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 2010 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

Between 1955 and 2010, the average annual rate of decline was 3.1 percent. Since 2010, average employment has instead had an increasing period with rates of decline as follows:

Year	Average employment for year	Annual rate of decline from previous year
2011	229,000	-3.6%
2012	234,000	-2.2%
2013	237,000	-1.3%
2014	242,000	-2.1%
2015	246,000	-1.7%

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 26th actuarial valuation, which served as the 2015 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 46,000, 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 35,000 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 projected average employment for 2015, based on the three employment assumptions used in the 2015 report, ranged from 234,000 to 241,000. The actual average employment for 2015 was 246,000 (subject to later adjustment), which was above the range of projected amounts. Average passenger employment for calendar year 2015 was estimated to be 46,000.

During calendar year 2015, employment peaked at an estimated 252,000 in April 2015 and then declined. The decline continued into 2016 reaching an estimated 225,000 in April 2016 which is the latest data available as of this writing. Based on this result, it was decided to use average employment of 230,000 as a starting point in this year's report so as to better target current employment levels and to continue the use of the rates of decline used in the 26th valuation. In this year's report, for employment assumptions I and II, passenger employment is assumed to remain level at 46,000. For employment assumption III, passenger employment is assumed to decline by 500 per year until a level of 35,000 is reached and then remain level.

With the exception of the economic and employment assumptions shown in Table 1, the assumptions used in this report correspond to those published in the Twenty-Sixth Actuarial Valuation of the Assets and Liabilities Under the Railroad Retirement Acts as of December 31, 2013 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 2016-2040. 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]

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.

[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. 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 initially but then increases through the remainder of 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 remains relatively level, declining through 2022 and then generally growing through the end of the projection period. The combined employer and employee tier 2 tax rate increases to 19% in 2035-2040.

Under employment assumption III (Table 2-III), the combined NRRIT and RRA balance declines through the end of the projection period. The combined employer and employee tier 2 tax rate increases to 27% in 2038. 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 0.98.

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.

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 2015 Report

The projected tier 2 tax rates for each calendar year are either the same or higher than in last year's report. The projected combined account balances are lower at the end of each year.

The unfavorable comparison with last year was due to overall unfavorable economic and employment experience, with the largest impacts resulting from declining employment and actual investment return of approximately 0.2% falling below the expected investment return of 7.0% in calendar year 2015.

