

Metropolitan Transportation Authority Defined Benefit Pension Plan

(A Fiduciary Component Unit of the Metropolitan
Transportation Authority)

Financial Statements as of and for the Years Ended
December 31, 2025 and 2024, Supplemental Schedules,
and Independent Auditor's Report

METROPOLITAN TRANSPORTATION AUTHORITY DEFINED BENEFIT PENSION PLAN

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INDEPENDENT AUDITOR'S REPORT

To the Board of Managers of Pensions
Metropolitan Transportation Authority Defined Benefit Pension Plan

Opinion

We have audited the accompanying statements of fiduciary net position of the Metropolitan Transportation Authority Defined Benefit Pension Plan (the "Plan") as of December 31, 2025 and 2024, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position as of December 31, 2025 and 2024, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Schedule of Changes in the Employers' Net Pension Liability and Related Ratios-Schedule I; Schedule of Employer Contributions-Schedule II; and Schedule of Investment Returns-Schedule III be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

DeLoitte Touche LLP

July 29, 2026

METROPOLITAN TRANSPORTATION AUTHORITY DEFINED BENEFIT PENSION PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

This management's discussion and analysis of the Metropolitan Transportation Authority Defined Benefit Pension Plan (the "Plan") financial performance provides an overview of the Plan's financial activities for the years ended December 31, 2025 and 2024. It is meant to assist the reader in understanding the Plan's financial statements by providing an overall review of the financial activities during the two years and the effects of significant changes, as well as a comparison with the prior year's activity and results. This discussion and analysis may contain opinions, assumptions, or conclusions by the MTA's management that should not be considered a replacement for, and is intended to be read in conjunction with, the Plan's financial statements which begin on page 10.

Overview of Basic Financial Statements

The following discussion and analysis are intended to serve as an introduction to the Plan's financial statements. The basic financial statements are:

- The Statements of Fiduciary Net Position - present the financial position of the Plan at fiscal year-end. It provides information about the nature and amounts of resources with present service capacity that the Plan presently controls (assets), consumption of net assets by the Plan that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that the Plan has little or no discretion to avoid (liabilities), and acquisition of net assets by the Plan that is applicable to a future reporting period (deferred inflow of resources) with the difference between assets/deferred outflow of resources and liabilities/deferred inflow of resources being reported as net position. Investments are shown at fair value. All other assets and liabilities are determined on an accrual basis.
- The Statements of Changes in Fiduciary Net Position - present the results of activities during the year. All changes affecting the assets and liabilities of the Plan are reflected on an accrual basis when the activity occurred regardless of the timing of the related cash flows. In that regard, changes in the fair values of investments are included in the year's activity as net appreciation (depreciation) in fair value of investments.
- The Notes to Financial Statements - provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes present information about the Plan's accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.
- Required Supplementary Information - as required by the Government Accounting Standards Board ("GASB"), includes the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Investment returns.

The accompanying financial statements of the Plan are presented in conformity with accounting principles generally accepted in the United States of America as prescribed by the GASB.

CONDENSED FINANCIAL INFORMATION AND ANALYSIS

Fiduciary Net Position December 31, 2025, 2024 and 2023 (Dollars in thousands)

	2025	2024	2023	Increase/(Decrease)			
				2025-2024		2024-2023	
				\$	%	\$	%
Assets:							
Cash and investments	\$ 7,843,352	\$ 7,184,955	\$ 6,564,261	\$ 658,397	9.2 %	\$ 620,694	9.5 %
Receivables and other assets	<u>20,052</u>	<u>15,032</u>	<u>12,318</u>	<u>5,020</u>	<u>33</u>	<u>2,714</u>	<u>22</u>
Total assets	<u>\$ 7,863,404</u>	<u>\$ 7,199,987</u>	<u>\$ 6,576,579</u>	<u>\$ 663,417</u>	<u>9.2</u>	<u>\$ 623,408</u>	<u>9.5</u>
Liabilities:							
Due to broker for securities purchased	\$ 9,359	\$ 11,512	\$ 16,485	\$ (2,153)	(18.7)	\$ (4,973)	(30.2)
Other liabilities	<u>14,042</u>	<u>6,806</u>	<u>6,639</u>	<u>7,236</u>	<u>106.3</u>	<u>167</u>	<u>2.5</u>
Total liabilities	<u>23,401</u>	<u>18,318</u>	<u>23,124</u>	<u>5,083</u>	<u>27.7</u>	<u>(4,806)</u>	<u>(20.8)</u>
Net position restricted for pensions	<u>\$ 7,840,003</u>	<u>\$ 7,181,669</u>	<u>\$ 6,553,455</u>	<u>\$ 658,334</u>	<u>9.2 %</u>	<u>\$ 628,214</u>	<u>9.6 %</u>

December 31, 2025 versus December 31, 2024

Cash and investments at December 31, 2025 were \$7,843.4 million representing an increase of \$658.4 million or 9.2% from 2024. This increase is a result of the appreciation of the Plan's investments and plan contributions, net of benefit payments and expenses during 2025.

Receivables and other assets net of liabilities at December 31, 2025 decreased by \$0.1 million or 1.9% from 2024. The net decrease is due primarily to a decrease in liabilities of \$5.1 million due to broker for securities purchased in the amount of \$2.2 million, an increase in other receivables of \$5.0 million due from broker from the sale of investments offset by an increase in other liabilities of \$7.2 million.

The net position restricted for pensions increased by \$658.3 million or 9.2% in 2025 as a result of the changes noted above.

December 31, 2024 versus December 31, 2023

Cash and investments at December 31, 2024 were \$7,184.9 million representing an increase of \$620.7 million or 9.5% from 2023. This increase is a result of the appreciation of the Plan's investments and plan contributions, which included \$355 million of prepaid 2025 Actuarially Determined Contributions ("ADC"), net of benefit payments and expenses during 2024.

Receivables and other assets net of liabilities at December 31, 2024 increased by \$7.5 million or 69.6% from 2023. The net increase is due primarily to an increase in liabilities of \$4.8 million due to broker for securities purchased in the amount of \$5.0 million, an increase in receivables of \$2.7 million due from broker from the sale of investments offset by a decrease in other liabilities of \$0.2 million.

The net position restricted for pensions increased by \$628.2 million or 9.6% in 2024 as a result of the changes noted above.

Changes in Fiduciary Net Position
For the Years Ended December 31, 2025, 2024 and 2023
(Dollars in thousands)

	2025	2024	2023	Increase/(Decrease)			
				2025-2024		2024-2023	
				\$	%	\$	%
Additions:							
Net investment (loss)/income	\$ 955,020	\$ 633,816	\$ 695,942	\$ 321,204	50.7 %	\$ (62,126)	(8.9)%
Contributions	<u>139,208</u>	<u>399,031</u>	<u>869,624</u>	<u>(259,823)</u>	<u>(65.1)</u>	<u>(470,593)</u>	<u>(54.1)</u>
Total net additions	<u>\$ 1,094,228</u>	<u>\$ 1,032,847</u>	<u>\$ 1,565,566</u>	<u>\$ 61,381</u>	<u>5.9</u>	<u>\$ (532,719)</u>	<u>(34.0)</u>
Deductions:							
Benefit payments	\$ 430,246	\$ 398,888	\$ 374,595	\$ 31,358	7.9	\$ 24,293	6.5
Transfer to New York State and Local Employees Retirement System ("NYSLERS")	467	944	890	(477)	(50.5)	54	6.1
Administrative expenses	<u>5,181</u>	<u>4,801</u>	<u>4,660</u>	<u>380</u>	<u>7.9</u>	<u>141</u>	<u>3.0</u>
Total deductions	<u>435,894</u>	<u>404,633</u>	<u>380,145</u>	<u>31,261</u>	<u>7.7</u>	<u>24,488</u>	<u>6.4</u>
Net increase/(decrease) in net position	658,334	628,214	1,185,421	30,120	4.8	(557,207)	(47.0)
Net position restricted for pensions:							
Beginning of year	<u>7,181,669</u>	<u>6,553,455</u>	<u>5,368,034</u>	<u>628,214</u>	<u>9.6</u>	<u>1,185,421</u>	<u>22.1</u>
End of year	<u>\$ 7,840,003</u>	<u>\$ 7,181,669</u>	<u>\$ 6,553,455</u>	<u>\$ 658,334</u>	<u>9.2 %</u>	<u>\$ 628,214</u>	<u>9.6 %</u>

December 31, 2025 versus December 31, 2024

Net investment income increased by \$321.2 million due to higher net investment gains of \$955.02 million in 2025 versus a net gain of \$633.8 million experienced in 2024.

