

# **Railroad Unemployment Insurance System**

**Annual Report Required by Section 7105  
of the Technical and Miscellaneous  
Revenue Act of 1988**



**U.S. Railroad Retirement Board  
Bureau of the Actuary and Research  
June 2026**

## ANNUAL REPORT REQUIRED BY THE TECHNICAL AND MISCELLANEOUS REVENUE ACT OF 1988

### I. Introduction

Section 7105 of the Technical and Miscellaneous Revenue Act of 1988 (Public Law 100-647) requires the Railroad Retirement Board to submit an annual report to the Congress on the financial status of the railroad unemployment insurance system. The report must contain recommendations for financing changes that might be advisable, specifically regarding rates of employer contributions. This report meets the requirements of Section 7105 for 2026.

### II. Recent Developments

The maximum daily benefit of \$99 for the benefit year beginning July 1, 2025 will increase to \$103 for the benefit year beginning July 1, 2026. Beginning July 1, 2027, the maximum daily benefit rate will increase to \$107. The monthly tax base was \$1,985 in 2024, \$2,065 in 2025, and increased to \$2,150 in 2026, based on changes in the railroad retirement tier I creditable base.

Benefits payable under the Railroad Unemployment Insurance Act have been subject to sequestration since March 1, 2013, per the Balanced Budget and Emergency Deficit Control Act of 1985 and amendments. The Continued Assistance to Rail Workers Act (CARWA) of 2020 (Public Law 116-260) temporarily suspended sequestration from January 3, 2021 through May 9, 2023, with sequestration reinstated at 5.7 percent through fiscal year 2031. The Railroad Employee Equity and Fairness (REEF) Act was signed into law on December 23, 2024, as part of the Servicemember Quality of Life Improvement and National Defense Authorization Act for fiscal year 2025 (Public Law 118-159). The REEF Act amended CARWA, removing the provision that reinstated sequestration of benefits 30 days after the end of the COVID-19 national emergency. The legislation also exempts benefits from future sequestration. Retroactive benefit payments began in January 2025 and were completed in September 2025.

Average employment in calendar year 2025 was 198,000 (subject to later revision), which is between the optimistic and intermediate employment assumptions in last year's report. There is no surcharge in effect for calendar year 2026. This year's report predicts that there will not be a surcharge in 2027. For calendar year 2028, the report expects a 1.5 percent surcharge under the optimistic and intermediate assumptions or a 2.5 percent surcharge under the pessimistic assumption. There is the possibility that these surcharges continue into 2029 under the respective assumptions.

### III. Economic and Employment Assumptions

The economic and employment assumptions used in this report correspond to those used in the report required by Section 502 of the Railroad Retirement Solvency Act of 1983. Unemployment levels are the single most significant factor affecting the financial status of the railroad unemployment insurance system. Rapidly declining employment coupled with high unemployment and/or sickness levels, as occurred in the late 2000s and as observed in 2020 and 2021 due to the COVID-19 pandemic, can put the system into debt. Conversely, cash balances can temporarily accumulate if unemployment and/or sickness usage moves lower than average after a high usage period as they did in 2023 through 2024 during the pandemic recovery. This resulted in a pooled credit in 2025 to refund the excess balance to employers. The experience-rating system is designed to tie individual employer contribution rates to their level of benefit claims, thereby adjusting the overall account balance to an appropriate level.

The three railroad employment assumptions used, denoted A, B, and C, are shown in Table 1 at the end of the report. The projected tier I creditable limits, which determine both the railroad unemployment monthly wage base and the maximum daily benefit rate, are from the Office of Management and Budget February 2026 economic assumptions. Table 2 shows the tier I creditable limit, unemployment monthly earnings base, and maximum daily benefit rate assumptions.

### IV. Results

Projections were made for the various components of income and outgo under each set of assumptions for the 11 fiscal years 2026-2036. The results are summarized in Table 3. Average employer contribution rates under the experience-rated contribution system are weighted averages based on the relative size of each railroad's payroll.

Table 3 consists of three tables A, B, and C, one for each assumption projection: (A) optimistic, (B) intermediate, and (C) pessimistic. The tables show (1) contributions, excluding the portion allocated to the Railroad Unemployment Insurance Administration Fund (Fund), (2) net benefit payments, (3) other income and outgo, (4) the cash balance in the Railroad Unemployment Insurance Account (Account) at the end of each fiscal year, (5) the loan balance, if any, including accrued interest, (6) the Account balance at the end of each fiscal year, less loans due, and (7) the average employer contribution rate for each calendar year.

