

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 about 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	201,500	(0.9)%
2025	198,000	1.7%

From the second half of 2024 through 2026 so far, monthly average employment has been stable but slowly decreasing from about 202,000 at the beginning of 2024 to 194,000 in the first three months of 2026. We anticipate railroad employment will remain stable during 2026 due to improving manufacturing and shipping volumes but there remains a high level of economic and political uncertainty.

The employment assumptions used in the 29th Actuarial Valuation serve as the basis for the 2026 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 a constant 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 constant, 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.

The 2025 report was updated to start with the preliminary 2024 average employment of 200,800 (subject to later adjustment) and then apply the three assumed rates of decline. Assumed average passenger employment for 2024 remained 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 brought the projected 2025 employment under assumption I (optimistic) down to the preliminary employment estimate for the first quarter of 2025.

Description of updated employment assumptions for this 2026 report

These projections are updated to start with the preliminary 2025 average employment levels and then apply the three assumed rates of decline. The preliminary employment estimate for 2025 is 198,000 employees (subject to later adjustment). This preliminary average is within the projected range of 199,000 (optimistic), 197,200 (moderate), and 194,900 (pessimistic) from the 2025 report.

We increased starting passenger employment to 48,000 compared to 46,000 in the prior valuation, which reflects growth at Amtrak and other commuter lines over the last few years.

To recognize the decreasing employment trend to 194,000 in the first quarter of 2026, we made a -1.0 percent downward adjustment to the initial projected 2026 non-passenger employment numbers under all scenarios. This downward adjustment brings the

projected 2026 employment under assumption II (moderate) down to the preliminary employment estimate for the first quarter of 2026.

The table below shows the projected employment levels (in thousands) for the 2026 Section 502 report over the next few years under employment assumption I (optimistic), II (moderate), and III (pessimistic).

Projection Year	Assumption I	Assumption II	Assumption III
2025	198.0	198.0	198.0
2026	196.2	194.4	192.2
2027	195.9	192.4	188.2
2028	195.6	190.5	184.3
2029	195.4	188.7	180.6

Table 1 shows these three employment assumption scenarios for the 25-year projection period.

III. OTHER ASSUMPTIONS, METHODS, AND CHANGES

The ultimate economic assumptions used in the preceding 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 2025 base wage increase is 3.4% based on preliminary data, which is comparable to last year's valuation assumption of 3.5% base wage increase for the 2025 calendar year. We use the ultimate 3.5% assumption for 2026 and later years.

These projections are also updated to reflect census data as of December 31, 2024, new starting salaries for new entrant age groups, and actual trust account balances as of December 31, 2025.

The Social Security Fairness Act (SSFA) 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. This benefit change is fully reflected in this report and had the effect of increasing projected tier 1 benefits paid from the Social Security Equivalent Benefit Account by about 1%.

The One Big Beautiful Bill (OB BB) was signed into law on July 4, 2025. This law extends tax provisions from the 2017 Tax Cuts and Jobs Act that were set to expire after 2025. It also added a new \$6,000 deduction (phases out with gross income over \$75,000 up to \$175,000) for age 65+ tax filers during the 2025 through 2028 tax years. The OB BB reduces projected income tax revenue for the Social Security Equivalent Benefit Account and Railroad Retirement Account. The tax changes increase the payroll tax cost of the system by about 0.3% of tier 2 payroll.

With the exception of the employment and economic assumptions shown in Table 1, as well as SSFA benefit changes and OB BB income tax 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 2026 through 2050. 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 the 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 annual account benefits ratios under the three employment assumptions.

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.

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 does not pay a corresponding benefit. This imbalance between outgo and income is small in any particular year, typically less than 0.2% of SSEBA benefits.

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 16 years.

Under optimistic 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 2041 and then decreases to 17% in 2042, 16% in 2044, 15% in 2046, and 14% in 2049.

Under moderate 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 2044, decreases to 17% in 2045, and decreases to 16% in 2049.

Under pessimistic employment assumption III (Table 2-III), the combined NRRIT and RRA balance slowly increases throughout the projection period. 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 1.0 for every year.

The overall conclusion is that the railroad retirement system is financially solvent and stable with no cash flow problems during the next 25 years. This long-term stability of the system is not guaranteed. Experience different than expected such as a sudden, unanticipated decrease in railroad employment or substantial investment losses could have a material impact on the projection results and financial status of the system. In addition, changes in benefit provisions and applicable laws could have an impact on cash flows.