Contributions decreased by \$259.8 million or 65.1% in 2025 due to ADC Contributions made in 2024 including prepaid 2025 ADC contributions.

Benefit payments increased by \$31.3 million or 7.9% over the prior year due to a continuing trend of increases in the number of retirees and cost-of-living adjustments provided to retirees and beneficiaries.

Administrative expenses increased by \$0.4 million, or 7.9% over 2024. This increase is due primarily to expenses charged in 2025 for various services provided to the Plan.

December 31, 2024 versus December 31, 2023

Net investment income decreased by \$62.1 million due to lower contributions and higher plan expenses in 2024 that resulted in lower net investment gains of \$633.8 million in 2024 versus a net gain of \$695.9 million experienced in 2023.

Contributions decreased by \$470.6 million or 54.1% in 2024 due to prepaid 2024 ADC contributions of \$414.8 million made in 2023 in addition to 2023 ADC contributions paid. Contributions made in 2024 included prepaid 2025 ADC contributions.

Benefit payments increased by \$24.3 million or 6.5% over the prior year due to a continuing trend of increases in the number of retirees and cost-of-living adjustments provided to retirees and beneficiaries.

Administrative expenses increased by \$0.1 million, or 3.0% over 2023. This increase is due primarily to expenses charged in 2024 for various services provided to the Plan.

Economic Factors

Market Overview 2025

In 2025, global markets navigated elevated volatility and evolving policy expectations. Geopolitical tensions and tariff disruptions periodically challenged investor sentiment. However, a shift toward monetary easing, complemented by supportive fiscal measures, such as the “Big Beautiful Bill”, reinforced risk appetite. Against this backdrop global equities delivered solid returns, international markets outperformed the United States, and precious metals emerged as standout performers.

United States (“U.S.”) equities started the year strong but experienced a sharp drawdown following the April 2 tariff announcement, dubbed “Liberation Day”. Markets later recovered as negotiations and temporary pauses reduced fears of prolonged trade tensions. The U.S. dollar weakened over the year, reflecting an extended Federal Reserve easing cycle and narrowing interest-rate differentials relative to other developed economies. This weaker dollar supported international equities and commodities, while periods of geopolitical stress provided only brief upward support for the dollar.

European equity markets outperformed most developed market peers, with several indices posting their best annual returns since the early 2000s. Attractive valuations, foreign inflows, currency effects, and relatively stable economic conditions underpinned performance. Across Asia and emerging markets, results were mixed. Policy stimulus in China and semiconductor-driven earnings growth in Taiwan supported returns, while trade uncertainty and uneven global growth created regional dispersion.

U.S. fixed income benefited from multiple Federal Reserve rate cuts aimed at stabilizing inflation and sustaining growth. Broader bond indices delivered positive returns as interest-rate volatility dampened and yields remained attractive. Yield curves steepened as markets anticipated additional easing. European central banks also had an easing policy, supporting rallies in sovereign debt and investment-grade credit. Emerging market debt performed well in both hard and local currencies.

Commodity performance was mixed. Gold and silver posted notable gains as safe-haven assets amid geopolitical uncertainty. Industrial metals rallied early in the year before moderating, while energy prices remained volatile as supply concerns competed with softer demand expectations.

U.S. Fiscal policy provided meaningful support to the markets through targeted measures, including infrastructure spending, tax incentives, and industrial policy initiatives. These measures acted as a late-cycle tailwind, supporting corporate investment, reinforcing labor market stability, and boosting business sentiment during periods of market stress.

Key Macro Themes of 2025

- A renewed global monetary easing cycle supporting risk assets
- Tariff volatility and trade policy uncertainty driving market stress
- Fiscal stimulus supporting corporate investment and economic activity
- U.S. dollar weakness reshaping global capital flows
- Strong performance in precious metals amid geopolitical risk
- Continued long-term optimism surrounding AI and structural growth trends

United States

U.S. economic growth slowed but remained resilient. Real Gross Domestic Product rose 2.4% in 2025, down from 2.8% in 2024. Fourth-quarter growth fell short of expectations, partly due to an extended government shutdown. Unemployment increased modestly to 4.4% from 4.1% but remained historically low. Inflation continued to ease, with Consumer Price Index ending the year at 2.7% versus 2.9% in 2024, while core inflation declined to 2.6% in 2025 from 3.2% in 2024.

U.S. equities delivered broad gains. Large-cap indices posted double-digit returns (S&P 500: 17.9%, Russell 1000: 17.4%), while mid-caps (S&P 400: 7.5%) and small-caps (Russell 2000: 12.8%) lagged. Growth stocks (Russell 1000 Growth: 18.6%) outperformed value stocks (Russell 1000 Value: 15.9%), and market concentration remained elevated, with the “Magnificent 7” continuing to drive a substantial share of index performance.

Treasury yields were volatile but trended lower as the Federal Reserve implemented three 25 basis point rate cuts. Diversified fixed income (Bloomberg U.S. Aggregate: 7.3%) delivered solid returns, led by convertibles (Bloomberg U.S. Convertibles Index: 16.9%), mortgage-backed securities (Bloomberg MBS Index: 8.6%), high yield bonds (Bloomberg High Yield Index: 8.6%), and Treasury Inflation-Protected Securities (Bloomberg TIPS Index: 7.0%).

International Developed Markets

U.S. dollar weakness provided meaningful support to international equities. International developed markets (MSCI EAFE: 31.2%) significantly outperformed U.S. large caps. Europe (MSCI Europe: 35.4%) and the United Kingdom (MSCI United Kingdom: 35.1%) led performance, while Japan (MSCI Japan: 24.6%) also delivered strong gains. International developed small caps (MSCI EAFE Small Cap: 31.8%) posted similarly robust returns.

Emerging Markets

Emerging market equities also benefited from the U.S. dollar weakness and capital inflows. The broad emerging markets index (MSCI EM: 33.6%) outperformed U.S. equities and matched developed international equity returns, while emerging market small caps (MSCI EM Small Cap: 18.6%) lagged relative to other international indices.

Emerging Markets fixed income performed well. Hard-currency bonds, which are denominated in U.S. dollars, (JPMorgan EMBI Global Diversified: 14.3%) delivered solid returns but trailed the returns of bonds denominated in local-currencies (JPMorgan GBI-EM Global Diversified: 19.3%).

Commodities

Overall commodity returns (Bloomberg Commodity Index: 15.8%) were strong. However, when broken down by sectors, there was mixed performance. Gold (Gold Spot: 64.7%) and silver (Silver Spot: 148.0%), posted very strong gains as safe-haven assets. Energy markets were weaker, with oil (WTI Spot Crude Oil: -20.8%) declining as demand concerns offset supply risks.

Market Outlook – 2026

The first quarter of 2026 saw equity markets trend modestly lower, with losses generally contained to single digits, marking a shift from the broadly positive returns across most asset classes in 2025. Value equities continued to outperform growth, extending the rotation that developed late last year as higher interest rates and more tempered earnings expectations weighed on growth-oriented sectors. Market volatility increased compared to last year, driven by slowing economic momentum, policy uncertainty, and geopolitical risks.

Fixed income markets generated modest positive returns amid continued uncertainty around the path of future interest rates. Mixed economic data and persistent inflation have pushed expectations for rate cuts toward later in the year. International equities remained a relatively bright spot, building on the strong performance in 2025, supported by accommodative policy in Europe and improving conditions in emerging markets.

A key development in 2026 has been the escalation of geopolitical risk, most notably the outbreak of conflict involving the U.S. and Iran in late February. This has contributed to increased market volatility, upward pressure on energy prices, and added uncertainty to the global growth and inflation outlook. Overall, compared to the resilient and optimistic backdrop of 2025, markets in 2026 are exhibiting greater uncertainty and less directional clarity.

Contact Information

This financial report is designed to provide a general overview of the Metropolitan Transportation Authority Defined Benefit Pension Plan's finances. Questions concerning any data provided in this report or requests for additional information should be directed to the Metropolitan Transportation Authority, Deputy Chief, Controller's Office, 2 Broadway, 15th Floor, New York, NY 10004.

