

the new Section 3(a)(1) of the Railroad Retirement Act will be \$402.90 and the schedule increase will be \$31.46, producing a total annuity of \$433.36. Under the law before the 1967 Social Security Amendments, this employee could have received only \$345.60 because earnings in excess of \$550 were not credited and the 7 per cent increase in the annuity factor did not apply to the part of the monthly compensation between \$450 and \$550. The difference between the two amounts of annuity is \$87.76. By comparison, the increase in the maximum social security benefits from the 1965 to the 1967 Social Security Act is \$50 (\$218 vs. \$168). Thus, the total railroad retirement increase is greatly in excess of 110 per cent of the total social security increase, a point which was stressed in the main body of the report.

If, however, this employee will be entitled to a supplemental annuity of, say, \$70 per month (but not to a social security benefit), his annuity under the bill would be reduced by \$19.36 (6.55 per cent of \$295.50 which is the part of the annuity based on the first \$450 of the average monthly compensation). This is almost exactly the same reduction as would have been applicable under present law since in both instances the reduction would be in an amount derived from the 7 per cent increase in the annuity factors applicable to the first \$450 of the average monthly compensation. Thus, the effective total increase in this man's annuity (from the railroad retirement law in effect immediately before the Social Security Amendments of 1967 to the law as it would be amended by H.R. 14563) would be approximately the same \$87.76 as quoted above for the case where there would be no entitlement to a supplemental annuity.

ILLUSTRATIVE EXAMPLES OF HOW H.R. 14563 WOULD INCREASE EMPLOYEE ANNUITIES UNDER THE RAILROAD RETIREMENT ACT

Item	Case 1	Case 2	Case 3	Case 4
1. Basic facts:				
(a) Average monthly compensation.....	\$290.00	\$340.00	\$355.00	\$325.00
(b) Supplemental annuity.....	None	70.00	None	70.00
(c) Social security benefit before amendments of 1967.....	None	None	100.60	91.00
(d) Social security benefit after amendments of 1967.....	None	None	113.70	102.90
2. Computations under present law:				
(a) Benefit with 7-percent increase of 1966 amendments.....	209.58	236.43	162.99	228.38
(b) Benefit without 7-percent increase of 1966 amendments.....	195.69	220.74	152.17	213.23
(c) Offset for supplemental annuity (item 2(a) minus item 2(b)).....	None	15.69	None	15.15
(d) Offset for social security benefit (6.55 percent of item 1(c))....	None	None	6.59	None
(e) Annuity payable (item 2(a) minus sum of items 2(c) and 2(d) but not less than item 2(b)).....	209.58	220.74	156.40	213.23
3. Computations under H.R. 14563:				
(a) Amount under sec. 3(a)(1) of the act.....	209.58	236.43	162.99	228.38
(b) Schedule increase under sec. 3(a)(2) of the act.....	16.17	17.82	19.47	17.82
(c) Offset for supplemental annuity (6.55 percent of item 3(a))....	None	15.49	None	14.96
(d) Offset for social security benefit (17.3 percent of item 1(d) if no supplemental annuity or 11.5 percent of item 1(d) if there is a supplemental annuity).....	None	None	19.67	11.83
(e) Addition to benefit under sec. 3(a)(1) of the act before application of minimum (item 3(b) minus sum of items 3(c) and 3(d)).....	16.17	2.33	0	0
(f) Offset against minimum (3(c) if there is a supplemental annuity or 5.8 percent of item 1(d) if no supplemental annuity).....	None	15.49	6.59	14.96
(g) Minimum addition to amount computed under sec. 3(a)(1) of the act (\$10 minus item 3(f)).....	10.00	0	3.41	0
(h) Annuity payable (item 3(a) plus larger of items 3(e) or 3(g)).....	225.75	238.76	166.40	228.38
4. Increase due to H.R. 14563 (item 3(h) minus item 2(e)).....	16.17	18.02	10.00	15.15

¹ Because the offset for the supplemental annuity eliminates the entire 7-percent increase provided by the 1966 amendments.

The CHAIRMAN. At this point I would like to insert in the record a statement by our colleague, and member of this committee, the Honorable Samuel Friedel, sponsor of similar legislation in the first