D. Comparison of Results with 2025 Report

The actual investment return in 2025 was 13.4%, which was 6.4% higher than expected. The year-end 2025 combined account balances are about \$1.8 billion higher than expected in last year's report because of strong investment performance during 2025. The projected combined account balances remain higher than in last year's report over the 25-year projection period under all three employment assumptions.

Actual 2025 employment starts at 198,000, which is in the upper half of the range we projected in last year's report of 199,000 (optimistic), 197,200 (moderate), and 194,900 (pessimistic). Employment is projected to move lower than in last year's report under the optimistic assumption I and moderate assumption II. Projected employment remains higher than in last year's report under pessimistic assumption III until 2046.

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 except when it becomes 1% lower in 2042, 2044, 2046, 2047, and 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 2045-2049.
- Under employment assumption III (pessimistic) when compared to last year's report, the tier 2 tax rate remains the same in each calendar year.

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 future 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)			Percentage increase over prior year		Investment return
	I	II	III	Base Wages	Cost of living ^a	
2025	198.0 ^c	198.0 ^c	198.0 ^c	3.4% ^c	2.5% ^b	13.4% ^b
2026	196.2	194.4	192.2	3.5	2.8 ^b	7.0
2027	195.9	192.4	188.2	3.5	3.4	7.0
2028	195.6	190.5	184.3	3.5	3.1	7.0
2029	195.4	188.7	180.6	3.5	2.8	7.0
2030	195.1	186.9	177.0	3.5	2.5	7.0
2031	194.8	185.2	173.7	3.5	2.5	7.0
2032	194.6	183.6	170.4	3.5	2.5	7.0
2033	194.3	182.0	167.3	3.5	2.5	7.0
2034	194.1	180.5	164.4	3.5	2.5	7.0
2035	193.9	179.0	161.6	3.5	2.5	7.0
2036	193.7	177.7	158.9	3.5	2.5	7.0
2037	193.5	176.4	156.3	3.5	2.5	7.0
2038	193.3	175.1	153.9	3.5	2.5	7.0
2039	193.1	173.9	151.5	3.5	2.5	7.0
2040	192.9	172.7	149.3	3.5	2.5	7.0
2041	192.7	171.7	147.1	3.5	2.5	7.0
2042	192.5	170.6	145.1	3.5	2.5	7.0
2043	192.3	169.6	143.1	3.5	2.5	7.0
2044	192.2	168.7	141.3	3.5	2.5	7.0
2045	192.0	167.8	139.5	3.5	2.5	7.0
2046	191.9	167.0	137.8	3.5	2.5	7.0
2047	191.8	166.2	136.2	3.5	2.5	7.0
2048	191.6	165.4	134.6	3.5	2.5	7.0
2049	191.5	164.7	133.2	3.5	2.5	7.0
2050	191.4	164.1	131.8	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)

Calendar year	Average			Combined NRRIT and RRA				SSEBA				Combined balance, end year
	Account benefits ratio ^a	account benefits ratio ^b	Tier 2 tax rate	Benefits and admin- istration	Tax income ^c	Other income ^d	Balance, end year	Benefits and admin- istration	Tax income ^c	Other income and expense ^e	Balance, end year	
2026	5.08	4.70	18.0%	\$6,063	\$4,381	\$2,416	\$30,576	\$8,983	\$4,004	\$4,952	\$1,120	\$31,696
2027	5.10	4.80	18.0%	6,134	4,526	2,185	31,152	9,227	4,180	5,078	1,150	32,302
2028	5.14	4.80	18.0%	6,221	4,676	2,234	31,842	9,445	4,348	5,124	1,178	33,020
2029	5.19	4.80	18.0%	6,316	4,829	2,291	32,646	9,640	4,516	5,148	1,202	33,848
2030	5.26	4.90	18.0%	6,412	4,984	2,355	33,574	9,813	4,687	5,147	1,223	34,797
2031	5.33	5.00	18.0%	6,516	5,144	2,399	34,601	9,987	4,861	5,148	1,245	35,846
2032	5.43	5.00	18.0%	6,611	5,310	2,501	35,800	10,171	5,043	5,150	1,268	37,068
2033	5.56	5.10	18.0%	6,688	5,482	2,590	37,184	10,367	5,235	5,157	1,292	38,476
2034	5.72	5.20	18.0%	6,782	5,661	2,693	38,755	10,561	5,433	5,152	1,316	40,071
2035	5.87	5.30	18.0%	6,909	5,845	2,808	40,500	10,751	5,635	5,140	1,340	41,840
2036	6.03	5.40	18.0%	7,041	6,035	2,927	42,421	10,949	5,843	5,130	1,365	43,786
2037	6.20	5.50	18.0%	7,178	6,233	3,074	44,550	11,153	6,036	5,142	1,390	45,940
2038	6.39	5.60	18.0%	7,325	6,438	3,228	46,890	11,355	6,236	5,144	1,415	48,305
2039	6.61	5.70	18.0%	7,471	6,650	3,397	49,466	11,561	6,444	5,143	1,441	50,907
2040	6.85	5.90	18.0%	7,617	6,871	3,582	52,301	11,773	6,660	5,139	1,467	53,768
2041	7.10	6.00	18.0%	7,781	7,100	3,782	55,402	11,993	6,886	5,134	1,494	56,896
2042	7.32	6.20	17.0%	7,968	6,963	3,991	58,388	12,226	7,118	5,137	1,523	59,911
2043	7.53	6.40	17.0%	8,171	7,195	4,203	61,616	12,471	7,358	5,143	1,554	63,170
2044	7.70	6.60	16.0%	8,395	7,037	4,417	64,675	12,731	7,607	5,157	1,586	66,261
2045	7.86	6.80	16.0%	8,643	7,272	4,631	67,935	13,020	7,864	5,192	1,622	69,557
2046	7.99	7.00	15.0%	8,897	7,089	4,843	70,970	13,337	8,133	5,244	1,662	72,632
2047	8.12	7.20	15.0%	9,139	7,330	5,057	74,217	13,679	8,416	5,305	1,704	75,921
2048	8.28	7.40	15.0%	9,387	7,579	5,288	77,696	14,038	8,711	5,372	1,749	79,445
2049	8.40	7.60	14.0%	9,647	7,364	5,516	80,930	14,416	9,018	5,446	1,796	82,726
2050	8.52	7.80	14.0%	9,906	7,613	5,744	84,381	14,824	9,336	5,539	1,847	86,228