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METROPOLITAN TRANSPORTATION AUTHORITY

DEFINED BENEFIT PENSION PLAN

STATEMENTS OF FIDUCIARY NET POSITION

AS OF DECEMBER 31, 2025 AND 2024

(In thousands)

	2025	2024
ASSETS:		
Cash	\$ 11,216	\$ 344
Investments at fair value (Notes 2 and 3):		
Investments measured at readily determined fair value	2,499,609	3,750,275
Investments measured at net asset value	<u>5,332,527</u>	<u>3,434,336</u>
Total investments	<u>7,832,136</u>	<u>7,184,611</u>
Receivables:		
Accrued interest and dividends	10,808	10,800
Other receivables	<u>9,244</u>	<u>4,232</u>
Total receivables	<u>20,052</u>	<u>15,032</u>
Total assets	<u>7,863,404</u>	<u>7,199,987</u>
LIABILITIES:		
Due to broker for securities purchased	9,359	11,512
Due to broker for investment fee	3,481	3,009
Due to broker for administrative expenses	542	239
Due to MTA for administrative expenses	3,175	3,187
Other liabilities	<u>6,844</u>	<u>371</u>
Total liabilities	<u>23,401</u>	<u>18,318</u>
NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 7,840,003</u>	<u>\$ 7,181,669</u>

See notes to financial statements.

METROPOLITAN TRANSPORTATION AUTHORITY DEFINED BENEFIT PENSION PLAN

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In thousands)

	2025	2024
ADDITIONS:		
Investment income:		
Net realized and unrealized gains	\$ 869,753	\$ 555,464
Dividends	67,203	65,346
Interest	63,778	57,240
Total investment income	1,000,734	678,050
Less:		
Investment expenses	(45,714)	(44,234)
Net investment income	955,020	633,816
Contributions:		
Employer:		
Metro-North Commuter Railroad Company	6,368	142,781
Long Island Rail Road Company	7,480	156,198
Metropolitan Transportation Authority Headquarters	3,654	56,300
MTA Bus Company	67,402	-
Staten Island Rapid Transit Operating Authority	7,546	-
Transfer from New York Police Department	3,878	4,216
Employee	42,880	39,536
Total contributions	139,208	399,031
Total additions	1,094,228	1,032,847
DEDUCTIONS:		
Benefits paid to participants	430,246	398,888
Transfer of MTA Police Employer & Employee Contributions to New York State and Local Employees Retirement System ("NYSLERS")	467	944
Administrative expenses	5,181	4,801
Total deductions	435,894	404,633
NET INCREASE IN NET POSITION	658,334	628,214
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year	7,181,669	6,553,455
End of year	\$ 7,840,003	\$ 7,181,669

See notes to financial statements.

METROPOLITAN TRANSPORTATION AUTHORITY

DEFINED BENEFIT PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

1. PLAN DESCRIPTION

The following brief description of the Metropolitan Transportation Authority (the “Authority”) Defined Benefit Pension Plan (the “Plan”) is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

General—The Plan represents a cost-sharing employer defined benefit pension plan sponsored by the Authority and administered by the Board of Managers of Pensions, covering:

- (a) management employees of the Long Island Rail Road Company (“MTA Long Island Rail Road”) hired after January 1, 1988 not governed by collective bargaining agreements;
- (b) management employees of the Metro-North Commuter Railroad Company (“MTA Metro-North Railroad”) not governed by collective bargaining agreements;
- (c) represented MTA Long Island Rail Road employees hired after January 1, 1988, covered by collective bargaining agreements which provide for participation in the plan effective January 1, 2004;
- (d) certain represented MTA Metro-North Railroad employees covered by collective bargaining agreements which provide for participation in the plan effective on or after January 1, 2004;
- (e) represented and non-represented MTA Long Island Rail Road employees hired prior to January 1, 1988;
- (f) Metropolitan Suburban Bus Authority (“MTA Long Island Bus”) provided public service in Nassau and Queens Counties. The Authority’s Lease and Operating Agreement with Nassau County, dated January 15, 1973, as amended, was terminated effective December 31, 2011. As of January 1, 2012, the MTA Long Island Bus is no longer a member of the MTA Group. Represented and management Metropolitan Suburban Bus Authority (“MTA Long Island Bus”) employees hired prior to January 24, 1983 and any MTA Long Island Bus person employed by the MSBA Employees’ Pension Trust prior to July 29, 1998 under the MSBA Employees’ Pension Plan remained vested employees in the plan;
- (g) represented and management employees of the Staten Island Rapid Transit Operating Authority (“MTA Staten Island Railway”) effective January 1st, 2005;
- (h) certain represented and management employees of MTA Bus Company (“MTA Bus”), including represented and non-represented employees who were formerly employed by Liberty Lines Express, Inc., New York Bus Tours, Inc., Command Bus Company, Green Bus Lines Inc., Jamaica Buses Inc., Triboro Coach Corporation and represented and most non-represented employees formerly employed by Queens Surface Corporation; and
- (i) participants in the MTA Defined Benefit Pension Plan 20 Year Police Retirement program (“MTA Police”).

The Plan contains multiple and distinct benefit structures for MTA Metro-North Railroad and MTA Long Island Rail Road management employees, for MTA Metro-North Railroad and MTA Long Island Rail Road represented employees, MTA Police, MTA Long Island Bus employees and MTA Staten Island Railway employees. In addition, there are multiple but distinct benefit structures for the employees of MTA Bus which are based on the plans covering those employees prior to their becoming MTA Bus employees. MTA Bus non-represented employees and employees represented by the UTLO are covered by separate

programs. Assets and liabilities are pooled and a single cash contribution amount and annual pension cost is determined. The Plan is designed to satisfy the applicable requirements for governmental plans under Section 401(a) and 501(b) of the Internal Revenue Code. Accordingly, the Plan is tax-exempt and is not subject to the provisions of the Employee Retirement Income Security Act (“ERISA”) of 1974.

Membership of the Plan consisted of the following as of January 1, 2025 and 2024, respectively, the date of the latest actuarial valuations:

	2025	2024
Active Plan Members	20,103	19,420
Retirees and beneficiaries receiving benefits	12,590	12,291
Alternate Payees	156	-
Vested formerly active members not yet receiving benefits	<u>1,863</u>	<u>1,826</u>
Total	<u>34,712</u>	<u>33,537</u>

Funding for the Plan is provided by the Authority, MTA Metro-North Railroad, MTA Long Island Rail Road, MTA Bus and MTA Staten Island Railway which are public benefit corporations that receive a significant portion of their operating and capital financing requirements from New York City, New York State, federal and regional governmental units and from the sale of bonds to the public. Certain funding is made on a discretionary basis. The continuance of funding for the Plan has been, and will continue to be, dependent upon the receipt of adequate funds.

Plan Administration—The Defined Benefit Plan is administered by the Board of Managers of Pensions (“The Board of Managers”) which is comprised of:

- (a) the persons holding the following positions:
 - (i) the Chairman of the MTA;
 - (ii) the MTA Chief Financial Officer;
 - (iii) the MTA Director of Labor Relations; and
 - (iv) the agency head of each participating Employer.
- (b) Designation of Others—Any member of the Board of Managers, serving as such by virtue of holding a position described in (a) of this section, may, by written authorization filed with the Secretary who shall notify the other members of the Board of Managers, designate another individual, not then a member of the Board of Managers, to serve in that member’s stead, in accordance with procedures established with the approval of the Executive Director. Any such authorization may be revoked by the designating member at any time in writing filed in the same manner.
- (c) The Board of Managers shall be the agent for the service of legal process with respect to the Plan. No bond or other security is required in any jurisdiction of the Board of Managers or any member thereof except as required by law.

Pension Benefits—Retirement benefits are paid from the Plan to covered MTA Metro-North Railroad, MTA Staten Island Railway and post -1987 MTA Long Island Rail Road employees as service retirement allowances or early retirement allowances. A participant is eligible for a service retirement allowance upon termination if the participant satisfied both age and service requirement. A participant is eligible for an early retirement allowance upon termination if the participant has attained age 55 and completed at least 10 years of credited service. Terminated participants with 5 or more years of credited service who are eligible for a deferred vested benefit are not eligible to receive a service retirement allowance or early retirement allowance. Deferred vested benefits are payable on an unreduced basis on the first day of the month following the participant sixty-second birthday. Effective in 2007, non-represented members and certain former non-represented members who become (or became) employed by another MTA agency

which does not participate in the Plan continue to accrue service credit based on such other MTA employment. Upon retirement, the non-represented member's vested retirement benefit from the Plan will be calculated on the final average salary of the subsequent MTA agency, if higher. Moreover, the Plan benefit will be reduced by the benefit, if any, payable by the other plan based on such MTA agency employment. Such member's disability and ordinary death benefit will be determined in the same way.

Retirement benefits are paid from the Plan under the MTA 20-Year Police Retirement Program. A participant is eligible for service retirement at the earlier of completing 20 years of credited Police service or attainment of age 62. Terminated participants with five years of credited police service, who are not eligible for retirement, are eligible for a deferred benefit. Deferred vested benefits are payable on the first of the month following the participant's attainment of age 55.