The experience-rating formula is designed to keep the accrual balance of the Account, as of June 30, between \$100 million and \$250 million, indexed for changes in the system compensation base. The contribution rate structure is shown below:

<b>June 30 Accrual Balance (thresholds are indexed)</b>	<b>Surcharge Rate</b>	<b>Contribution Rate</b>	
		Minimum	Maximum
<b>Less than zero</b>	3.50%	4.15%	12.5%
<b>Above zero but below \$50 million</b>	2.50%	3.15%	12.0%
<b>Above \$50 million but below \$100 million</b>	1.50%	2.15%	12.0%
<b>Above \$100 million but below \$250 million</b>	0%	0.65%	12.0%
<b>Above \$250 million</b>	Pooled Credit (variable)	0.65%	12.0%

The experience-based tax rates have a 12 percent maximum, or a 12.5 percent maximum if a 3.5 percent surcharge is in effect. Included in the rate is the basic rate, an administration tax rate of 0.65 percent, and, if either is applicable, the surcharge rate or the rate of the pooled credit. Since the basic employer tax rate plus any pooled credit cannot be less than zero, 0.65 percent is the minimum rate which any employer can pay.

The June 30, 2024 balance<sup>1</sup> of \$454.8 million, which was above the indexed \$250 million threshold, resulted in a 0.83 percent pooled credit for 2025. By June 30, 2025, the balance had fallen to \$405.3 million, which is below the indexed \$250 million threshold and above the indexed \$100 million threshold; as a result, no surcharge or pooled credit is in effect for calendar year 2026.

Under each assumption, the Account balance is expected to be above the indexed \$100 million surcharge thresholds in June 2026 but below the indexed \$250 million threshold, resulting in no surcharge or pooled credit for calendar year 2027. For calendar years 2028 and 2029, surcharges of 1.5 percent are expected under the optimistic and intermediate assumptions, with the possibility of a 2.5 percent surcharge under the pessimistic assumption. Surcharges of 1.5 percent will occur intermittently thereafter. The highest average contribution rate in the 11-year projection period is under the

<sup>1</sup> The balance referred to here and in the following paragraph is the accrual balance of the Account as of June 30, on which calculations of pooled credits and surcharges are based. Cash balances shown on Tables 3A-C are not used in these calculations. June 30 accrual balances are shown in Table 4.

pessimistic assumption, where it rises to 7.22 percent for calendar year 2030. This high is below the 12 percent maximum rate allowable. The pessimistic assumption shows the possibility of loans in fiscal year 2029 that will be repaid in fiscal year 2030. No pooled credit is expected in the projection period even under the optimistic assumption.

Administrative expenses are assumed to be above current levels in every fiscal year. The 0.65 percent of taxable payroll allocated to the Fund is sufficient to finance administrative expenses during the projection period. When the accrual balance in the Fund exceeds \$6 million at the end of a fiscal year, excess funds are transferred to the Account early in the next fiscal year. Under all employment assumptions, the accrual balance in the Fund exceeds \$6 million at the end of each year in the 11-year projection period.

#### V. Recommendation

As stated in the introduction, the Congress directed the Railroad Retirement Board to make recommendations for financing changes that might be advisable, specifically with regard to rates of employer contributions.

No financing changes are recommended at this time. Projections under three different assumptions indicate that experience-based contribution rates will respond to fluctuating employment and unemployment levels, and with short-term borrowing, will maintain fund solvency.

**Table 1: Employment Assumptions Used in 2026 Report**

Calendar Year	Average Employment (thousands)		
	A	B	C
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
2030	195.1	186.9	177.0
2031	194.8	185.2	173.7
2032	194.6	183.6	170.4
2033	194.3	182.0	167.3
2034	194.1	180.5	164.4
2035	193.9	179.0	161.6
2036	193.7	177.7	158.9

Assumptions A and B reflect the stability of employment in passenger service (Amtrak and commuter service) as distinguished from freight service. Assumption A has the most optimistic employment of the three assumptions. Assumption B is intended to provide a "moderate" assumption. Assumption C, the most pessimistic, has declines in both passenger and freight employment.

Passenger employment is set at 48,000, reflecting growth at Amtrak and other commuter lines in recent years. Passenger employment is assumed to remain level under assumptions A and B, and to decline by 400 each year under assumption C.