^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 net of any refunds and income taxes on benefits.

^d Includes investment income and transfers from the SSEBA.

^e Other income includes financial interchange income, advances from general revenue, and interest income. Other expense includes repayment of advances from general revenue 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	Average			Combined NRRIT and RRA				SSEBA				Combined balance, end year
	Account benefits ratio ^a	account benefits ratio ^b	Tier 2 tax rate	Benefits and admin-istration	Tax income ^c	Other income ^d	Balance, end year	Benefits and admin-istration	Tax income ^c	Other income and expense ^e	Balance, end year	
2026	5.07	4.70	18.0%	\$6,063	\$4,363	\$2,415	\$30,557	\$8,983	\$3,988	\$4,968	\$1,120	\$31,677
2027	5.09	4.80	18.0%	6,134	4,473	2,182	31,078	9,227	4,134	5,123	1,150	32,228
2028	5.12	4.80	18.0%	6,220	4,590	2,226	31,673	9,445	4,272	5,201	1,178	32,851
2029	5.15	4.80	18.0%	6,315	4,706	2,275	32,339	9,640	4,408	5,257	1,202	33,541
2030	5.19	4.90	18.0%	6,411	4,824	2,328	33,080	9,813	4,544	5,290	1,223	34,303
2031	5.22	4.90	18.0%	6,515	4,945	2,358	33,868	9,987	4,682	5,326	1,245	35,113
2032	5.28	5.00	18.0%	6,609	5,069	2,441	34,769	10,170	4,827	5,366	1,268	36,037
2033	5.37	5.10	18.0%	6,684	5,199	2,507	35,791	10,366	4,979	5,411	1,292	37,083
2034	5.46	5.20	18.0%	6,778	5,332	2,584	36,929	10,559	5,135	5,448	1,316	38,245
2035	5.55	5.20	18.0%	6,903	5,470	2,667	38,164	10,748	5,294	5,477	1,340	39,504
2036	5.63	5.30	18.0%	7,033	5,613	2,749	39,493	10,943	5,458	5,509	1,364	40,857
2037	5.73	5.40	18.0%	7,167	5,761	2,852	40,939	11,143	5,605	5,564	1,389	42,328
2038	5.83	5.40	18.0%	7,312	5,915	2,957	42,500	11,341	5,756	5,609	1,413	43,913
2039	5.94	5.50	18.0%	7,454	6,075	3,070	44,190	11,541	5,914	5,652	1,438	45,628
2040	6.07	5.60	18.0%	7,597	6,242	3,191	46,027	11,746	6,079	5,692	1,464	47,491
2041	6.20	5.70	18.0%	7,756	6,418	3,320	48,009	11,958	6,253	5,731	1,490	49,499
2042	6.33	5.80	18.0%	7,937	6,597	3,463	50,133	12,180	6,430	5,778	1,518	51,651
2043	6.45	5.90	18.0%	8,134	6,784	3,613	52,396	12,413	6,614	5,828	1,547	53,943
2044	6.57	6.00	18.0%	8,351	6,979	3,773	54,797	12,660	6,804	5,886	1,577	56,374
2045	6.65	6.10	17.0%	8,594	6,818	3,926	56,947	12,932	7,001	5,965	1,611	58,558
2046	6.72	6.20	17.0%	8,839	7,016	4,075	59,199	13,231	7,207	6,060	1,648	60,847
2047	6.80	6.30	17.0%	9,071	7,225	4,235	61,587	13,550	7,426	6,163	1,688	63,275
2048	6.90	6.40	17.0%	9,308	7,442	4,404	64,125	13,884	7,655	6,270	1,730	65,855
2049	6.97	6.50	16.0%	9,555	7,260	4,569	66,399	14,234	7,895	6,382	1,773	68,172
2050	7.04	6.60	16.0%	9,799	7,480	4,729	68,809	14,608	8,143	6,511	1,820	70,629