Retirement benefits paid from the Plan to covered represented MTA Bus employees include service retirement allowances or early retirement allowances. Under the programs covering all represented employees at Baisley Park, Eastchester, La Guardia, Spring Creek, and Yonkers Depots and the represented employees at College Point Depot, JFK, Far Rockaway a participant is eligible for a service retirement allowance upon termination if the participant has attained age 65 and completed at least 5 years of credited service or if the participant has attained age 57 and completed at least 20 years of credited service. A participant hired prior to June 2009 from Baisley Park, College Point, and La Guardia Depots is eligible for an early retirement allowance if the participant has attained age 55 and completed 20 years of credited service. Terminated participants with 5 or more years of credited service who are not eligible to receive a service retirement allowance or early retirement allowance are eligible for a deferred vested benefit. Deferred vested benefits are payable on an unreduced basis on or after the participant attains age 65.

The MTA Bus retirement programs covering TWU, ATU and TSO represented employees are fixed dollar plans, i.e., the benefits are a product of credited service and a specific dollar amount.

The retirement benefits for certain former employees of the Alliance Companies¹ are based on a participant's service and final average salary. A normal retirement benefit is payable when the participant attains age 62 with 5 years of service. An early retirement benefit is payable when the participant attains age 55 with 15 years of service. The retirement benefit is payable as a single life annuity or, for married participants, as an unreduced 75% joint and survivor annuity.

MTA Bus non-represented employees and employees represented by the UTLO as of January 1, 2017 will earn benefits under a new set of programs. For service prior to 2017, a component calculated by a flat monthly dollar rate multiplied by years of credited service will be added to a final average salary (FAS) component, based on the platforms provided to similarly situated MaBSTOA Pension Plan members. For service on or after January 1, 2017, the final average salary component platform will be based on date of hire, years of credited service and whether the participant holds an operating or non-operating title. Certain former Liberty Lines employees assigned to the former Liberty Lines bus routes also are eligible for a supplemental plan benefit of 0.75% of final average salary per year of Plan service. TWU Local 100 has been certified as the collective bargaining representative for certain titles previously not represented at MTA Bus. Affected employees will participate in these programs, as set forth in the relevant collective bargaining agreement.

¹ Green Bus Lines, Inc. ("Green"), Command Bus Company, Inc. ("Command"), Triboro Coach Corp. ("Triboro"), and Jamaica Buses, Inc. ("Jamaica") (Green, Command, Triboro and Jamaica), are collectively referred to as the "Transit Alliance Companies".

Reduced early retirement benefits are payable under all platforms. The Tier 6 definition of wages for civilian members includes an overtime ceiling which limits overtime compensation for pension purposes to no more than \$20,958 and \$20,459 for 2025 and 2024, indexed annually thereafter. Any overtime compensation earned in excess of the overtime ceiling is excluded from the final average salary calculation. The Tier 6 definition of wages also excludes wages in excess of the annual salary paid to the New York State Governor, lump-sum payments for deferred compensation, sick leave, accumulated vacation or other credits for time not worked.

TWU, ATU and TSO members who retire after November 16, 2016, and UTLO members and non-represented employees who retire after January 1, 2017 will have their pension benefit increased by a Cost of Living Adjustment (COLA). The COLA is an annual adjustment to the retirement benefit based on the Consumer Price Index (CPI). The following retirees are eligible to receive a COLA: disability retirees, regardless of age, who have been retired for at least 5 years; retirees who are at least age 62 and have been retired for at least 5 years; and retirees who are at least age 55 and have been retired for at least 10 years. Surviving spouses receiving a joint-and-survivor option benefit are eligible to receive 50% of the monthly COLA that would have been paid to the retiree. For TWU, ATU and TSO members, the COLA calculation is based on the first \$18,000 of the retiree's normal retirement benefit. For UTLO members and non-represented employees, the COLA calculation is based on the first \$18,000 of the retiree's final average salary benefit component. The COLA amount may not be less than 1% nor more than 3% in any year. Once COLA payments begin, they continue automatically and increase each September.

Certain MTA Bus employees represented by TWU Local 100 were granted pension service credit for periods of employment at Liberty Lines Express, Inc. prior to January 3, 2005, with the increase in the Plan benefit offset by the benefit accrued under the TWU-Westchester Private Bus Lines Pension Plan.

Pre-1988 MTA Long Island Rail Road participants are eligible for a service retirement allowance upon termination if the participants have either: (a) attained age 65 and completed at least 5 years of credited service, or if an employee on January 1, 1988 completed at least 10 years of credited service, or (b) attained age 50 and has completed at least 20 years of credited service. Terminated participants who were not employees on January 1, 1988 with 5 or more years of credited service are eligible for a deferred vested benefit. Pension benefits payable to age 65, where eligible, are calculated at 2% of the employee's applicable final average earnings for each year of qualifying service up to 25 years plus 1.5% of applicable final average earning of each year of qualifying service in excess of 25 years. For pension benefits payable at and after age 65 regardless of whether benefits commenced before or after the employee attained age 65, benefits are calculated in the same manner as pension benefits payable prior to age 65 except that the amount so determined is reduced by a percentage of the employee's annuity (not including supplemental annuity) value at age 65 under the Federal Railroad Retirement Act.

The reduction of pension benefits for amounts payable under the Federal Railroad Retirement Act is 50%.

Death and Disability Benefits—In addition to service retirement benefits, participants of the Plan are eligible to receive disability retirement allowances and death benefits. Participants who become disabled may be eligible to receive disability retirement allowances after 10 years of covered MTA Bus service; 10 years of credited service for covered MTA Metro-North Railroad and MTA Long Island Rail Road management and represented employees, covered MTA Staten Island Railway employees and covered MTA police participants.

The disability retirement allowance for covered MTA Metro-North Railroad and MTA Long Island Rail Road management and represented covered MTA Staten Island Railway employees is calculated based on the participant's credited service and final average salary ("FAS") but not less than ⅓ of FAS. Under the MTA 20 Year Police Retirement Program, a disabled participant may be eligible for one of three forms of disability retirement: (a) ordinary disability which is payable if a participant has 10 years of credited Police service and is calculated based on the participant's credited Police service and FAS but not less than ⅓ of FAS; (b) performance of duty, which is payable if a participant is disabled in the performance of duty and is

½ of FAS, and (c) accidental disability, which is payable if a participant is disabled as the result of an on-the-job accidental injury and is ¾ of FAS subject to an offset of Workers' Compensation benefits.

Pursuant to the MTA Bus programs, the disability benefit is the same as the service retirement benefit.

Survivorship benefits for pre-1988 MTA Long Island Rail Road participants are paid to the spouse when a survivorship option is elected or when an active participant has not divested their spouse of benefits. The survivorship benefit is payable at the time of death or when the vested participant would have attained an eligible age. The amount payable is in the form of an annuity. A lump sum death benefit no greater than \$5,000 is payable upon death on behalf of a non-vested participant or vested participant whose pension rights were waived.

Death benefits are paid to the participant's beneficiary in the event of the death of a covered MTA Metro-North Railroad, post-1987 MTA Long Island Rail Road or MTA Staten Island Railway employee after completion of one year of credited service. The death benefit payable is calculated based on a multiple of a participant's salary based on years of credited service up to three years and is reduced beginning at age sixty-one. A refund of the participant's pension contributions plus interest is also payable to the beneficiary. There is also a post-retirement death benefit which, in the 1st year of retirement, is equal to 50% of the pre-retirement death benefit amount, 25% the 2nd year and 10% of the death benefit payable at age 60 for the 3rd and later years. For the Police 20 Year Retirement Program, the death benefit is payable after ninety days of credited MTA Police service, and is equal to three times their salary. For non-Police groups, this death benefit is payable in a lump sum distribution while for Police, the member or the beneficiary can elect to have it paid as an annuity. The MTA Police do not have a post-retirement benefit.

In the MSBA Employees' Pension Plan, there are special spousal benefits payable upon the death of a participant who is eligible for an early retirement benefit, or a normal service retirement benefit, or who is a vested participant or vested former participant. To be eligible, the spouse and participant must have been married at least one year at the time of death. Where the participant was eligible for an early service retirement benefit or was a vested participant or former participant, the benefit is a pension equal to 40% of the benefit payable to the participant as if the participant retired on the date of death. Where the participant was eligible for a normal service retirement benefit, the eligible spouse can elect either the benefit payable as a pension, as described in the prior sentence, or a lump sum payment based on an actuarially determined pension reserve. If there is no eligible spouse for this pension reserve benefit, a benefit is payable to the participant's beneficiary or estate.