In 2026, non-passenger employment is projected to decline by 0.2 percent, 1.4 percent, and 2.6 percent under Assumptions A, B, and C, respectively. These rates of decline will then decrease linearly thereafter. An additional -1.0 percent downward adjustment is made to the initial projected 2025 non-passenger employment under all three assumptions.

**Table 2: Annual Tier I Creditable Limit, Monthly Railroad Unemployment Insurance Taxable Limit, and Maximum Daily Benefit Rate**

Calendar Year	Annual Tier I Limit	Monthly RUI Limit	Maximum Daily Benefit Rate [1]
2025	\$176,100	\$2,065	\$99
2026	184,500	2,150	103
2027	193,500	2,250	107
2028	201,300	2,330	112
2029	211,200	2,435	116
2030	221,700	2,545	121
2031	233,100	2,665	127
2032	244,800	2,790	133
2033	256,800	2,915	139
2034	269,700	3,055	145
2035	282,900	3,195	152
2036	297,000	3,345	159

[1] Effective for registration periods beginning after June 30 in the calendar year.

**Table 3A. Progress of the Railroad Unemployment Insurance Account Under Assumption A**  
(Dollar Amounts in Millions)

Fiscal Year	Account Contributions [1]	Net Benefit Payments	Other Income and Outgo [2]	Account Cash Balance Year End	Loan Balance Year End [3]	Account Cash Balance Less Loans Due Year End	Calendar Year	Average Employer Contribution Rate (Percent)
2026	\$2.0	\$116.1	\$21.9	\$289.8	\$0.0	\$289.8	2026	0.70
2027	7.0	116.2	18.9	199.5	0.0	199.5	2027	0.87
2028	28.5	127.2	19.2	120.0	0.0	120.0	2028	1.49
2029	110.7	141.4	18.6	107.8	0.0	107.8	2029	3.76
2030	189.8	146.5	21.5	172.6	0.0	172.6	2030	4.11
2031	164.2	153.0	25.3	209.1	0.0	209.1	2031	2.67
2032	101.2	160.1	26.8	177.0	0.0	177.0	2032	1.86
2033	107.0	167.4	27.1	143.6	0.0	143.6	2033	2.67
2034	172.9	174.7	28.6	170.4	0.0	170.4	2034	3.63
2035	199.0	182.2	32.4	219.6	0.0	219.6	2035	3.21
2036	161.4	190.7	35.3	225.6	0.0	225.6	2036	2.40

[1] Quarterly employer taxes are due the month after the quarter in which employee compensation is paid. Excludes 0.65 percent of taxable payroll allocated to the Administration Fund.

[2] Income includes interest on investments and transfers from the Administration Fund of amounts in excess of \$6 million at the end of the previous fiscal year. Outgo includes funding for the Office of Inspector General.

[3] Includes accrued interest.

NOTE: Detail may not add to totals due to rounding.

**Table 3B. Progress of the Railroad Unemployment Insurance Account Under Assumption B**  
(Dollar Amounts in Millions)

Fiscal Year	Account Contributions [1]	Net Benefit Payments	Other Income and Outgo [2]	Account Cash Balance Year End	Loan Balance Year End [3]	Account Cash Balance Less Loans Due Year End	Calendar Year	Average Employer Contribution Rate (Percent)
2026	\$2.0	\$116.1	\$21.4	\$289.3	\$0.0	\$289.3	2026	0.70
2027	7.2	135.4	18.9	180.0	0.0	180.0	2027	0.88
2028	32.6	150.0	17.6	80.2	0.0	80.2	2028	1.66
2029	127.6	161.9	16.2	62.0	0.0	62.0	2029	4.35
2030	232.8	166.4	19.0	147.4	0.0	147.4	2030	5.32
2031	221.2	172.2	23.7	220.1	0.0	220.1	2031	3.70
2032	131.9	178.9	25.7	198.8	0.0	198.8	2032	2.05
2033	97.7	185.4	25.2	136.2	0.0	136.2	2033	2.40
2034	161.9	192.1	25.1	131.1	0.0	131.1	2034	3.91
2035	227.9	198.9	27.8	187.9	0.0	187.9	2035	4.22
2036	209.7	206.6	31.3	222.3	0.0	222.3	2036	3.16

[1] Quarterly employer taxes are due the month after the quarter in which employee compensation is paid. Excludes 0.65 percent of taxable payroll allocated to the Administration Fund.

[2] Income includes interest on investments and transfers from the Administration Fund of amounts in excess of \$6 million at the end of the previous fiscal year. Outgo includes funding for the Office of Inspector General.

[3] Includes accrued interest.