^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 net of any refunds and income taxes on benefits.

^d Includes investment income and transfers from the SSEBA.

^e Other income includes financial interchange income, advances from general revenue, and interest income. Other expense includes repayment of advances from general revenue 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	Average			Combined NRRIT and RRA				SSEBA				Combined balance, end year
	Account benefits ratio ^a	account benefits ratio ^b	Tier 2 tax rate	Benefits and admin-istration	Tax income ^c	Other income ^d	Balance, end year	Benefits and admin-istration	Tax income ^c	Other income and expense ^e	Balance, end year	
2026	5.07	4.70	18.0%	\$6,063	\$4,340	\$2,414	\$30,534	\$8,983	\$3,968	\$4,988	\$1,120	\$31,654
2027	5.08	4.80	18.0%	6,134	4,410	2,178	30,987	9,227	4,078	5,179	1,150	32,137
2028	5.09	4.80	18.0%	6,220	4,486	2,216	31,469	9,445	4,180	5,293	1,178	32,647
2029	5.10	4.80	18.0%	6,315	4,558	2,255	31,968	9,640	4,276	5,388	1,202	33,170
2030	5.10	4.80	18.0%	6,410	4,632	2,295	32,485	9,813	4,372	5,462	1,223	33,708
2031	5.10	4.90	18.0%	6,513	4,705	2,307	32,984	9,987	4,467	5,541	1,245	34,229
2032	5.11	4.90	18.0%	6,606	4,781	2,369	33,528	10,170	4,567	5,625	1,268	34,796
2033	5.13	5.00	18.0%	6,680	4,860	2,409	34,116	10,365	4,674	5,715	1,292	35,408
2034	5.16	5.10	18.0%	6,772	4,944	2,453	34,740	10,556	4,783	5,797	1,316	36,056
2035	5.17	5.10	18.0%	6,896	5,029	2,499	35,372	10,743	4,893	5,874	1,339	36,711
2036	5.16	5.20	18.0%	7,024	5,116	2,536	36,001	10,935	5,004	5,954	1,363	37,364
2037	5.16	5.20	18.0%	7,155	5,208	2,589	36,643	11,132	5,098	6,058	1,387	38,030
2038	5.15	5.20	18.0%	7,296	5,304	2,636	37,287	11,324	5,195	6,153	1,411	38,698
2039	5.14	5.20	18.0%	7,435	5,404	2,682	37,939	11,517	5,295	6,245	1,435	39,374
2040	5.13	5.20	18.0%	7,572	5,510	2,729	38,605	11,714	5,401	6,337	1,460	40,065
2041	5.12	5.20	18.0%	7,725	5,621	2,774	39,274	11,915	5,513	6,427	1,485	40,759
2042	5.10	5.20	18.0%	7,899	5,735	2,823	39,932	12,125	5,627	6,525	1,511	41,443
2043	5.06	5.20	18.0%	8,089	5,854	2,868	40,565	12,343	5,744	6,626	1,538	42,103
2044	5.01	5.20	18.0%	8,297	5,978	2,911	41,157	12,574	5,867	6,736	1,567	42,724
2045	4.94	5.20	18.0%	8,529	6,105	2,950	41,683	12,828	5,992	6,868	1,598	43,281
2046	4.86	5.10	18.0%	8,763	6,239	2,983	42,142	13,104	6,124	7,015	1,632	43,774
2047	4.79	5.10	18.0%	8,981	6,381	3,015	42,558	13,397	6,266	7,167	1,669	44,227
2048	4.72	5.10	18.0%	9,202	6,530	3,045	42,931	13,702	6,417	7,323	1,707	44,638
2049	4.64	5.00	18.0%	9,430	6,686	3,071	43,258	14,018	6,574	7,483	1,746	45,004
2050	4.56	5.00	18.0%	9,654	6,850	3,095	43,549	14,354	6,741	7,655	1,788	45,337

^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 net of any refunds and income taxes on benefits.

