,068	23,008
2028	3.68	4.20	18.0%	5,985	4,152	1,577	21,684	8,744	3,951	4,813	1,089	22,773
2029	3.59	4.10	18.0%	6,065	4,229	1,562	21,410	8,909	4,041	4,888	1,109	22,519
2030	3.49	4.00	18.0%	6,154	4,307	1,544	21,108	9,077	4,132	4,966	1,130	22,238
2031	3.41	3.90	19.0%	6,249	4,601	1,501	20,961	9,253	4,209	5,066	1,152	22,113
2032	3.35	3.80	19.0%	6,337	4,686	1,524	20,834	9,438	4,287	5,173	1,175	22,009
2033	3.29	3.80	19.0%	6,412	4,773	1,517	20,711	9,635	4,371	5,289	1,199	21,910
2034	3.22	3.70	19.0%	6,504	4,863	1,511	20,581	9,832	4,454	5,402	1,223	21,804
2035	3.14	3.60	19.0%	6,626	4,954	1,504	20,414	10,024	4,537	5,511	1,247	21,661
2036	3.05	3.50	19.0%	6,755	5,048	1,488	20,195	10,222	4,621	5,626	1,272	21,467
2037	2.99	3.40	20.0%	6,891	5,385	1,488	20,177	10,428	4,709	5,744	1,297	21,474
2038	2.92	3.40	20.0%	7,042	5,490	1,488	20,113	10,632	4,798	5,859	1,323	21,436
2039	2.84	3.30	20.0%	7,192	5,598	1,485	20,005	10,840	4,891	5,975	1,348	21,353
2040	2.77	3.20	20.0%	7,342	5,711	1,478	19,852	11,054	4,988	6,093	1,375	21,227
2041	2.68	3.10	20.0%	7,514	5,827	1,467	19,632	11,272	5,087	6,213	1,402	21,034
2042	2.58	3.10	20.0%	7,708	5,945	1,452	19,321	11,500	5,187	6,342	1,430	20,751
2043	2.46	3.00	20.0%	7,919	6,068	1,429	18,899	11,737	5,289	6,477	1,459	20,358
2044	2.41	2.90	23.0%	8,154	7,018	1,429	19,192	11,985	5,393	6,622	1,490	20,682

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

[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)

				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
2020	4.41	5.00	18.0%	$5,757	$3,485	$115	$24,592	$7,640	$3,176	$4,332	$951	$25,543
2021	4.23	4.90	18.0%	5,739	3,476	1,638	23,967	7,677	3,190	4,479	943	24,910
2022	4.14	4.80	18.0%	5,742	3,505	1,684	23,413	7,770	3,240	4,555	968	24,381
2023	4.03	4.80	18.0%	5,765	3,537	1,652	22,838	7,937	3,294	4,664	988	23,826
2024	3.90	4.70	18.0%	5,796	3,568	1,615	22,224	8,100	3,346	4,775	1,009	23,233
2025	3.75	4.50	18.0%	5,834	3,597	1,497	21,484	8,260	3,395	4,885	1,028	22,512
2026	3.62	4.40	18.0%	5,873	3,697	1,529	20,836	8,421	3,497	4,943	1,048	21,884
2027	3.47	4.30	18.0%	5,918	3,723	1,486	20,126	8,581	3,544	5,057	1,068	21,194
2028	3.31	4.20	18.0%	5,979	3,747	1,437	19,331	8,742	3,587	5,175	1,088	20,419
2029	3.13	4.00	18.0%	6,057	3,771	1,382	18,427	8,905	3,628	5,297	1,108	19,535
2030	2.94	3.80	19.0%	6,144	3,975	1,326	17,583	9,071	3,667	5,424	1,129	18,712
2031	2.74	3.70	19.0%	6,236	3,999	1,235	16,580	9,242	3,691	5,573	1,150	17,730
2032	2.54	3.60	19.0%	6,321	4,022	1,195	15,476	9,422	3,715	5,730	1,173	16,649
2033	2.34	3.40	20.0%	6,392	4,229	1,125	14,438	9,613	3,741	5,895	1,196	15,634
2034	2.14	3.20	20.0%	6,480	4,254	1,053	13,266	9,802	3,766	6,059	1,220	14,486
2035	1.90	3.00	20.0%	6,596	4,283	972	11,925	9,985	3,791	6,216	1,242	13,167
2036	1.72	2.90	23.0%	6,719	4,878	893	10,977	10,172	3,820	6,375	1,265	12,242
2037	1.53	2.70	23.0%	6,849	4,920	831	9,878	10,363	3,852	6,535	1,289	11,167
2038	1.32	2.50	23.0%	6,993	4,965	754	8,604	10,552	3,885	6,690	1,313	9,917
2039	1.19	2.30	27.0%	7,134	5,778	693	7,941	10,742	3,921	6,844	1,336	9,277
2040	1.06	2.10	27.0%	7,276	5,838	646	7,150	10,934	3,961	6,997	1,360	8,510
2041	0.91	1.90	27.0%	7,436	5,901	589	6,203	11,126	4,001	7,149	1,384	7,587
2042	0.75	1.70	27.0%	7,617	5,964	522	5,073	11,324	4,042	7,307	1,408	6,481
2043	0.57	1.50	27.0%	7,811	6,032	441	3,734	11,527	4,083	7,469	1,433	5,167
2044	0.36	1.40	27.0%	8,027	6,102	344	2,154	11,736	4,126	7,636	1,459	3,613

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

[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)