



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

July 12, 1982

B-208154

The Honorable Harrison Schmitt
Chairman, Subcommittee on Labor,
Health and Human Services, and
Education
Committee on Appropriations
United States Senate



119172

Dear Mr. Chairman:

Subject: Relationship of Dual Benefit Windfall Payments to
Total Railroad Retirement Benefits (GAO/HRD-82-97)

On January 28, 1982, you requested that we examine the (1) relationship of railroad retirement dual benefit windfall payments to the total payments railroad retirement beneficiaries receive and (2) potential effect on railroad retirement beneficiaries of reduced windfall payments under various appropriation levels. Specifically, you asked us to address the following issues:

1. What would be the effect of various windfall appropriation levels on beneficiaries' total benefits and which beneficiary groups would be most severely affected by across-the-board reductions?
2. To what degree are windfall payments a relatively small component of higher-than-average railroad pensions?
3. What alternatives to across-the-board reductions might be used to insure that those most needy will not suffer from restrictions of future windfall benefits?

BACKGROUND

The railroad retirement program was established in 1937, independent of the social security system. Until 1975, it was possible for a railroad employee who also had periods of non-railroad-related employment to qualify for both railroad retirement and social security benefits. These persons (and their spouses and survivors) were known as "dual beneficiaries."

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Since the benefit formulas under the social security and railroad retirement programs are weighted in favor of persons with low lifetime earnings, dual beneficiaries receive more in combined railroad retirement and social security benefits than they would have received had all of their earnings been under one program and their benefits calculated under that program. The difference between what they receive in combined benefits, calculated separately under each program, and what they would have received if all of their earnings were computed under one program is termed "windfall."

The cost of this windfall portion of the dual beneficiaries' combined benefits had historically been assumed by the Railroad Retirement Board's Railroad Retirement Account. However, by the 1970s, the Account was approaching a financial crisis--due partly to the financial burden caused by dual beneficiaries. In an effort to rectify the financial problems of the Account, the 1974 amendments to the Railroad Retirement Act (45 U.S.C. 231 et seq.) eliminated the windfall benefit for most future beneficiaries. Those beneficiaries who were already receiving such benefits were permitted to continue collecting windfall, while those meeting certain vesting requirements became eligible for future windfall benefits. The 1974 amendments provided for funding windfall through the appropriation of general revenues.

Although the annual general revenue appropriations since the passage of the 1974 amendments were inadequate to fully fund all the windfall that beneficiaries were entitled to, the Board still continued to pay full windfall benefits. As a result, the Railroad Retirement Account continued to absorb a portion of the windfall costs. By fiscal year 1981, the Account's reserves had been reduced by \$1.4 billion because of windfall payments not covered by the annual appropriations. To remedy this situation, the 1981 amendments to the Railroad Retirement Act specified that, when the amount of general revenues appropriated was insufficient to pay full windfall entitlement, there would be a proportionate reduction in each beneficiary's windfall payment.

OBJECTIVES, SCOPE, AND METHODOLOGY

To answer your questions about windfall payments received by beneficiaries, we obtained and analyzed payment data from the Board's records on the 1 million beneficiaries receiving railroad retirement benefits. We categorized the approximately 383,000 beneficiaries receiving windfall payments in December 1981 into about 292,000 family units. We used "family units" because often there were multiple beneficiaries in a given household and we were interested in determining the total benefits they received--railroad retirement and social security--so that the benefits could be used as an indicator of a family's need.

For our detailed analyses, we selected the three largest family unit categories--retired employees, retired employees and spouses (couples), and sole survivors. These categories comprised more than 288,000 family units or 99 percent of all family units receiving windfall benefits in December 1981.

To obtain an insight into the importance of windfall to these categories of beneficiaries, we performed several analyses for various economic subcategories of beneficiaries--those whose benefits from railroad retirement and social security are (1) below the poverty level, (2) between the poverty level and the average social security benefit, (3) between the average social security benefit and average railroad retirement pension, and (4) above the average railroad retirement pension.

To measure the impact of windfall cuts necessitated by different appropriation levels, we calculated the number of family units whose benefits might fall below each of our three selected benefit cutoff points--the poverty level, the social security average benefit, and the railroad retirement average pension--at each of five possible appropriation levels. As agreed with the Subcommittee, the appropriation levels used were:

- \$440 million (estimated fiscal year 1982 full windfall entitlement).
- \$395 million (appropriation before administration's cutback).
- \$379 million (actual fiscal year 1982 appropriation). 1/
- \$350 million (Office of Management and Budget's proposed appropriation).
- No windfall appropriation.

