

H. Res. 1463

In the House of Representatives, U. S.,

July 20, 2010.

Whereas the rail industry established the first formal industrial pension plan in North America on the Grand Trunk Railway in 1874;

Whereas by the late 1920s more than 80 percent of all railroad workers in the United States were employed by companies with existing pension plans, but the benefits provided by these plans were generally inadequate, liable to capricious termination, and of little assistance to disabled employees;

Whereas when the Great Depression drove the already unstable railroad pension system into a state of crisis, the railroad industry was beset by retirees who needed immediate assistance but the planned Social Security system would not cover work performed prior to 1937 and was not scheduled to begin paying benefits until 1940;

Whereas railroad workers sought a separate railroad retirement system which would continue and broaden the existing railroad programs under a uniform national plan;

Whereas, on August 29, 1935, President Franklin D. Roosevelt signed into law the Railroad Retirement Act, establishing the beginnings of a new social insurance system for the Nation's rail industry that today protects working

families against loss of income due to the retirement, disability, or death of a wage earner and assists in meeting the medical expenses of the elderly and long-term disabled;

Whereas the Railroad Retirement Act was amended numerous times between 1937 and 2002, including a major restructuring in 1974 and most recently by enactment of the Railroad Retirement and Survivors' Improvement Act of 2001, the most significant railroad retirement legislation in almost 20 years;

Whereas the benefit and financing provisions of the legislation, like those provisions of most previous railroad retirement legislation, were based on joint recommendations negotiated by a coalition of rail freight carriers and rail labor organizations;

Whereas the Act liberalized early retirement benefits for 30-year employees and their spouses, eliminated a cap on monthly retirement and disability benefits, lowered the minimum service requirement from 10 years to 5 years of service if performed after 1995, and provided increased benefits for some widows and widowers;

Whereas the Act reduced tier II tax rates on rail employers in calendar years 2002 and 2003 and beginning with 2004 provided automatic adjustments in the tier II tax rates for both employers and employees, and also repealed the supplemental annuity work-hour tax rate;

Whereas as a result of this provision, the tier II tax rate on employers has decreased from 16.1 percent in 2001 to 12.1 percent in 2010 and the tax rate on employees has decreased from 4.9 percent in 2001 to 3.9 percent in 2010;

Whereas the law also created the National Railroad Retirement Investment Trust, which manages and invests railroad retirement funds in nongovernmental assets, as well as in governmental securities;

Whereas since creation of the Trust, its assets have grown from \$20,700,000,000 in 2002 to \$25,200,000,000 as of March 31, 2010, and that amount does not include an additional \$8,900,000,000 transferred by the Trust to the Treasury to pay railroad retirement benefits during this period;

Whereas, during the past 75 years, railroad retirement benefits have been paid by the Railroad Retirement Board to more than 2,000,000 retired workers, 1,100,000 spouses, and 2,400,000 survivors;

Whereas the first retirement annuities awarded under the 1935 Railroad Retirement Act averaged \$60 a month with no monthly benefits for spouses or survivors;

Whereas today employee annuity awards average about \$2,700 a month, annuities for spouses average over \$900 a month, and annuities to aged and disabled widows and widowers just over \$1,700 a month;

Whereas in 2010, nearly 600,000 beneficiaries will receive retirement and survivor benefits and about 42,000 persons will receive unemployment and sickness benefits;

Whereas today more than 200,000 people work in railroad employment and pay railroad retirement taxes;

Whereas the rail industry and its workers continue to be an integral part of our Nation's transportation system and vital to our economy; and

Whereas the Railroad Retirement Board has designated August 29, 2010, as "Railroad Retirement Day" to cele-

brate the success and importance of the railroad retirement system to America's working families: Now, therefore, be it

Resolved, That the House of Representatives—

(1) supports the goals and ideals of Railroad Retirement Day as designated by the Railroad Retirement Board;

(2) recognizes the important contributions that the rail industry, rail workers, and retirees make to the national transportation system; and

(3) urges the people of the United States to recognize such a day as an opportunity to celebrate the importance of the railroad retirement system to America's working families.

Attest:

Clerk.