Moreover, an accidental death benefit is payable for the death of a participant who is a covered MTA Metro-North Railroad or post-1987 MTA Long Island Rail Road employee, a covered MTA Staten Island Railway employee or a covered MTA Police member and dies as the result of an on-the-job accidental injury. This death benefit is paid as a pension equal to 50% of the participant's salary and is payable to the spouse for life, or, if none, to children until age 18 (or 23, if a student), or if none, to a dependent parent.

For MTA Bus employees, there is varied death benefit coverage under the Plan. For all represented and non-represented MTA Bus employees at Eastchester and Yonkers Depots and represented MTA Bus employees at Baisley Park, College Point, Far Rockaway, JFK, La Guardia and Spring Creek Depots, if a participant dies prior to being eligible for a retirement benefit, the participant's beneficiary may elect to receive a refund of the participant's contributions plus interest.

Moreover, the spouses of the above MTA Bus employees who are vested are entitled to a presumed retirement survivor annuity which is based on a 50% Joint and Survivor annuity. The date as of which such annuity is determined and on which it commences varies among the different programs depending on whether the participants are eligible for retirement and for payment of retirement benefits.

In addition, the spouse of a non-represented MTA Bus employee at Spring Creek, JFK, La Guardia, Baisley Park and Far Rockaway, if such employee is age 55 and has 15 years of service and is a terminated member with a vested benefit which is not yet payable, may elect the presumed retirement survivor annuity or 1/2 the

participant's accrued benefit paid monthly and terminating on the 60th payment or the spouse's death. The spouse of a non-represented MTA Bus employee at Yonkers Depot may also receive a pre-retirement survivor annuity from the supplemental plan. If there is no such spouse, the actuarial equivalent of such annuity is payable.

The dependent children of MTA Bus TWU employees of College Point, Baisley Park, and La Guardia hired prior to June 9, 2009 are also entitled to an annuity based on the spouse's pre-retirement survivor annuity (1/2 of the spouse's annuity is payable to each child, but no more than 100% of the spouse's annuity is payable). In addition, the dependent children of retirees who were MTA Bus employees at these Depots are entitled to an annuity based on the presumed retirement survivor's annuity (25% of the spouse's annuity; but no more than 50% of the spouse's annuity is payable).

On July 22, 2020, the MTA Board adopted a COVID-19 Accidental Death Benefits, providing eligible surviving beneficiaries with the option to elect a monthly annuity in lieu of an ordinary death benefit, in certain programs of the Plan. On July 21, 2021, the MTA Board adopted amendments to extend the COVID-19 Accidental Death Benefits for active members of the Plan whose death was caused by COVID-19 from March 1, 2020 through December 31, 2022.

MTA Bus employees represented by TWU 100, ATU 1181, ATU 1179, and TSO 106 participate in Article 14 of the Plan. Unlike other Articles of the Plan, Article 14 provides a monthly survivor benefit (a Qualified Preretirement Survivor Annuity ("QPSA") to the spouse of an employee who dies while in active service. The MTA Bus COVID-19 Accidental Death Benefit follows the current benefit structure and enhances the existing QPSA benefit. The MTA Board approved this arrangement, subject to collective bargaining, on July 22, 2020. On July 21, 2021, the MTA Board extended the MTA Bus COVID-19 Accidental Death Benefit for active employees whose death was caused by COVID-19 until December 31, 2022.

Retirement benefits establishment and changes for represented employees are collectively bargained and must be ratified by the respective union and the MTA Board. For non-represented employees, retirement benefits adopted and modifications thereto, are presented to the MTA Board and must be accepted and approved by the MTA Board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The Plan's financial statements are prepared on the accrual basis of accounting under which deductions are recorded when the liability is incurred and additions are recognized in the accounting period in which they are earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Contributions from members are recorded when the employer makes payroll deductions from plan members. Employer contributions are recognized when due in accordance with the terms of the Plan. Additions to the Plan consist of contributions (member and employer) and net investment income. Investment purchases and sales are recorded as of trade date.

The accounting and reporting policies of the Plan conform to accounting principles generally accepted in the United States of America (GAAP).

GASB Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"), requires the Funds to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach, or an income approach. GASB 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements.

New Accounting Standards Adopted—The Plan adopted the following GASB Statement for the year ended December 31, 2025:

GASB Statement No. 102, Certain Risk Disclosures (“GASB 102”), aims to enhance financial reporting by requiring disclosure of risks associated with concentrations (lack of diversity in resource inflows or outflows) and constraints (limitations imposed by external parties or internal governance). This statement addresses the need for transparency regarding risks that could substantially affect the level of services provided by governments.

The adoption of this Statement has no material impact on the financial net position of MTA DB Pension Plan.

Accounting Standards Issued but Not Yet Adopted

GASB Statement No.	GASB Accounting Standard	MTA DB Pension Plan Required Year of Adoption
103	<i>Financial Reporting Model Improvements</i>	2026
104	<i>Disclosure of Certain Capital Assets</i>	2026
105	<i>Subsequent Events</i>	2027

Use of Management Estimates—The preparation of the Plan’s financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates include fair market value of investments, the annual required contribution and the unfunded actuarial accrued liability.

Benefits—Benefits are recorded when paid.

Contributions—As a condition of participation in the MTA Defined Benefit Pension Plan (“MTADBPP” or the “Plan”), employers and employees are required to contribute to the Plan. The amount of the employer contributions is determined by the Plan actuaries. Employee contribution rates for represented employees are determined by collective bargaining. Employee contribution rates for non-represented employees are set forth in the Plan document as adopted by the MTA Board. If an employee terminates employment with less than 10 (ten) years of credited service in the Plan, the employee may request a refund of his employee contributions with interest. Upon receipt of this refund of contributions, the employee has no claim on any future benefit from the Plan. Employees with more than 10 years of credited service, except for a small group of MTA Bus participants, cannot withdraw their contributions.

Members of the MTA Police Program who have transferred pursuant to Retirement and Social Security Law Section 343 and have not been employed in the MTA Police Program for 15 years may, upon termination of employment, withdraw member contributions. The withdrawal of such transferred police service member contributions shall not terminate membership and rights in the MTA Police Program attributable to Credited Police Service.

Income—Dividend and interest income are recorded when earned.

Securities—Purchases and sales of securities are recorded on a trade-date basis.

Asset Transfers—No assets were transferred to the MTA Defined Benefit Pension Plan for the year 2025.

Administrative Expenses—Administrative expenses of the Plan are paid for by the Plan.

3. CASH AND INVESTMENTS

Investment Committee—The Plan’s policy statement is issued for the guidance of fiduciaries, including the members of the Board and investment managers, in the course of investing the assets of the Trust. The investments of the Trust will be made for the exclusive benefit of the Plan participants and their beneficiaries. Policy guidelines may be amended by the Board upon consideration of the advice and recommendations of the investment professionals.

In order to have a reasonable probability of achieving the target return at an acceptable risk level, the Board has adopted the asset allocation policy outlined below. The actual asset allocation will be reviewed on, at least, a quarterly basis and will be readjusted when an asset class weighting is outside its target range. The following was the MTA Defined Benefit Pension Plan Board adopted asset allocation policy, which includes assets of the Additional Plan, as of December 31, 2025.

Asset Class	Target Strategic Asset Allocation	Allocation Range	Benchmark Index
Total Equity	50.0 %	40.0%–60.0%	
Domestic Large Cap Equity	23.0 %	18.0%–28.0%	S&P 500 Index
Domestic Small/Mid Cap Equity	4.5 %	0%–9.5%	Russell 2000 Index
Developed International Equity	10.5 %	5.5%–15.5%	MSCI EAFE
Emerging Markets Large Cap Equity	3.0 %	0%–8.0%	MSCI Emerging Markets
Emerging Markets Small Cap Equity	1.0 %	0%–6.0%	MSCI Emerging Markets Small Cap
Private Equity	8.0 %	3.0%–13.0%	C/A Global All PE (Qtr Lag)
Total Fixed Income	31 %	21.0%–41.0%	
US TIPS	2.0 %	0%–7.0%	Bloomberg US TIPS
US Treasury Bonds	2.0 %	0%–7.0%	Bloomberg US Treasury
US Aggregate Bonds	15.5 %	10.5%–20.5%	Bloomberg US Aggregate
US High Yield	3.5 %	0%–8.5%	ICE BofA US High Yield
Private Debt	8.0 %	3.0%–13.0%	50% CS Leveraged Loan/50% ICE BofA Euro HY Constrained
Total Real Assets	11.0 %	1.0%–21.0%	
Public Real Assets	3.0 %	0%–8.0%	SSgA Real Assets Index
Private Real Assets—Natural Resources/Infrastructure	3.0 %	0%–8.0%	CPI + 3.0%
Private Real Estate—Core/Non-Core	5.0 %	0%–10.0%	NCREIF Property Index (Qtr Lag)
Total Multi-Asset	8.0 %	3.0%–13.0%	
Hedge Funds	8.0 %	3.0%–13.0%	HFRI Fund of Funds Index

The Trust’s Policy Index is a custom benchmark designed to indicate the returns that a passive investor would earn by consistently following the SAA targets set forth in this Policy. The Policy Index is calculated by multiplying the SAA target weight to each asset class by the rate of return of the appropriate market index, as listed above.