For each appropriation level, we estimated the maximum amount of funding that would be required to insure that (1) the benefits of additional numbers of family units did not fall below our selected

1/It should be noted that payments being made during December 1981 equated to an annual windfall outlay of \$374 million, or \$5 million less than the \$379 million appropriated by the Congress. The Board told us that this slightly higher cutback rate was necessary to provide a "cushion reserve." In commenting on a draft of this report (see enc. I), the Board said it is now projecting actual windfall payments of between \$378 million and \$379 million.

benefit cutoff points and (2) those whose benefits were already below did not incur any reductions in their windfall benefits.

In our calculations of the number of family units whose benefits may have fallen below a given norm (such as the poverty level), we used the Board's recorded railroad retirement and social security benefits. Each family unit's income from other sources, if any, is not recorded by the Board and thus was not included in our totals. We had indications, however, that about 17,500 family units (or about 6 percent of all families receiving windfall) had additional sources of income, such as Veterans Administration's benefits or private railroad pensions. This would tend to overestimate the number of family units whose benefits have fallen below the poverty level.

We also made calculations of the impact of windfall reductions on categories of family units (e.g., retired employees, couples, and sole survivors); age groups (less than 60 years old, 60 to 61 years old, etc.); and total income ranges (generally in \$50 increments).

Finally, we performed an analysis of the relationship of windfall payments to above average railroad retirement pensions and developed a list of possible alternatives to the present legislatively mandated flat percentage across-the-board approach to reductions in windfall.

Our review was performed in accordance with the Comptroller General's current "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."

WHAT WOULD BE THE EFFECT OF VARIOUS WINDFALL APPROPRIATION LEVELS ON BENEFICIARIES' TOTAL BENEFITS AND WHICH BENEFICIARY GROUPS WOULD BE MOST SEVERELY AFFECTED BY ACROSS-THE-BOARD WINDFALL REDUCTIONS?

Our review showed that, although windfall makes up a larger share of total income for families whose total benefits are below the poverty level, the overwhelming portion of windfall funds goes to family units in the upper benefit ranges. The oldest age groups are most affected by cuts in windfall, and couples fare much better than retired employees or sole survivors.

Except for totally eliminating windfall funding, reductions in appropriations do not appear to result in substantial additional numbers of families falling below our selected benefit cutoff points. Relatively nominal funding would be required to protect certain family units in the lower benefit ranges from incurring reductions in benefits because of cuts in windfall.

Our analyses of beneficiaries' dependence on the full \$440 million windfall entitlement showed that:

- More than 95 percent of the family units would have total benefits above the average social security benefit and receive more than 97 percent of the windfall entitlement.
- Almost 80 percent (or about 230,000) of the family units would have total benefits above the average railroad retirement pension 1/ and receive more than 80 percent of the windfall entitlement.
- A small proportion (3.4 percent) of all family units had total benefits below the poverty level at the current appropriation level. A relatively minimal amount (\$923,000) would be needed to restore losses in total benefits which occurred because of cuts in their windfall.
- Total monthly benefits to retirees entitled to windfall ranged from less than \$200 a month (135 family units receiving) to more than \$1,200 a month (68,021 family units receiving).
- The amount of monthly windfall ranged from less than \$10 (6,737 family units receiving) to more than \$400 (419 family units receiving).
- Windfall entitlement represents a greater portion of total benefits for retired employees (16.9 percent) as compared to sole survivors (8.6 percent).
- Sole survivors are economically vulnerable to windfall cuts because of their low average monthly benefits (\$548) as compared to couples (\$1,178).
- Persons over 85 years old are more prone to drop below our selected benefit cutoff points because of windfall cuts.
- Couples fare better than retired employees or sole survivors in each analysis we performed.

1/The average railroad pension includes only railroad retirement and excludes social security income. The large percentage of windfall family units exceeding this average is due to their income from entitlement to social security benefits as well as railroad retirement benefits.

Dependence on windfall of our four economic subcategories is presented in enclosure II.

Relation of available appropriations to economic levels

In general, for the five appropriation levels we used, as the appropriations for windfall are decreased, the additional number of family units falling below one of our selected benefit cutoff points does not significantly increase unless all windfall is eliminated, as the following charts show.

<u>Windfall appropriations</u>	<u>Number of families with benefits below (note a)</u>		
	<u>Poverty level</u>	<u>Average social security benefit</u>	<u>Average railroad retirement pension</u>
(millions)			
\$440	8,657	12,966	59,195
395	9,409	14,145	63,552
379	9,794	14,712	65,676
350	10,227	15,369	68,257
0	19,782	30,894	111,191

a/Number of families below each level is overstated because it is based on social security and railroad retirement benefits only and not on other sources of income.

