

Security Act. Since social security benefits are based only on average creditable earnings without regard to length of coverage, the increases provided by the bill would be computed in the same manner. This is the basis for the schedule appearing in section 104 of the bill.

It should be noted, however, that in cases where average monthly earnings used in the computation of railroad retirement benefits will be in excess of \$550, the individual would receive benefit increases from three sources :

- (1) The schedule increase provided by the bill ;
- (2) The increase in the limit on creditable earnings under the Railroad Retirement Act from \$550 to \$650 per month, which came about automatically as a result of the Social Security Amendments of 1967 ; and
- (3) The provision of the bill which increases by 7 percent the railroad retirement annuity factors applicable to the part of the average creditable earnings which is in excess of \$450.

This is the reason why the schedule increases reflect only the effect of the 1967 change in the social security benefit formula ; when the possible increases from the other two sources are added to it, a total increase in the railroad retirement benefit will be obtained which will compare favorably with the total social security increase derived from all the 1967 changes in social security law.

As for immediate effects, increases derived solely from the bill would go to some 594,000 present beneficiaries ; increases derived solely from the 1967 Social Security Amendments to 297,000 beneficiaries ; and increases derived from both sources to 59,000 beneficiaries. Thus, if the bill is enacted, all railroad retirement beneficiaries, without exception, will receive benefit increases effective on the same date (February 1, 1968) and in amounts based on essentially the same formulas. The minimum basic increases (before reduction, if any, for early retirement) under the bill would be \$10 a month for a retired employee and \$5 for a spouse or survivor. The present maximum increase for a retired employee would be about \$21 because the average monthly compensation used in the computation of an employee annuity can now be no higher than \$433. In toto, title I of the bill would give increases to about 653,000 present beneficiaries, most of whom are retired employees. In addition, the bill would bring in some 3,000 beneficiaries of a new type. I am referring to disabled widows between the ages of 50 and 60 who otherwise would not be eligible for benefits under the Railroad Retirement Act. The additional benefit disbursements in the first year would be about \$81 million. This includes \$78 million for regular beneficiaries and \$3 million for disabled widows.

The bill would continue the principle of partial offsets for the receipt of certain other benefits. The employees who are receiving supplemental annuities but no social security benefits will have the same reduction as under present law and no more. The present offset for social security benefits will be continued, but an additional offset will be made for the latest increase given by the Social Security Amendments of 1967. The social security offsets are designed to avoid preferential treatment of beneficiaries who are also entitled to social security benefits. Without such offsets, the dual beneficiaries would

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