*See sub-target allocations and ranges on the following page.

Investment Objective—The investment objective of the funds is to achieve consistent positive real returns and to maximize long-term total return with prudent levels of risk through a combination of income and capital appreciation.

Investment Guidelines—The Board of Pension Managers executes investment management agreements with professional investment management firms to manage the assets of the Plan. The fund managers must adhere to guidelines that have been established to limit exposure to risk.

All investment managers shall be registered advisors under the Investment Advisors Act of 1940.

The Strategic Asset Allocation targets and permissible ranges for eligible asset classes of the Plan are detailed within the Investment Policy Statement (“IPS”). Full discretion, within the parameters of the IPS and in any individual investment policy associated with that allocation, is granted to the Investment Managers regarding the selection of securities and the timing of transactions. For separate accounts, individual manager guidelines and/or exemptions are specified in each approved investment management agreement (“IMA”). Should there be conflicts between the IPS and the IMA, the manager guidelines set forth in the IMA supersede the general guidelines in this Statement. For commingled funds, investment guidelines and/or exemptions are specified in such vehicle’s offering documents and any applicable side letter agreements. Should there be conflicts, the individual vehicle’s investment guidelines supersede the general guidelines in the IPS.

Performance of the Trust will be evaluated on a regular basis. Evaluation will include the degree to which performance results meet the goals and objectives as herewith set forth. Toward that end, the following standards will be used in evaluating investment performance:

- The compliance of each investment manager with the guidelines as expressed herein.
- The extent to which the total rate of return performance of the Trust achieves or exceeds the targeted goals.

Fixed Income Investment Managers - Investment managers are governed by the provisions described in the IPS. The fixed-income portion of the Additional Plan’s assets shall be invested in marketable, fixed income securities, such as:

- Domestic fixed income securities, subject to the guidelines reflected in IPS. Generally defined, the Bloomberg Barclays US Aggregate Bond Index represents the opportunity set for intermediate-term investment grade bonds traded in the United States
- International fixed income securities, subject to the guidelines reflected in IPS. Generally defined, the Citigroup World Government Bond Index represents the opportunity set for international developed market bonds. The J.P. Morgan Emerging Markets Bond Index-Global represents the opportunity set for international emerging market bonds denominated in USD. The J.P. Morgan GBI-EM Global Diversified Index represents the opportunity set for international emerging market bonds denominated in local currency.

These index references are guidelines and do not prohibit investment in securities outside those indexes.

Equity Investment Managers—Investment managers are governed by the provisions described in the IPS. The equity portion of the Additional Plan’s assets shall be invested in marketable securities, such as:

- Domestic equity securities, subject to the guidelines. Generally defined, the Standard & Poor’s 500 and the Russell 3000 Index represents the opportunity set for the Large Cap and Small Cap equities traded in the United States.
- International equity securities, subject to the guidelines. Generally defined, the Morgan Stanley EAFE (Europe, Australasia, and the Far East) Index represents the opportunity set for equities traded in international developed markets. The Morgan Stanley Emerging Markets Index represents the opportunity set for equities traded in international emerging markets.

These index references are guidelines and do not prohibit investment in securities outside those indexes.

Overlay Managers—For a variety of reasons, the investment program may carry large amounts of cash throughout the year. In order to achieve the actuarial assumed returns on the total investment program, the Committee may retain an overlay manager(s). The overlay manager may use exchange traded futures

contracts, Treasuries, and/or Exchange-Traded Funds (ETFs) to expose the cash to the Policy Target Allocation.

In addition, the overlay manager may be utilized for the following:

- Expose un-invested assets of domestic and international equity investment managers to their respective equity benchmarks,
- Assist the Board in rebalancing, transitions, and/or gaining exposure to approved asset classes,
- Invest excess cash into highly liquid short-term investments
- Provide the market (or “beta”) exposures in a portable alpha program.
- The overlay manager shall ensure that all futures positions are fully collateralized, and the manager is prohibited from leveraging any portion of the portfolio.

Alternative Investments Managers—Alternative investments allow the Plan to expand the opportunity set beyond public markets and can be used to enhance overall Plan returns and diversify risk.

Alternative investments are broadly categorized into the following categories:

- Private fixed income
- Real assets
- Real estate
- Absolute return or Hedge Funds
- Private equity
- Venture Capital

Common features of alternative investments are limited liquidity, the use of derivatives, leverage and shorting, lower regulatory oversight, limited transparency, and high fees. Compensating for these risks, these investments offer the potential of diversification and/or higher rates of return over time.

Derivatives Policy—Where appropriate, investment managers may use derivative securities for the following reasons:

- Hedging. To the extent that the portfolio is exposed to clearly defined risks and there are derivative contracts that can be used to reduce those risks, the investment managers are permitted to use such derivatives for hedging purposes, including cross-hedging of currency exposures.
- Creation of Market Exposures. Investment managers are permitted to use derivatives to replicate the risk/return profile of an asset or asset class provided that the guidelines for the investment manager allow for such exposures to be created with the underlying assets themselves.
- Management of Country and Asset Allocation Exposure. Investment managers charged with tactically changing the exposure of their portfolio to different countries and/or asset classes are permitted to use derivative contracts for these purposes.
- Additional uses of derivatives shall be approved by the Board or set forth in the individual investment guidelines or the offering documents prior to implementation and shall be restricted to those specific investment managers.

Ineligible Investments—Unless specifically approved by the Committee or set forth in the individual investment guidelines of a particular allocation, certain securities, strategies and investments are ineligible for inclusion within separately managed accounts. These are:

- Privately-placed or other non-marketable debt, except securities issued under Rule 144a,
- Lettered, legend or other so-called restricted stock,

- Investments in Russian securities,
- Investments in any securities issued by the Metropolitan Transportation Authority or any of its affiliates,
- Commodities,
- Naked Short sales and short sales not acting as a hedge, and
- Direct investments in private placements, real estate, oil and gas and venture capital.

Investment Valuation—Investments primarily include money market funds, equity securities, United States government securities, corporate bonds and debentures, asset backed securities, mortgage and commercial backed securities, mutual and commingled funds. All investments are registered and held by the trustee under a grantor trust, in the name of the Additional Plan. The values of Additional Plan investments are adjusted to fair value as of the last business day of each month based on quoted market prices or net asset value, which is determined to be a practical expedient for measuring fair value, except for certain cash equivalents, which are stated at cost and approximate market value. Purchases and sales of securities are recorded on a trade-date basis.

Income Recognition—Gains or losses from investment transactions are recognized on a trade date basis. Such investment gains or losses are determined using the average cost method. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis.

Risks and Uncertainties—The Plan's investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term would materially affect the amounts reported in the Plan's financial statements.

The financial markets, both domestically and internationally, have demonstrated significant volatility on a daily basis, which affects the valuation of investments. The Plan utilizes asset allocation strategies that are intended to optimize investment returns over time in accordance with investment objectives and with acceptable levels of risk.