<u>Windfall appropriations</u>	<u>Percent of families with benefits below</u>		
	<u>Poverty level</u>	<u>Average social security benefit</u>	<u>Average railroad retirement pension</u>
(millions)			
\$440	3.0	4.5	20.5
395	3.3	4.9	22.0
379	3.4	5.1	22.7
350	3.5	5.3	23.6
0	6.8	10.7	38.5

Windfall reductions affect family units in the lower benefit levels by dropping a family unit below a selected benefit cutoff point or reducing total benefits available to those already below that point. To restore the full amount to those with benefits below our selected benefit cutoff levels, the following approximate amounts of windfall would have to be restored through appropriation or some alternative form of reallocation from those above a given benefit level. (See p. 10 for alternatives.)

Windfall appropriations (millions)	Amount needed to restore full windfall to those with benefits below		
	Poverty level	Average social security benefit	Average railroad retirement pension
\$440	-	-	-
395	\$ 595,000	\$ 1,235,000	\$ 7,605,000
379	923,000	1,909,000	11,648,000
350	1,344,000	2,759,000	16,706,000
0	16,516,000	34,228,000	156,208,000

As shown, a relatively small amount would have been needed to stop the across-the-board reduction in the fiscal year 1982 appropriation from affecting family units whose benefits are below our selected cutoff points. A total of \$923,000 or an amount equivalent to less than 0.3 percent of the total 1982 appropriation would have been needed to restore full windfall benefits to family units whose total benefits were below the poverty level. A total of \$16,516,000 would have been required to restore full windfall benefits to the 19,782 family units whose total benefits would have been below the poverty level if there had been no windfall funds appropriated.

Impact of windfall cuts
on specific beneficiary groups

The benefits of individual employees and sole survivors proportionately fell more frequently below the poverty level at the various cutback levels--more than 8 times the rate of couples. Only about 1 percent of the couples collecting windfall--who represent about 53 percent of all windfall beneficiaries--had total benefits below the poverty level if all windfall were eliminated. The following charts illustrate the number of family units and the proportionate percentage with benefits below the poverty level for each of the three categories at three funding levels. ^{1/} (See enc. III for data on families below the average social security benefit and railroad retirement pension.)

^{1/}We used three funding levels in the following charts--full, current, and none--since these levels are sufficient to demonstrate the proportionate impact on family units.

<u>Category</u>	<u>Total number of family units</u>	<u>Number of family units with benefits below poverty level</u>		
		<u>\$440 million</u>	<u>\$379 million</u>	<u>\$0</u>
Employees	79,483	3,980	4,737	10,903
Couples	152,256	558	674	2,176
Sole survivors	<u>57,175</u>	<u>4,119</u>	<u>4,383</u>	<u>6,703</u>
Total	<u>288,914</u>	<u>8,657</u>	<u>9,794</u>	<u>19,782</u>

<u>Category</u>	<u>Total number of family units</u>	<u>Percent of family units with benefits below poverty level</u>		
		<u>\$440 million</u>	<u>\$379 million</u>	<u>\$0</u>
Employees	79,483	5.0	6.0	13.7
Couples	152,256	0.4	0.4	1.4
Sole survivors	<u>57,175</u>	7.2	7.7	11.7
Total	<u>288,914</u>	3.0	3.4	6.8

As to the impact by age groups, a proportionately higher number of family units from the oldest of the annuitants are affected at all benefit levels. For example, the following chart shows the percentage of families with benefits below the poverty level at any of three possible windfall levels. (See enc. IV for families with benefits below the average social security and railroad retirement pensions.)

<u>Age group</u>	<u>Total number of families</u>	<u>Percent of family units with benefits below poverty level</u>		
		<u>\$440 million</u>	<u>\$379 million</u>	<u>\$0</u>
Below 60	2,216	2.4	3.0	12.2
60-61	1,188	3.6	3.9	12.0
62-64	18,159	1.1	1.4	3.9
65-69	60,157	1.2	1.5	3.6
70-74	71,437	2.6	3.0	6.0
75-79	64,277	3.2	3.6	7.2
80-84	43,515	3.8	4.2	8.4
85-89	20,621	5.8	6.4	11.7
Over 90	<u>7,344</u>	11.6	12.8	21.2
Total	<u>288,914</u>	3.0	3.4	6.8

Proportion of above average railroad
retirement pensions consisting of windfall

Of the 288,914 family units in our detailed analyses, we found that 229,717 (or about 80 percent) had benefits that exceeded the average railroad retirement pension. Of these families, windfall was less than 5 percent of total benefits for 13,863. Windfall represents more than 25 percent of total entitlement for 6,665 of the 229,717 families. As the following chart shows, elimination of windfall for those for whom it represents a small portion of total benefits (e.g., below 5 percent) would most severely affect the sole survivors. Eliminating or capping windfall for those for whom it represents a larger percentage of total benefits would most affect single retirees and couples.