^d Includes investment income and transfers from the SSEBA.

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

**Figure 1. Combined NRRIT, RRA and SSEBA Balance, 2021-2050
(In \$millions)**

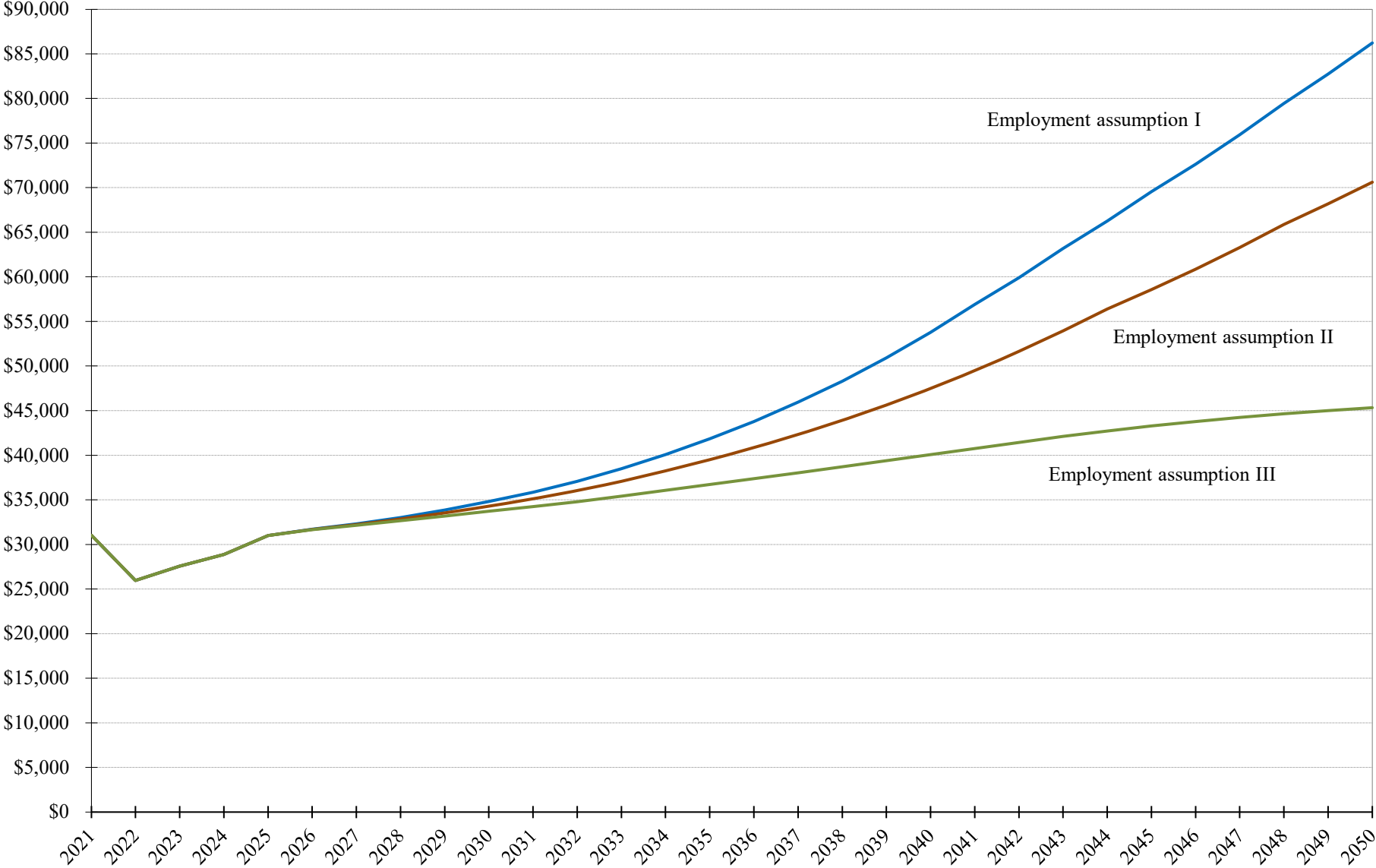


Figure 2. Account Benefits Ratio, 2016-2050

