

**Spouse Age Difference**

Where applicable, husbands are assumed to be two years older than their wives.

**Past Employment**

Total past employment (continuous past employment plus special past employment) for each employee was calculated as the number of years from year of union membership until year of coverage, but not less than the known continuous past employment for the employee.

**Survivor Benefit Costs**

The family composition of covered employees was assumed to be similar to that tabulated in the 15<sup>th</sup> Actuarial Valuation published by the Railroad Retirement Board. This assumption was used to estimate the probability that an employee will be survived by a beneficiary eligible for a survivor benefit and to establish the probable duration of the benefit.

**Inactive Participants**

Vested inactive participants who are older than 74 as of the valuation date are assumed to be deceased and excluded from this valuation. Inactive participants who are coded as a claim for more than one year are expected to be either deceased or not eligible for a benefit from the Plan. We assume that any such participants do not have and will not create any liability for the Plan.

**Assumption Changes Incorporated in the January 1, 2014 Valuation**

- The current liability interest rate was decreased from 3.78% to 3.64% to remain within the IRS prescribed corridor.
- The current liability mortality tables were changed from annuitant / nonannuitant projected version of the RP-2000 Mortality Tables for 2013 to the annuitant / nonannuitant projected version of the RP-2000 Mortality Tables for 2014 as prescribed by the IRS.
- The discount rate used for the 1982/1984 Annuity Account was changed to 6.59% for 2014 from 3.55% for 2013, and the discount rate used for the SBA Dedication was changed to 4.42% for 2014 from 4.99% for 2013.

The following assumptions were changed to better reflect recent and expected future experience:

- The anticipated annual employer contributions were increased to \$1.401 billion for purposes of projecting the 2014 Funding Standard Account and determining the Amortization Period.
- The subsidized joint and survivor factor was changed 1.0033 to 1.0045 to update to current assumptions.
- The future annual administrative expenses were increased to \$87,000,000 from \$85,000,000.
- The assumed annual rates of pre-retirement healthy mortality for males were changed to the RP 2000 Mortality Tables for Male Employees adjusted for Blue Collar and projected by Scale AA to 2015.
- The assumed annual rates of pre-retirement healthy mortality for females were changed to the RP 2000 Mortality Tables for Female Employees adjusted for Blue Collar and projected by Scale AA to 2017.

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**Schedule MB, Line 11, Justification for Change in Actuarial Assumptions**