

News from Senator

BOB DOLE



(R - Kansas)

SH 141 Hart Building, Washington, D.C. 20510

DOLE HELPS RESCUE RAILROAD RETIREMENT FUNDS PRESIDENT REAGAN, RAIL LABOR AND RAIL MANAGEMENT ENDORSE PACKAGE

With more than one-million railroad retirement checks hanging in the balance and Congress about to go on recess, Kansas Senator Bob Dole became the driving force behind the last-minute passage of a bill that will save the rail workers' troubled retirement program.

The three-year \$9 billion rescue package passed the Senate by a 95-2 vote.

Dole's action will prevent a 40 percent cutback in benefits to one-million beneficiaries nationwide. According to the senior Senator, an estimated 64,000 Kansans would have been adversely affected had the solvency package not been approved.

KANSAS NEAR THE TOP IN RAILROAD INDUSTRY

"As the state with the third largest rail network, it would have been tragic to let the pending benefit cutbacks hit our Kansas rail workers and their families this fall," said Dole. "As Chairman of the Senate Finance Committee which has jurisdiction over tax and pension issues, I am pleased to have played a role in ensuring passage of the House bill in the Senate. We owed it to the retirees and to the railroad industry nationwide to make sure the retirement system didn't collapse -- to do less would have been a breach of faith with the industry and all those who worked for so many years to earn a decent retirement."

According to Dole, Kansas is the ninth ranking state in the number of workers and their families threatened by the prospective benefit cuts.

ESTIMATED NUMBER OF KANSANS TO BENEFIT

27,000	Retired Rail Workers
15,000	Current Rail Workers
22,000	Survivors and Spouses
<u>64,000</u>	

ENDORSED BY LABOR

The agreement is strongly supported by rail labor - management groups and has the endorsement of President Reagan. It is a compromise that will guarantee security for beneficiaries for many years to come, preventing any delay or reduction in benefits that would have occurred had the Senate not acted as quickly. "I believe it successfully addresses short- and long-term financing dilemmas, as well as the severe unemployment compensation troubles that threatened the retirement fund's solvency," Dole said. "This agreement is not the perfect solution. In the interest of speedy passage, we put aside some of our concerns about ways the program might be improved. I have ordered a study of the impact of the package on Tier II beneficiaries and other important questions that warrant our careful attention."

THE LEGISLATION

- The rendering of any windfall or other benefits taxable in the same manner that social security benefits are taxable, with the revenue being returned to the railroad retirement fund.

- A 10% reduction in benefits for those retiring between ages 60 and 62 between July 1, 1984 and December 31, 1984, with 30 years service; and, a 20% reduction for those retiring after December 31, 1985, with 30 years service. Rail industry workers will be paying slightly higher taxes to support the System and the contribution of the general taxpaying public will be about 44% of the total \$9 billion cost of the rescue package.

INFORMATION AND EXPLANATION

Below is a rough example of how an average retiree earning a total monthly pension of \$810.00 might be affected by the new legislation:

TIER I	\$550.00
TIER II	<u>260.00</u>
PRESENT BENEFITS	= 810.00 Total

The next 5% of the Cost-Of-Living-Adjustment (COLA) to be awarded, starting January 1, 1984, would increase Tier I and Tier II benefits as follows:

TIER I	\$550.00	
	+ 27.50	COLA add-on
	<u>= 577.50</u>	
TIER II	\$260.00	
	+ 4.50	COLA add-on
	<u>264.50</u>	

However, the resuce package imposes reductions in Tier II benefits to offset the Tier I COLA; but only to the extent of the next 5% in COLA that is awarded in Tier I. Therefore, subtracting the 5% in the Tier I COLA from Tier II total benefits, you get:

TIER II	\$264.50
	- 27.50
	<u>237.00</u> Adjusted Tier II total

Now add:

TIER I	\$577.50
TIER II	+ <u>237.00</u>
	814.50

And, the new adusted total for both Tier I and Tier II will be \$814.50.

Present benefits	= \$810.00
New benefits	= <u>\$814.50</u>
	+ 4.50 Total gain

The estimated average cutbacks in the COLA increase for each group of railroad retirement beneficiaries is:

Retirees	-- \$21.50
Spouses	-- \$ 5.16
Survivors	-- \$13.74

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August 4, 1983

Honorable Robert J. Dole, Chairman
Committee on Finance
United States Senate
141 Hart Senate Office Bldg.
Washington, D. C. 20510

Dear Mr. Chairman:

After many months of working through the collective bargaining process and working with you and your staff, in addition to the OMB staff, I wish to take this opportunity to thank each of you for your all out effort in putting together a Railroad Retirement package identified as H. R. 1646, as well as passing it by a landslide margin in both the House and Senate.

We commend you very highly for heading off a 40% cut in benefits that would have become effective October 1, 1983. I am sure our million retirees, their spouses, widows and survivors are very grateful, as well as the 400,000 that are working and can look forward to their pension in years to come.

Again, many thanks on behalf of all of our UTU officers and members and their families for your excellent assistance in passing this legislation.

Respectfully,

J. R. (JIM) SNYDER
National Legislative Director

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KANSAS STATE LEGISLATIVE DEPARTMENT

August 5, 1983

Honorable Robert Dole
United States Senator, Kansas
141 Hart
Washington, D.C. 20510

Dear Senator Bob:

Thank you so much for your help, leadership and guidance with H.R. 1646 - S. 1074 in answer to our request. Without your sterling, experienced handling of this important piece of legislation it would never have cleared your Finance Committee, let alone passed the Senate 95 - 2. You have calmed the fears of over a million retirees in the U.S., including approximately 27,164 in Kansas. In addition you have assured all active railroad employees and their families that the Railroad Retirement System is and will be solvent. This is no small accomplishment and will certainly be remembered by all those affected.

I compliment you further on your fine, helpful and informative staff. Mike Pettit, Linda Murphy and those whose names I failed to get were warm, friendly and gracious in our conversations. It was a very revealing and rewarding experience for me and my office.

Be assured that I have sung your praises and given you full credit with the news media, the officers and members of the National Association of Retired and Veteran Railroad Employees, the United Transportation Union and State elected officers.

Sincerely and respectfully,

Jack A. McGlothlin, Director
Kansas State Legislative Board

United States Senate

WASHINGTON, D.C. 20510

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