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) I	II	III	Percentage increase over prior year: Earnings	Cost of living	Investment return
2015	230	230	230	2.5%	1.7%	0.2%
2016	229	226	223	3.7	0.0	7.0
2017	228	223	216	3.7	0.5	7.0
2018	227	219	210	3.7	1.6	7.0
2019	226	216	204	3.7	2.7	7.0
2020	225	212	197	3.7	2.7	7.0
2021	225	209	192	3.7	2.7	7.0
2022	224	206	186	3.7	2.7	7.0
2023	223	203	180	3.7	2.7	7.0
2024	222	199	175	3.7	2.7	7.0
2025	221	196	170	3.7	2.7	7.0
2026	220	193	165	3.7	2.7	7.0
2027	219	190	160	3.7	2.7	7.0
2028	218	188	155	3.7	2.7	7.0
2029	218	185	151	3.7	2.7	7.0
2030	217	182	146	3.7	2.7	7.0
2031	216	179	142	3.7	2.7	7.0
2032	215	177	138	3.7	2.7	7.0
2033	214	174	134	3.7	2.7	7.0
2034	213	171	130	3.7	2.7	7.0
2035	212	169	126	3.7	2.7	7.0
2036	212	166	123	3.7	2.7	7.0
2037	211	164	119	3.7	2.7	7.0
2038	210	162	116	3.7	2.7	7.0
2039	209	159	113	3.7	2.7	7.0
2040	208	157	111	3.7	2.7	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
2016	4.68	5.80	18.0%	$5,471	$3,628	$1,857	$25,279	$7,138	$3,318	$3,857	$888	$26,167
2017	4.58	5.50	18.0%	5,565	3,755	1,702	25,171	7,233	3,443	3,583	681	25,852
2018	4.49	5.10	18.0%	5,653	3,881	1,696	25,095	7,396	3,571	3,941	796	25,891
2019	4.41	5.00	18.0%	5,744	4,008	1,692	25,051	7,636	3,706	4,057	923	25,974
2020	4.37	4.90	18.0%	5,820	4,141	1,772	25,144	7,872	3,848	4,081	980	26,124
2021	4.33	4.80	18.0%	5,884	4,277	1,701	25,238	8,096	3,995	4,063	941	26,179
2022	4.33	4.70	18.0%	5,935	4,419	1,762	25,484	8,306	4,148	4,250	1,034	26,518
2023	4.36	4.70	18.0%	5,987	4,564	1,858	25,919	8,502	4,305	4,222	1,058	26,977
2024	4.41	4.60	18.0%	6,047	4,713	1,897	26,482	8,688	4,464	4,247	1,081	27,563
2025	4.45	4.50	18.0%	6,113	4,862	1,830	27,061	8,873	4,624	4,271	1,104	28,165
2026	4.53	4.50	18.0%	6,183	5,017	1,990	27,884	9,061	4,790	4,295	1,127	29,011
2027	4.63	4.50	18.0%	6,260	5,175	2,054	28,854	9,254	4,944	4,334	1,151	30,005
2028	4.74	4.50	18.0%	6,352	5,337	2,127	29,966	9,450	5,100	4,374	1,175	31,141
2029	4.85	4.50	18.0%	6,464	5,503	2,210	31,216	9,652	5,259	4,418	1,200	32,416
2030	4.97	4.50	18.0%	6,589	5,675	2,302	32,604	9,862	5,421	4,466	1,226	33,830
2031	5.09	4.60	18.0%	6,722	5,851	2,365	34,097	10,085	5,588	4,525	1,254	35,351
2032	5.23	4.70	18.0%	6,852	6,032	2,512	35,789	10,326	5,762	4,594	1,284	37,073
2033	5.41	4.80	18.0%	6,972	6,221	2,636	37,674	10,582	5,945	4,669	1,316	38,990
2034	5.59	4.90	18.0%	7,113	6,416	2,774	39,751	10,843	6,133	4,743	1,348	41,099
2035	5.77	5.00	18.0%	7,290	6,617	2,925	42,002	11,106	6,323	4,815	1,381	43,383
2036	5.95	5.10	18.0%	7,476	6,824	3,080	44,431	11,385	6,521	4,898	1,415	45,846
2037	6.13	5.30	18.0%	7,673	7,039	3,260	47,056	11,681	6,726	4,992	1,452	48,508
2038	6.32	5.40	18.0%	7,889	7,261	3,449	49,876	11,982	6,938	5,080	1,489	51,365
2039	6.53	5.60	18.0%	8,107	7,494	3,651	52,914	12,294	7,161	5,172	1,528	54,442
2040	6.75	5.70	18.0%	8,321	7,737	3,868	56,198	12,625	7,397	5,269	1,569	57,767

[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)

				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
2016	4.68	5.80	18.0%	$5,471	$3,607	$1,856	$25,258	$7,138	$3,300	$3,875	$888	$26,146
2017	4.57	5.50	18.0%	5,565	3,695	1,699	25,086	7,233	3,391	3,635	681	25,767
2018	4.46	5.10	18.0%	5,653	3,782	1,687	24,901	7,396	3,484	4,028	796	25,697
2019	4.36	5.00	18.0%	5,743	3,868	1,674	24,700	7,636	3,582	4,181	922	25,622
2020	4.28	4.90	18.0%	5,819	3,957	1,740	24,578	7,872	3,684	4,245	980	25,558
2021	4.20	4.80	18.0%	5,882	4,046	1,653	24,395	8,096	3,788	4,269	941	25,336
2022	4.14	4.70	18.0%	5,933	4,138	1,692	24,292	8,305	3,896	4,501	1,033	25,325
2023	4.11	4.60	18.0%	5,983	4,230	1,762	24,301	8,501	4,004	4,521	1,058	25,359
2024	4.08	4.50	18.0%	6,042	4,323	1,769	24,351	8,686	4,113	4,596	1,081	25,432
2025	4.03	4.40	18.0%	6,107	4,414	1,664	24,323	8,869	4,219	4,673	1,103	25,426
2026	4.00	4.30	18.0%	6,174	4,507	1,779	24,435	9,055	4,327	4,751	1,126	25,561
2027	3.98	4.30	18.0%	6,248	4,601	1,791	24,579	9,244	4,422	4,846	1,150	25,729
2028	3.95	4.20	18.0%	6,337	4,696	1,804	24,742	9,436	4,515	4,945	1,174	25,916
2029	3.91	4.20	18.0%	6,445	4,791	1,818	24,906	9,632	4,608	5,048	1,198	26,104
2030	3.87	4.10	18.0%	6,564	4,889	1,832	25,062	9,834	4,701	5,157	1,223	26,285
2031	3.81	4.10	18.0%	6,692	4,987	1,805	25,162	10,047	4,796	5,278	1,249	26,411
2032	3.76	4.00	18.0%	6,815	5,088	1,852	25,288	10,276	4,894	5,410	1,278	26,566
2033	3.72	4.00	18.0%	6,926	5,193	1,863	25,419	10,518	4,998	5,550	1,308	26,727
2034	3.67	4.00	18.0%	7,058	5,301	1,876	25,537	10,762	5,102	5,690	1,338	26,875
2035	3.64	3.90	19.0%	7,223	5,680	1,897	25,890	11,004	5,206	5,829	1,368	27,258
2036	3.60	3.90	19.0%	7,397	5,798	1,917	26,208	11,259	5,313	5,978	1,400	27,608
2037	3.55	3.80	19.0%	7,578	5,919	1,945	26,494	11,526	5,423	6,137	1,433	27,927
2038	3.49	3.80	19.0%	7,775	6,043	1,968	26,730	11,793	5,535	6,291	1,466	28,196
2039	3.43	3.80	19.0%	7,970	6,173	1,986	26,919	12,067	5,654	6,447	1,500	28,419
2040	3.38	3.70	19.0%	8,157	6,311	2,001	27,073	12,353	5,782	6,606	1,535	28,608

