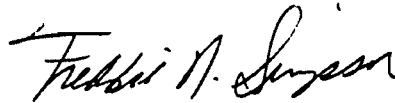


The Board also advises;

"Furthermore, if such changes were enacted into law without any changes to the present tier II tax rate or compensation base, the Chief Actuary estimates that in 2021 the tier II tax rate would reach the maximum rate presently provided for in law (27%), and remain there well into the century. Furthermore, even at the maximum rate, by 2030 the National Railroad Retirement Investment Trust would be depleted and the Railroad Retirement Account, from which tier II benefits are paid, would become insolvent."

I know this information is not as complete as I would like; however, I hope that this will adequately answer some of the questions that have been raised. Obviously, all of us want to permit the hard working members of the Brotherhood to retire at the earliest age possible. However, we cannot pursue that goal at the expense of either bankrupting the System in the future, or putting an intolerable tax burden on those who remain working to support those who have retired. At some point I expect to receive the detailed data that I have requested from Mr. Speakman, and I will make that information available.

Fraternally yours,

A handwritten signature in cursive script, appearing to read "Freddie N. Simpson".

President

cc: Mr. Perry K. Geller, Sr.
National Division Vice Presidents
Local Lodge Secretary-Treasurers
Mr. William A. Bon
Mr. E. Randall Brassell
Mr. Donald F. Griffin
Mr. William A. Hildenbrand

RRB Form G-34
Railroad Retirement Board Reminders for 2009
1-09

2009 Tier I Earnings Base and Tax Rate

Annual Maximum \$106,800.00
 Employee and Employer Tax Rate 6.20%
 Maximum Employee and Employer Tax \$ 6,621.60

2009 Tier II Earnings Base and Tax Rates

Annual Maximum \$79,200.00
 Employee Tax Rate 3.90%
 Maximum Employee Tax \$3,088.80
 Employer Tax Rate 12.10%
 Maximum Employer Tax \$9,583.20

2009 Medicare Hospital Insurance Earnings Base and Tax Rate

Annual Maximum No Limit
 Employee and Employer Tax Rate 1.45%

Total Tier I, Tier II, & Medicare Hospital Insurance Maximum Tax Based on Earnings of \$106,800.00

Employees \$11,259.00
 Employers \$17,753.40
 (Additional Taxes are 1.45% of Earnings in Excess of \$106,800.00)

Amount Needed for Quarter of Social Security Coverage \$1090.00 in 2009
 (Up to 4)

2009 Employer RUIA Tax Rate 2.15% - 12%
 On First \$1,330.00 Per Month

Employee RUIA 2008 Qualifying Earnings \$3,200.00 For Benefit Year 2009
 (Beginning July 1, 2009)

RUIA Daily Benefit Rate \$64.00 For Benefit Year 2009
 (Beginning July 1, 2009)

Work Deduction Exempt Amounts

Full Retirement Age (FRA) (for months prior to FRA in calendar year)		Under FRA	
Annual	\$37,680.00	Annual	\$14,160.00

Monthly	\$3,140.00	Monthly	\$1,180.00
(\$1.00 Deduction for Each \$3.00 of Excess Earnings)		(\$1.00 Deduction for Each \$2.00 of Excess Earnings)	

Basic Medicare Premium \$96.40

Cost-Of-Living Increase, December 2008

Tier I	5.8%
Tier II	1.9%