Percent of windfall to total benefits	Number of families with benefits above average railroad retirement pension			
	<u>Employees</u>	<u>Couples</u>	<u>Sole survivors</u>	<u>Total families</u>
Less than 1	3	3	2,705	2,711
1-4.99	27	391	10,734	11,152
5-9.99	1,281	41,651	17,360	60,292
10-14.99	22,401	39,576	15,743	77,720
15-19.99	17,773	31,324	2,998	52,095
20-24.99	7,617	10,806	659	19,082
25-29.99	3,190	1,794	137	5,121
30-34.99	1,185	213	19	1,417
35-39.99	74	12	1	87
40-44.99	14	5	1	20
45 and up	11	8	1	20
Total	<u>53,576</u>	<u>125,783</u>	<u>50,358</u>	<u>229,717</u>

Percent of windfall to total benefits	Percent of families with benefits above average railroad retirement pension			
	<u>Employees</u>	<u>Couples</u>	<u>Sole survivors</u>	<u>Total families</u>
Less than 1	0.0	0.0	5.4	1.2
1-4.99	0.1	0.3	21.3	4.9
5-9.99	2.4	33.1	34.5	26.2
10-14.99	41.8	31.5	31.3	33.8
15-19.99	33.2	24.9	6.0	22.7
20-24.99	14.2	8.6	1.3	8.3
25-29.99	6.0	1.4	0.3	2.2
30-34.99	2.2	0.2	0.0	0.6
35-39.99	0.1	0.0	0.0	0.0
40-41.99	0.0	0.0	0.0	0.0
45 and up	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	<u>100.0</u>	<u>100.0</u>	<u>a/100.0</u>	<u>a/100.0</u>

a/Totals do not equal 100 percent due to rounding.

ALTERNATIVE APPROACHES TO
PRESENT ACROSS-THE-BOARD REDUCTIONS
TO PROTECT THOSE MOST IN NEED

Several approaches could be used to reduce or eliminate windfall and still attempt to protect those most in "need." Three basic alternatives involve (1) eliminating the windfall for all but the most needy, (2) reducing the windfall for family units whose benefits are above a certain cutoff point, and (3) eliminating windfall for specific beneficiary groups. Any alternative to the present flat percentage across-the-board reductions would necessitate legislative action.

Eliminate windfall

One approach could be to eliminate the windfall entirely for all beneficiaries except those family units whose benefits are below a given cutoff point. Had this approach been followed in fiscal year 1982, about \$16,516,000 in general revenue funds would have been needed to provide full windfall benefits to family units whose benefits would otherwise be below the poverty level.

Reduce windfall for family units
above a certain benefit level

Another alternative that would protect those most in need would be to reduce the appropriations for windfall but allow family units whose benefits are below a given cutoff point to retain their entire windfall entitlement. In order to make up for retaining the

windfall benefits of those at the lower benefit level while reducing the appropriation, the reduction in windfall benefits to family units above the designated level would have to be greater than if a flat percentage across-the-board reduction were made. Some of the variations on this alternative for the present appropriation level follow.

1. Assuming the most needy are those whose benefit amounts are below the poverty level, retain their full windfall entitlement (\$923,000) and then do one of the following:
 - a. Apply a higher across-the-board reduction to all family units with benefits above the poverty level. (This would provide uniform treatment of all those with benefits above the poverty level.)
 - b. Apply a still higher across-the-board reduction to all family units whose benefits are above the average railroad retirement pension. (This group receives higher benefits than most beneficiaries and receives more than 80 percent of all windfall.)
 - c. Begin eliminating all windfall for those in the highest benefit ranges (e.g., \$1,200 per month) and progress to the next lower benefit range until the amount needed for the poverty level group is reallocated. (This would affect windfall benefits of those receiving the highest railroad retirement benefits.)
 - d. Begin eliminating all windfall for those whose benefits are above the average railroad pension and whose windfall represents a nominal portion of their total benefit (perhaps less than 5 percent) until enough has been recouped for restoration of full windfall to those with benefits below the poverty level. (This would impose windfall cuts on family units with above-average income and yet impose only minimal economic impact since the windfall cut would represent only a small percentage of their total benefit.)
2. Assuming the most needy are represented by those below the average social security benefit, retain their entire windfall entitlement (\$1,909,000) and use variations mentioned in 1.
3. Assuming the most needy are represented by those below the average railroad retirement pension, retain the entire windfall entitlement (\$11,648,000) and use variations mentioned in 1.

