

and not under railroad retirement. We call them de facto widows or widows barred at the present time because of legal impediment. It is a few, a handful, that will be brought in.

Mr. SPRINGER. Do they get both social security and this?

Mr. HABERMEYER. No; they get either social security or this.

Mr. SPRINGER. They would get more this way?

Mr. HABERMEYER. Yes.

Mr. SPRINGER. Is there anything else?

Mr. HABERMEYER. No, sir; that is about it.

Mr. SPRINGER. Thank you, Mr. Chairman.

The CHAIRMAN. Are there any questions from other members of the committee?

Mr. DEVINE. I have a question.

The CHAIRMAN. All right.

Mr. DEVINE. In your statement you say you believe the merits of this bill will outweigh the moderately adverse effect it will have on the actuarial condition of the account. Do you think it is really a moderately adverse effect? Will it increase the deficiencies?

Mr. HABERMEYER. The increase in the deficiency would be approximately \$15 million per year and would raise the \$43 million deficiency we had before the social security amendments to \$58 million per year. I consider it moderate. I do think that within the very near future we are going to have to come in for additional financing to support the retirement system.

Mr. DEVINE. Some economists say the social security system is fast approaching what may be considered actuarial unsoundness. Are we approaching the same situation here?

Mr. HABERMEYER. I do not think that the actuaries would agree with the economists that the social security system is unsound.

Mr. DEVINE. I said fast approaching. Fifteen years ago they said if it will reach 10 percent, it is the end of the line.

Let me conclude with this. I understand this is a contributory program of working railroaders and management.

Mr. HABERMEYER. Yes.

Mr. DEVINE. Will the U.S. Treasury be called upon to add to the fund under this bill?

Mr. HABERMEYER. No, sir.

Mr. DEVINE. Thank you.

The CHAIRMAN. Mr. Rogers?

Mr. ROGERS. Mr. Chairman, I just want to make sure of the statement.

You say the benefits now will amount to about 110 percent based on parity with the social security amendment?

Mr. HABERMEYER. That is right.

Mr. ROGERS. Do you plan to come in to make recommendations to make the plan actuarially sound?

Mr. HABERMEYER. Yes. We will have to do that within the next few years. A 1 percent deficiency is a little too high to carry.

Mr. ROGERS. What would you consider a normal carry, about a half of 1 percent?

Mr. HABERMEYER. We have always said a half of a percent.

Mr. ROGERS. And will this bill now bring it to 1 percent?

Mr. HABERMEYER. It will be 1.16, just a little over 1 percent.

Mr. ROGERS. How soon would you plan to come in?