GASB Statement No. 72—In year 2015, the Plan adopted GASB Statement No. 72 (“GASB 72”), *Fair Value Measurement and Application*. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Plan have the following recurring fair value measurements as of December 31, 2025 and 2024:

Investments measured at readily determined fair value (FV)
(In thousands)

	December 31, 2025	Quoted Price in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Equity Securities:				
Separate account large-cap equity funds	\$ 575,012	\$ 575,012	\$ -	\$ -
Separate account small-cap equity funds	361,818	361,818	-	-
Separate account small-Real Estate Investments Trusts	290	290	-	-
Separate account—International equity funds	<u>266,112</u>	<u>266,112</u>	<u>-</u>	<u>-</u>
Total equity investments	<u>1,203,232</u>	<u>1,203,232</u>	<u>-</u>	<u>-</u>
Debt Securities				
Mutual funds	146,630	146,630	-	-
Separate account—opportunistic credit/Private debt	70,322	-	70,322	-
Separate account debt funds	<u>1,079,425</u>	<u>-</u>	<u>1,079,425</u>	<u>-</u>
Total debt investments	<u>1,296,377</u>	<u>146,630</u>	<u>1,149,747</u>	<u>-</u>
Total investments by fair value	<u>\$ 2,499,609</u>	<u>\$ 1,349,862</u>	<u>\$ 1,149,747</u>	<u>\$ -</u>

Investments measured at the net asset value (NAV)
(In thousands)

	December 31, 2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity Securities:				
Comingled large cap equity funds	\$ 1,318,561	-	Daily	None
Commingled international equity funds	539,227	-	Daily	None
Commingled emerging market equity funds	423,878	-	Daily, monthly	None
Total equity investments measured at the NAV	<u>2,281,666</u>	<u>-</u>		
Debt Securities				
Commingled debt funds	742,525	-	Daily, monthly, quarterly	None
Total debt investments measured at the NAV	<u>742,525</u>	<u>-</u>		
Absolute return:				
Direct lending	137,290	176,893	Bi-annually	60 plus days
Distressed securities	12,298	-	Not eligible	N/A
Credit long	75,035	-	Quarterly	3-30 days
Event driven	-	2,083	Quarterly, Bi-annually	60-120 days
Hedge Funds of funds	819,766	-	Quarterly	70 days
Total absolute return measured at the NAV	<u>1,044,389</u>	<u>178,976</u>		
Venture capital	2,740	6,613	Not eligible	N/A
Private equity—private equity partnerships	578,414	403,810	Not eligible	N/A
Commingled real estate funds	102,472	97,327	Not eligible	N/A
Real assets				
Comingled commodities fund	238,302	-	Quarterly	N/A
Energy	59,537	48,146	Not eligible	N/A
Infrastructure	36,141	99,052	Not eligible	N/A
Shipping	-	934	Not eligible	N/A
Total real assets measured at the NAV	<u>333,980</u>	<u>148,132</u>		
Short term investments measured at the NAV	<u>246,342</u>	<u>-</u>		
Total investments measured at the NAV	<u>5,332,527</u>	<u>834,858</u>		
Total investments at fair value and NAV	<u>\$ 7,832,136</u>			

Investments measured at readily determined fair value (FV)
(In thousands)

	December 31, 2024	Quoted Price in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Equity Securities:				
Separate account large-cap equity funds	\$ 1,681,808	\$ 1,681,808	\$ -	\$ -
Separate account small-cap equity funds	453,878	453,878	-	-
Separate account small-Real Estate Investments Trusts	66,971	66,971	-	-
Separate account—International equity funds	<u>244,562</u>	<u>244,562</u>	<u>-</u>	<u>-</u>
Total equity investments	<u>2,447,219</u>	<u>2,447,219</u>	<u>-</u>	<u>-</u>
Debt Securities				
Mutual funds	98,679	98,679	-	-
Separate account—opportunistic credit/Private debt	85,698	-	85,698	-
Separate account debt funds	<u>1,118,679</u>	<u>-</u>	<u>1,118,679</u>	<u>-</u>
Total debt investments	<u>1,303,056</u>	<u>98,679</u>	<u>1,204,377</u>	<u>-</u>
Total investments by fair value	<u>\$ 3,750,275</u>	<u>\$ 2,545,898</u>	<u>\$ 1,204,377</u>	<u>\$ -</u>

Investments measured at the net asset value (NAV)
(In thousands)

	December 31, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity Securities:				
Commingled international equity funds	\$ 638,889	\$ -	Daily	None
Commingled emerging market equity funds	<u>319,423</u>	<u>-</u>	Daily, monthly	None
Total equity investments measured at the NAV	<u>958,312</u>	<u>-</u>		
Debt Securities				
Commingled debt funds	<u>577,676</u>	<u>-</u>	Daily, monthly, quarterly	None
Total debt investments measured at the NAV	<u>577,676</u>	<u>-</u>		
Absolute return:				
Direct lending	145,616	100,220	Bi-annually	60 plus days
Distressed securities	12,780	-	Not eligible	N/A
Credit long	68,749	-	Quarterly	3–30 days
Event driven	-	2,082	Quarterly, Bi-annually	60–120 days
Hedge Funds of funds	<u>566,227</u>	<u>-</u>	Quarterly	70 days
Total absolute return measured at the NAV	<u>793,372</u>	<u>102,302</u>		
Venture capital	<u>581</u>	<u>8,403</u>	Not eligible	N/A
Private equity—private equity partnerships	<u>534,763</u>	<u>322,500</u>	Not eligible	N/A
Commingled real estate funds	<u>247,858</u>	<u>81,059</u>	Not eligible	N/A
Real assets				
Energy	73,890	54,658	Not eligible	N/A
Infrastructure	13,575	71,050	Not eligible	N/A
Shipping	<u>100</u>	<u>934</u>	Not eligible	N/A
Total real assets measured at the NAV	<u>87,565</u>	<u>126,642</u>		
Short term investments measured at the NAV	<u>234,209</u>	<u>-</u>		
Total investments measured at the NAV	<u>3,434,336</u>	<u>\$ 640,906</u>		
Total investments at fair value and NAV	<u>\$ 7,184,611</u>			

Concentration of Credit Risk—Individual investments held by the Plan that represents 5.0% or more of the Plan's net assets available for benefits at December 31, 2025 and 2024 are as follows:

(In Thousands)	2025	2024
Investments at fair value as determined by quoted market prices:		
Independent Franchise Partners	\$ 575,012	\$ 438,671
Blackrock Hedge Index	486,889	464,565
Rhumblin Core Bond *	405,056	-
Rhumblin Large Cap Equity	1,318,561	1,243,137

* The Rhumblin Core Bond Fund was held by the MTA DB Pension Plan in 2024 with an investment value lower than the 5% disclosure requirement.

Credit Risk—At December 31, 2025 and 2024, the following credit quality rating has been assigned by a nationally recognized rating organization:

(In Thousands)	2025	Percentage of Fixed Income	2024	Percentage of Fixed Income
Quality Rating	Fair Value	Portfolio	Fair Value	Portfolio
AAA	\$ 54,908	4.92 %	\$ 53,505	4.57 %
AA	19,157	1.72	200,341	17.13
A	55,856	5.00	43,440	3.72
BBB	173,935	15.57	142,403	12.18
BB	65,841	5.89	50,777	4.34
B	85,272	7.63	96,523	8.25
CCC	41,316	3.70	36,047	3.08
Not Rated	376,507	33.71	104,793	8.96
Credit risk debt securities	872,792	78.14	727,829	62.23
U.S. Government bonds	244,141	21.86	441,718	37.77
Total fixed income securities	1,116,933	100.00 %	1,169,547	100.00 %
Other securities not rated—equity, international funds and foreign corporate bonds	6,715,203		6,015,064	
Total investments	\$ 7,832,136		\$ 7,184,611	

Interest Rate Risk Exceptions—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of sensitivity to interest rate risk. The greater the duration of a bond or portfolio of bonds, the greater its price volatility will be in response to a change in interest rate risk and vice versa. Modified duration is an indicator of bond price’s sensitivity to a parallel 100 basis point change in interest rates.

Investment Fund (In Thousands)	2025	Duration	2024	Duration
	Fair Value		Fair Value	
JP Morgan Chase	\$ 1,116,933	6.07	\$ 1,169,547	5.12
Total fixed income securities	1,116,933		1,169,547	
Portfolio modified duration		6.07		5.12
Investments with no duration reported	<u>6,715,203</u>		<u>6,015,064</u>	
Total investments	<u>\$ 7,832,136</u>		<u>\$ 7,184,611</u>	

Foreign Currency Risk—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Some of the Plan’s investment managers will have foreign currency exposure through holdings of foreign securities, currency derivatives or private investments whose revenue will be non-USD based. The Plan also holds investments in American Depositary Receipts (“ADRs”) which are denominated in U.S. dollars and accounted for at fair market value.