Eliminate windfall for
specific beneficiary groups

Another alternative to reducing total windfall appropriations would be to ignore the benefit level of family units and merely eliminate the windfall benefit for specific groups. The windfall needed for the remaining family units not affected would dictate the appropriation level needed to fund benefits. Variations of this alternative could include eliminating windfall for the following:

1. All who have not started to receive windfall as of a specific date--because they have not become dependent on windfall.
2. All who have come on the rolls since 1975 but retain the pre-1975 dual beneficiaries--because they were on the rolls when the law was changed to begin phasing out windfall benefits.
3. Current spouses' windfall amounts--because they are getting a benefit with no contribution to the program.
4. All who have received benefits for more than 2 or 3 years--because they have recovered all they contributed to the program.
5. All with less than 11, 12, 13, 14, or 15 years of railroad service--because they qualified with minimum service.

It should be noted that any of the above alternatives which restore full windfall benefits to those whose benefits were pushed below a designated cutoff point, such as the poverty level, could result in some receiving higher total benefits than those who were above that point but no longer entitled to windfall. To prevent this, windfall restoration for those below a designated cutoff point could be limited so that total benefits do not exceed that point. Limiting windfall in this manner would require appropriated amounts less than those listed on page 7.

AGENCY COMMENTS AND GAO REPLY

In commenting on a draft of this report, the Board said it had no reason to dispute the data presented. It did object to the use of the average social security benefit and average railroad retirement pension in the analyses and alternatives presented in the report. The Board was concerned that most of the alternatives would reduce windfall benefits for family units presently having

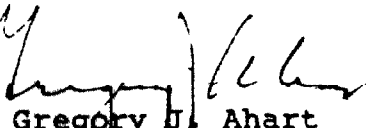
high total benefits in favor of those having low benefits and said that the alternatives would generate more complaints from beneficiaries than the present cutback scheme. The Board stated that adopting any of the alternatives in the report would present serious administrative complications to the railroad retirement program.

We would like to emphasize that the benefit level cutoff points and alternatives we have included in our report are not recommendations but are included only to illustrate that there are alternatives to the across-the-board reductions in windfall payments. They are not meant to represent an all-inclusive list of all the possible policy options that might be available. There are other alternatives, some of which we considered; however, time constraints did not permit us to illustrate the possible impact of implementing them. In the final analysis, any alternative to the across-the-board reduction in windfall payments is a policy matter for determination by the Congress, considering such matters as equity, financial impact on specific groups of beneficiaries, and administrative problems to the Board.

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As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,



Gregory J. Ahart
Director

Enclosures - 5



UNITED STATES OF AMERICA
RAILROAD RETIREMENT BOARD
844 RUSH STREET
CHICAGO, ILLINOIS 60611

BOARD MEMBERS:
WILLIAM P. ADAMS
C.J. CHAMBERLAIN
EARL OLIVER

July 8, 1982

Mr. Peter F. McGough
Associate Director
Human Resources Division
U.S. General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. McGough:

We have reviewed the draft of your proposed report entitled "Relationship of Dual Benefit Windfall Payments to Total Railroad Retirement Benefits." Since GAO developed the various figures appearing in the draft, we can't comment on their accuracy. However, there are no obvious errors apparent to us.

GAO has complied with the Senate subcommittee's request for information. Although it has presented alternatives for how windfall benefits might be distributed if they are not fully funded, GAO clearly makes no recommendations and reaches no conclusions. However, governmental bodies may use the GAO report as a basis for proposing future legislation regarding payment of windfall benefits. For this reason, the Board thinks it is important that its views on the alternatives presented in the report be heard.

Using either a social security average benefit or a railroad retirement average benefit as a criterion for determining the distribution of windfall benefits does not appear to have any logical basis. Using the poverty level as a cut-off point could have some merit, but not when "other income" is ignored. (In addition to the other sources of income recognized in the report draft, there could be substantial retired employee or spouse earned or investment income.) Also, a mechanism already exists--the SSI program--for handling below poverty level situations.

Most of the alternatives mentioned are aimed at reducing windfall benefits to family units at higher benefit levels in order to increase windfall benefits to those at lower levels. This is contrary to the line of reasoning that pension benefits, by being based on pre-retirement earned income, should allow beneficiaries to maintain their relative standards of living.