NOTE: Detail may not add to totals due to rounding.

**Table 3C. Progress of the Railroad Unemployment Insurance Account Under Assumption C**  
(Dollar Amounts in Millions)

Fiscal Year	Account Contributions [1]	Net Benefit Payments	Other Income and Outgo [2]	Account Cash Balance Year End	Loan Balance Year End [3]	Account Cash Balance Less Loans Due Year End	Calendar Year	Average Employer Contribution Rate (Percent)
2026	\$2.0	\$116.1	\$21.9	\$289.8	\$0.0	\$289.8	2026	0.70
2027	7.0	154.8	17.8	159.8	0.0	159.8	2027	0.88
2028	36.2	195.3	15.7	16.4	0.0	16.4	2028	1.84
2029	170.9	204.2	49.9	32.9	37.3	(4.4)	2029	6.03
2030	316.2	207.5	(21.2)	120.4	0.0	120.4	2030	7.22
2031	291.0	212.6	21.5	220.3	0.0	220.3	2031	4.85
2032	174.9	218.5	23.8	200.5	0.0	200.5	2032	2.76
2033	120.9	224.4	22.3	119.2	0.0	119.2	2033	2.77
2034	177.1	230.0	20.9	87.2	0.0	87.2	2034	4.53
2035	262.8	235.8	22.5	136.7	0.0	136.7	2035	5.45
2036	270.7	242.8	25.8	190.4	0.0	190.4	2036	4.57

[1] Quarterly employer taxes are due the month after the quarter in which employee compensation is paid. Excludes 0.65 percent of taxable payroll allocated to the Administration Fund.

[2] Income includes interest on investments and transfers from the Administration Fund of amounts in excess of \$6 million at the end of the previous fiscal year, and loans from the Railroad Retirement Account. Outgo includes funding for the Office of Inspector General and repayment of loans, including interest.

[3] Includes accrued interest.

NOTE: Detail may not add to totals due to rounding.

**Table 4. June 30 Accrual Balance of the Railroad Unemployment Insurance Account  
(Dollar Amounts in Millions)**

Year	Assumption A			Assumption B			Assumption C		
	Account Balance	1.5 Percent	2.5 Percent	Account Balance	1.5 Percent	2.5 Percent	Account Balance	1.5 Percent	2.5 Percent
		Surcharge Threshold	Surcharge Threshold		Surcharge Threshold	Surcharge Threshold		Surcharge Threshold	
2026	\$331.9	\$176.7	\$88.4	\$331.7	\$176.3	\$88.2	\$331.5	\$175.8	\$87.9
2027	243.1	183.3	91.6	226.5	181.2	90.6	209.7	178.7	89.3
2028	167.3	191.0 *	95.5	130.8	187.2 *	93.6	75.4	182.6	91.3 *
2029	158.6	198.0 *	99.0	115.6	192.4 *	96.2	56.9	185.6	92.8 *
2030	225.3	206.7	103.3	202.4	199.2	99.6	182.2	190.1 *	95.0
2031	264.0	215.8	107.9	276.5	206.3	103.1	283.1	194.9	97.4
2032	234.5	225.6	112.8	257.6	214.1	107.0	264.8	200.2	100.1
2033	203.9	235.8 *	117.9	197.5	222.0 *	111.0	186.0	205.6 *	102.8
2034	233.1	246.2 *	123.1	194.5	230.2 *	115.1	155.9	211.1 *	105.5
2035	284.9	257.6	128.8	253.2	239.1	119.6	207.1	217.3 *	108.6
2036	294.2	269.2	134.6	289.8	248.1	124.1	262.5	223.4	111.7

The June 30 accrual balance impacts the contribution rates for the following year. The June 30, 2025 accrual balance was \$405,304,675.36 which resulted in no surcharge or pooled credit in calendar year 2026. The indexed 1.5 percent surcharge threshold was \$173,022,369.00 and the indexed 2.5 percent surcharge threshold was \$86,511,184.50.

The experience rating system provides for a surcharge in the employer contribution rate when the Railroad Unemployment Insurance Account balance falls below certain thresholds. The 1.5 percent surcharge threshold is the greater of \$100 million or the amount that bears the same ratio to \$100 million as the system compensation base as of that June 30 bears to the system compensation base as of June 30, 1991. The 2.5 percent surcharge threshold is indexed from a \$50 million base. The maximum surcharge of 3.5 percent applies if the Railroad Unemployment Insurance Account balance is less than zero.

\* *Account balance below surcharge threshold*