[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
2016	4.67	5.80	18.0%	$5,471	$3,583	$1,855	$25,232	$7,138	$3,279	$3,896	$888	$26,120
2017	4.55	5.50	18.0%	5,565	3,626	1,694	24,987	7,233	3,330	3,696	681	25,668
2018	4.43	5.10	18.0%	5,653	3,668	1,676	24,678	7,396	3,384	4,128	796	25,474
2019	4.30	5.00	18.0%	5,743	3,708	1,652	24,295	7,636	3,440	4,322	922	25,217
2020	4.18	4.90	18.0%	5,818	3,749	1,703	23,930	7,872	3,499	4,430	980	24,910
2021	4.05	4.80	18.0%	5,880	3,788	1,598	23,435	8,096	3,557	4,500	941	24,376
2022	3.93	4.70	18.0%	5,930	3,826	1,612	22,944	8,305	3,616	4,781	1,033	23,977
2023	3.82	4.60	18.0%	5,979	3,863	1,654	22,483	8,500	3,674	4,850	1,058	23,541
2024	3.71	4.40	18.0%	6,036	3,899	1,626	21,972	8,684	3,730	4,976	1,080	23,052
2025	3.56	4.30	18.0%	6,099	3,931	1,479	21,283	8,865	3,781	5,106	1,103	22,386
2026	3.42	4.20	18.0%	6,164	3,963	1,546	20,627	9,049	3,833	5,239	1,126	21,753
2027	3.26	4.00	18.0%	6,235	3,993	1,502	19,888	9,234	3,868	5,388	1,149	21,037
2028	3.12	3.90	19.0%	6,321	4,220	1,459	19,246	9,420	3,901	5,542	1,172	20,418
2029	2.96	3.80	19.0%	6,425	4,250	1,414	18,484	9,609	3,931	5,702	1,195	19,679
2030	2.77	3.70	19.0%	6,539	4,279	1,360	17,584	9,803	3,960	5,867	1,219	18,803
2031	2.56	3.50	19.0%	6,661	4,308	1,257	16,488	10,005	3,987	6,043	1,244	17,732
2032	2.37	3.40	20.0%	6,777	4,538	1,226	15,475	10,220	4,016	6,231	1,271	16,746
2033	2.17	3.20	20.0%	6,881	4,569	1,155	14,318	10,447	4,047	6,428	1,299	15,617
2034	1.95	3.00	20.0%	7,004	4,601	1,074	12,989	10,672	4,077	6,623	1,327	14,316
2035	1.77	2.90	23.0%	7,159	5,245	1,004	12,080	10,893	4,103	6,817	1,354	13,434
2036	1.58	2.70	23.0%	7,321	5,279	933	10,971	11,122	4,130	7,020	1,382	12,353
2037	1.38	2.50	23.0%	7,487	5,319	860	9,662	11,358	4,162	7,226	1,412	11,074
2038	1.25	2.30	27.0%	7,666	6,200	799	8,994	11,589	4,198	7,420	1,440	10,434
2039	1.12	2.10	27.0%	7,843	6,263	752	8,166	11,822	4,240	7,611	1,469	9,635
2040	0.98	1.90	27.0%	8,008	6,336	694	7,188	12,061	4,290	7,800	1,499	8,687

[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)