Most important, all of the alternatives related to the poverty level or cut-off points would seriously impair the administration of the railroad retirement program. In addition to being more complicated initially than the current across-the-board cutback, maintenance of any of the alternatives would bring further complications. Cut-off points would change; tier I and/or tier II benefit levels for existing beneficiaries would change; beneficiary status could change, such as from spouse to survivor. Any of these changes could have a significant resultant effect on the treatment of windfall benefits.

From a public relations standpoint, the rationale for the alternatives could not be easily explained to windfall beneficiaries. We believe that, on an overall basis, the alternatives would be less acceptable and result in more complaints than the current across-the-board cutback scheme.

We believe the footnote on page 3 of the final report is misleading and should be deleted. Although \$379 million is more than 85% of \$440 million, \$440 million is only an estimate of the cost to fully fund windfall benefits. The true cost would not be known until benefits for the entire fiscal year 1982 have been paid. It is for this reason that windfall benefits were cut back 15% instead of the slightly smaller percentage dictated by the ratio of 379 to 440. The facts are, with less than 3 months of benefits remaining to be paid in fiscal year 1982, that windfall benefits at the 15% cutback level now project to between \$378 million and \$379 million.

We appreciate the opportunity to comment on the draft report.

Very truly yours,

Beatrice Ezerski

FOR THE BOARD
Beatrice Ezerski

EMPLOYEE MONTHLY AVERAGES
BY ECONOMIC SUBCATEGORY
AT FIVE APPROPRIATION LEVELS

Economic Subcategory (See Below)	Average Monthly Total Benefit				
	\$440	\$395	\$379	\$350	\$0
	Million	Million	Million	Million	
\$ 0 - \$362.50	\$312.71	\$311.70	\$310.92	\$310.03	\$295.45
362.51 - 376.00	366.21	365.05	364.97	364.98	365.35
376.01 - 557.81	480.81	480.98	480.87	480.70	469.37
557.82 and above	772.37	766.70	764.25	761.72	739.06
Total	\$667.64	\$656.09	\$650.65	\$644.55	\$554.76

Economic Subcategory (See Below)	Average Monthly Windfall Benefit				
	\$440	\$395	\$379	\$350	\$0
	Million	Million	Million	Million	
\$ 0 - \$362.50	\$ 70.21	\$ 64.17	\$ 61.22	\$ 57.95	\$0
362.51 - 376.00	73.62	67.05	63.72	60.12	0
376.01 - 557.81	88.68	81.32	77.74	73.65	0
557.82 and above	126.20	113.79	107.91	101.62	0
Total	\$112.88	\$101.33	\$ 95.89	\$ 89.79	\$0

Economic Subcategory (See Below)	Average Monthly Windfall Cut				
	\$440	\$395	\$379	\$350	\$0
	Million	Million	Million	Million	
\$ 0 - \$362.50	\$0	\$ 7.31	\$10.81	\$14.90	\$ 83.51
362.51 - 376.00	0	7.64	11.25	15.46	88.54
376.01 - 557.81	0	9.26	13.72	18.94	109.26
557.82 and above	0	12.96	19.04	26.04	127.61
Total	\$0	\$11.54	\$16.92	\$23.09	\$112.88

Economic Subcategory (See Below)	Percentage Windfall Is of Monthly Total Benefit				
	\$440	\$395	\$379	\$350	\$0
	Million	Million	Million	Million	
\$ 0 - \$362.50	22.5	20.6	19.7	18.7	0
362.51 - 376.00	20.1	18.4	17.5	16.5	0
376.01 - 557.81	18.4	16.9	16.2	15.3	0
557.82 and above	16.3	14.8	14.1	13.3	0
Total	16.9	15.4	14.7	13.9	0

Note:

\$0 - \$362.50 (Below poverty level)
 \$362.51-\$376.00 (Poverty level to average social security benefit)
 \$376.01-\$557.81 (Average social security benefit to average railroad retirement pension)
 \$557.82 and above (Above average railroad retirement pension)

COUPLE MONTHLY AVERAGES
BY ECONOMIC SUBCATEGORY
AT FIVE APPROPRIATION LEVELS

Economic Subcategory (See Below)			Average Monthly Total Benefit				
			\$440 Million	\$395 Million	\$379 Million	\$350 Million	\$0
\$ 0	-	\$455.83	\$ 395.72	\$ 394.51	\$ 394.97	\$ 395.74	\$ 388.50
455.84	-	642.00	573.68	572.67	572.17	571.22	569.78
642.01	-	888.93	794.01	793.55	793.24	792.71	778.98
888.94	and	above	1,268.37	1,258.16	1,253.56	\$1,248.32	\$1,184.15
Total			\$1,178.30	\$1,162.22	\$1,154.76	\$1,146.17	\$1,021.24

			Average Monthly Windfall Benefit				
			\$440 Million	\$395 Million	\$379 Million	\$350 Million	\$0
\$ 0	-	\$455.83	\$ 82.99	\$ 76.58	\$ 73.24	\$ 70.06	\$0
455.84	-	642.00	101.32	92.85	88.99	84.04	0
642.01	-	888.93	127.33	116.75	111.55	105.57	0
888.94	and	above	164.38	147.71	139.96	131.00	0
Total			\$157.05	\$140.98	\$133.52	\$124.93	\$0

			Average Monthly Windfall Cut				
			\$440 Million	\$395 Million	\$379 Million	\$350 Million	\$0
\$ 0	-	\$455.83	\$0	\$ 8.72	\$12.92	\$18.02	\$108.87
455.84	-	642.00	0	10.58	15.70	21.61	128.75
642.01	-	888.93	0	13.30	19.69	27.15	152.80
888.94	and	above	0	16.83	24.70	33.68	162.94
Total			\$0	\$16.06	\$23.56	\$32.12	\$157.05

			Percentage Windfall Is of Monthly Total Benefit				
			\$440 Million	\$395 Million	\$379 Million	\$350 Million	\$0
\$ 0	-	\$455.83	21.0	19.4	18.5	17.7	0
455.84	-	642.00	17.7	16.2	15.6	14.7	0
642.01	-	888.93	16.0	14.7	14.1	13.3	0
888.94	and	above	13.0	11.7	11.2	10.5	0
Total			13.3	12.1	11.6	10.9	0

Note:

\$0 - \$455.83 (Below poverty level)
 \$455.84 - \$642.00 (Poverty level to average social security benefit)
 \$642.01 - \$888.93 (Average social security benefit to average railroad retirement pension)
 \$888.94 and above (Above average railroad retirement pension)

SOLE SURVIVOR MONTHLY AVERAGES
BY ECONOMIC SUBCATEGORY AT
FIVE APPROPRIATION LEVELS

Economic Subcategory (See Below)			Average Monthly Total Benefit				
			\$440 Million	\$395 Million	\$379 Million	\$350 Million	\$0
\$ 0	-	\$349.00	\$304.74	\$303.92	\$303.64	\$303.63	\$299.82
349.01	-	362.50	362.10	361.80	361.61	361.63	361.55
362.51	-	399.93	381.57	381.35	381.25	381.28	380.82
399.94	and	above	575.93	571.95	569.92	567.94	539.41
Total			\$548.08	\$543.25	\$540.89	\$538.42	\$500.89

Economic Subcategory (See Below)			Average Monthly Windfall Benefit				
			\$440 Million	\$395 Million	\$379 Million	\$350 Million	\$0
\$ 0	-	\$349.00	\$23.88	\$21.92	\$20.95	\$20.08	0
349.01	-	362.50	29.70	27.50	26.64	25.13	0
362.51	-	399.93	31.85	29.48	28.08	26.65	0
399.94	and	above	49.82	44.74	42.25	39.67	0
Total			\$47.19	\$42.35	\$39.99	\$37.53	\$0

Economic Subcategory (See Below)			Average Monthly Windfall Cut				
			\$440 Million	\$395 Million	\$374 Million	\$350 Million	\$0
\$ 0	-	\$349.00	\$0	\$2.50	\$3.70	\$ 5.16	33.00
349.01	-	362.50	0	3.13	4.70	6.46	39.17
362.51	-	399.93	0	3.36	4.95	6.85	40.14
399.94	and	above	0	5.10	7.46	10.20	49.72
Total			\$0	\$4.83	\$7.06	\$ 9.65	\$47.19

Economic Subcategory (See Below)			Percentage Windfall Is of Monthly Total Benefit				
			\$440 Million	\$395 Million	\$379 Million	\$350 Million	\$0
\$ 0	-	\$349.00	7.8	7.2	6.9	6.6	0
349.01	-	362.50	8.2	7.6	7.4	6.9	0
362.51	-	399.93	8.3	7.7	7.4	7.0	0
399.94	and	above	8.7	7.8	7.4	7.0	0
Total			8.6	7.8	7.4	7.0	0

Note:

\$0 - \$349.00 (Below average social security benefit)
 \$349.01-\$362.50 (Average social security benefit to poverty level)
 \$362.51-\$399.93 (Poverty level to average railroad retirement pension)
 \$399.94 and above (Above average railroad retirement pension)

NUMBER AND PERCENT OF FAMILY UNITS WITH
BENEFITS BELOW AVERAGE SOCIAL SECURITY AND
RAILROAD RETIREMENT BY FAMILY CATEGORY

<u>Category</u>	<u>Total number of family units</u>	<u>Number of family units with benefits below average social security</u>		
		<u>\$440 Million</u>	<u>\$379 Million</u>	<u>\$0</u>
Employees	79,483	4,848	5,683	12,536
Couples	152,256	4,764	5,478	12,895
Sole survivors	<u>57,175</u>	<u>3,354</u>	<u>3,551</u>	<u>5,463</u>
Total	<u>288,914</u>	<u>12,966</u>	<u>14,712</u>	<u>30,894</u>

<u>Category</u>	<u>Total number of family units</u>	<u>Percent of family units with benefits below average social security</u>		
		<u>\$440 Million</u>	<u>\$379 Million</u>	<u>\$0</u>
Employees	79,483	6.1	7.1	15.8
Couples	152,256	3.1	3.6	8.5
Sole survivors	<u>57,175</u>	5.9	6.2	9.6
Total	<u>288,914</u>	4.5	5.1	10.7

<u>Category</u>	<u>Total number of family units</u>	<u>Number of family units with benefits below average railroad retirement</u>		
		<u>\$440 Million</u>	<u>\$379 Million</u>	<u>\$0</u>
Employees	79,483	25,916	28,635	46,656
Couples	152,256	26,489	29,789	53,590
Sole survivors	<u>57,175</u>	<u>6,790</u>	<u>7,252</u>	<u>10,995</u>
Total	<u>288,914</u>	<u>59,195</u>	<u>65,676</u>	<u>111,191</u>

<u>Category</u>	<u>Total number of family units</u>	<u>Percent of family units with benefits below average railroad retirement</u>		
		<u>\$440 Million</u>	<u>\$379 Million</u>	<u>\$0</u>
Employees	79,483	32.6	36.0	58.7
Couples	152,256	17.4	19.6	35.2
Sole survivors	<u>57,175</u>	11.9	12.7	19.1
Total	<u>288,914</u>	20.5	22.7	38.5

PERCENT OF FAMILIES WITH BENEFITS
BELOW AVERAGE SOCIAL SECURITY AND
RAILROAD RETIREMENT BY AGE GROUP

<u>Age group</u>	<u>Total number of families</u>	<u>Percent of families with benefits below average social security</u>		
		<u>\$440 Million</u>	<u>\$379 Million</u>	<u>\$0</u>
Below 60	2,216	2.5	2.9	12.2
60-61	1,188	3.4	3.7	11.9
62-64	18,159	1.3	1.7	4.6
65-69	60,157	1.9	2.2	5.2
70-74	71,437	4.1	4.7	9.4
75-79	64,277	5.3	6.0	12.2
80-84	43,515	6.0	6.7	14.2
85-89	20,621	7.6	8.6	17.9
Over 90	<u>7,344</u>	13.7	15.2	28.3
Total	<u>288,914</u>	4.5	5.1	10.7

<u>Age group</u>	<u>Total number of families</u>	<u>Percent of families with benefits below average railroad retirement</u>		
		<u>\$440 Million</u>	<u>\$379 Million</u>	<u>\$0</u>
Below 60	2,216	22.2	26.3	57.7
60-61	1,188	22.4	26.0	52.5
62-64	18,159	8.8	10.0	19.4
65-69	60,157	9.9	11.0	19.5
70-74	71,437	18.1	19.9	32.1
75-79	64,277	22.6	24.9	41.8
80-84	43,515	28.1	31.5	56.3
85-89	20,621	36.5	41.0	68.0
Over 90	<u>7,344</u>	50.2	54.9	77.4
Total	<u>288,914</u>	20.5	22.7	38.5

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NUMBER OF FAMILY UNITS RECEIVING WINDFALL
AND THE AVERAGE PERCENT OF WINDFALL
BY AGE GROUPS

Age groups	Employees		Couples		Sole survivors	
	Number	Average percent of windfall	Number	Average percent of windfall	Number	Average percent of windfall
Below 60	1,800	18.6	0	-	416	20.0
60-61	828	18.7	47	10.3	313	14.5
62-64	8,868	15.7	7,463	12.0	1,828	11.8
65-69	16,833	15.3	34,680	12.8	8,644	10.2
70-74	16,320	15.7	41,223	12.7	13,894	8.5
75-79	14,939	17.8	35,865	13.5	13,473	8.0
80-84	11,395	19.4	22,117	15.0	10,003	7.5
85-90	5,887	20.2	8,575	15.9	6,159	7.6
over 90	<u>2,613</u>	20.5	<u>2,286</u>	16.3	<u>2,445</u>	8.2
Total	<u>79,483</u>	16.9	<u>152,256</u>	13.4	<u>57,175</u>	8.6