In addition, the Plan has investments in foreign stocks and denominated in foreign currencies. The Plan’s foreign currency exposures as of December 31, 2025 and 2024 are as follows (amounts in U.S. dollars, in thousands):

Foreign Currency Holdings in US \$	December 31, 2025	December 31, 2024
Australia (Dollar)	\$ 5,053	\$ -
Canadian (Dollar)	23,104	-
Euro	91,281	7,783
Hong Kong (Dollar)	4,317	-
Japanese (Yen)	53,442	15,093
Mexican (Peso)	6,871	-
Singapore (Dollar)	10,003	-
South Korea (Won)	6,873	-
Sweden (Krona)	5,723	-
Swiss Franc	31,108	21,871
United Kingdom (GBP)	<u>61,891</u>	<u>26,595</u>
Total	<u>\$ 299,666</u>	<u>\$ 71,342</u>

Additional Information—The Plan holdings are part of the MTA Master Trust of which the MTA Defined Benefit Plan participates on a percentage basis. The percentage of the Plan ownership for the year ended December 31, 2025 and 2024 were 93.04% and 91.84% % respectively.

	Master Trust Total Plan December 31, 2025	MTA Defined Benefit Plan December 31, 2025	Master Trust Total Plan December 31, 2024	MTA Defined Benefit Plan December 31, 2024
	(In thousands)			
Total Investments:				
Investments measured at readily determined fair value	\$ 2,686,526	\$ 2,499,609	\$ 4,083,505	\$ 3,750,275
Investments measured at the NAV	<u>5,731,285</u>	<u>5,332,527</u>	<u>3,739,494</u>	<u>3,434,336</u>
Total investments measured at fair value	<u>\$ 8,417,811</u>	<u>\$ 7,832,136</u>	<u>\$ 7,822,999</u>	<u>\$ 7,184,611</u>

4. NET PENSION LIABILITY

The components of the net pension liability of the Plan at December 31, 2025 and 2024 were as follows (in thousands):

	December 31, 2025	December 31, 2024
Total pension liability	\$ 9,423,657	\$ 8,756,739
Fiduciary net position	<u>7,840,003</u>	<u>7,181,669</u>
Net pension liability	<u>\$ 1,583,654</u>	<u>\$ 1,575,070</u>
Fiduciary net position as a percentage of the total pension liability	83.19 %	82.01 %

Actuarial Methods and Assumptions—The total pension liability as of December 31, 2025 was determined by an actuarial valuation date of January 1, 2025, that was updated to roll forward the total pension liability to year-end. Actuarial valuations are performed annually as of January 1.

Discount Rate—The discount rate used to measure the total liability as of December 31, 2025 and 2024 was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made in accordance with the Employer funding policy as projected by the Plan's actuary. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate—The following presents the 2025 net pension liability of the Plan, calculated using the discount rate of 6.50%; as well as what the Plan's net pension would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

2025 (in thousands)	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net pension liability	\$ 2,753,085	\$ 1,583,654	\$ 601,550
2024 (in thousands)	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net pension liability	\$ 2,663,898	\$ 1,575,070	\$ 660,734

Additional Important Actuarial Valuation Information

Valuation date	January 1, 2025
Valuation timing	Actuarially determined contributions calculated as of December 31, for the fiscal year and discounted to July 1 to reflect monthly payments throughout the year. For 2023–2025 discounts reflect timing of prepaid contributions.
Actuarial cost method	Frozen Initial Liability cost method
Amortization method	For FIL bases, 15 years remaining for the Fresh start base including vacation pay adjustment base as of January 1, 2022; 15 years for other changes in actuarial assumptions and the period specified in current valuation report for specific plan change bases. All bases are determined on a closed basis. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service of the projected population for each group and further weighted by total present value of benefits for each group.
Actuarial asset valuation method	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets
Mortality	Based on experience of all MTA-sponsored pension plan members from January 1, 2015–December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021.
Actuarial assumptions:	
Investment rate of return	6.50%, net of investment expenses
Projected salary increases	Varies by years of employment, and employee group; 2.75% GWI increases for MTA Bus hourly employees.
COLAs	60% of inflation assumption or 1.35%, if applicable
Inflation/Railroad Retirement wage base	2.25%; 3.25%

Valuation date	January 1/1/2024
Valuation timing	Actuarially determined contributions calculated as of December 31, for the fiscal year and discounted to July 1 to reflect monthly payments throughout the year. For 2023–2024 discounts reflect timing of prepaid contributions.
Actuarial cost method	Frozen Initial Liability cost method
Amortization method	For FIL bases, 15 years remaining for the Fresh start base including vacation pay adjustment base as of January 1, 2022; 15 years for other changes in actuarial assumptions and the period specified in current valuation report for specific plan change bases. All bases are determined on a closed basis. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service of the projected population for each group and further weighted by total present value of benefits for each group.
Actuarial asset valuation method	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets
Mortality	Based on experience of all MTA-sponsored pension plan members from January 1, 2015–December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021.
Actuarial assumptions:	
Investment rate of return	6.50%, net of investment expenses
Projected salary increases	Varies by years of employment, and employee group; 2.75% GWI increases for MTA Bus hourly employees
COLAs	60% of inflation assumption or 1.35%, if applicable
Inflation/Railroad Retirement wage base	2.25%; 3.25%

Calculation on Money-Weighted Rate of Return—The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash

inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses as of December 31, 2025 and 2024 are as follows:

**2025 Schedule of Calculations of Money-Weighted Rate of Return
(In thousands)**

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows With Interest
Beginning Value—January 1, 2025	\$ 7,181,669	12.00	1.00	\$ 8,159,747
Monthly net external cash flows:				
January	(32,712)	12.00	1.00	(37,167)
February	(26,362)	11.00	0.92	(29,648)
March	(26,362)	10.00	0.83	(29,309)
April	(26,829)	9.00	0.75	(29,526)
May	(26,362)	8.00	0.67	(28,717)
June	(22,484)	7.00	0.58	(24,213)
July	(20,525)	6.00	0.50	(21,878)
August	(26,595)	5.00	0.42	(28,060)
September	(24,461)	4.00	0.33	(25,514)
October	(26,595)	3.00	0.25	(27,458)
November	(26,595)	2.00	0.17	(27,179)
December	(10,802)	1.00	0.08	(11,075)
Ending Value—December 31, 2025				\$ 7,840,003
Money-Weighted Rate of Return	13.62 %			

**2024 Schedule of Calculations of Money-Weighted Rate of Return
(In thousands)**

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows With Interest
Beginning Value—January 1, 2024	\$ 6,553,455	12.00	1.00	\$ 7,181,745
Monthly net external cash flows:				
January	19,359	12.00	1.00	21,215
February	19,359	11.00	0.92	21,060
March	19,359	10.00	0.83	20,887
April	19,359	9.00	0.75	20,735
May	19,359	8.00	0.67	20,584
June	22,632	7.00	0.58	23,866
July	(20,838)	6.00	0.50	(21,814)
August	(20,838)	5.00	0.42	(21,655)
September	(20,838)	4.00	0.33	(21,477)
October	(20,838)	3.00	0.25	(21,321)
November	(20,838)	2.00	0.17	(21,165)
December	(20,838)	1.00	0.08	(20,991)
Ending Value—December 31, 2024				\$ 7,181,669
Money-Weighted Rate of Return	9.59 %			

Calculation on Long-Term Expected Rate of Return—The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions as of December 31, 2025 and 2024 are as follows:

SCHEDULE OF LONG TERM EXPECTED RATE OF RETURN FOR 2025

Asset Class	Index	Target Allocation*	Real Rate of Return
US Core Fixed Income (Aggregate)	Bloomberg Barclays Aggregate	15.50 %	2.33 %
US Treasury Bonds	Bloomberg US Treasury TR USD	2.50 %	1.86 %
US TIPS (Inflation-Indexed Bonds)	Bloomberg US Treasury US TIPS TR USD	2.50 %	2.03 %
US High Yield Bonds	ICE BofA US High Yield TR USD	3.50 %	3.97 %
Private Credit	CDL Index	8.00 %	6.57 %
US Large Cap Equity	S&P 500 TR USD	21.50 %	5.47 %
US Small Cap Equity	Russell 2000 TR USD	5.00 %	6.52 %
Foreign Developed Equity	MSCI EAFE NR TR USD	11.00 %	6.35 %
Emerging Market Equity	MSCI EM NR USD	3.50 %	8.48 %
Emerging Markets Small Cap Equity	MSCI EM Small NR USD	1.00 %	8.77 %
Private Real Estate Property	NCREIF Property	5.00 %	5.91 %
Private Equity	Cambridge Associates US Private Equity	8.00 %	10.51 %
Infrastructure—Public	S&P Global Infrastructure TR USD	3.00 %	5.51 %
Commodities	Bloomberg Commodity TR USD	3.00 %	3.13 %
Hedge Funds—MultiStrategy	HFRI: Fund Wtd Composite	7.00 %	4.03 %
Assumed Inflation—Mean			2.33 %
Assumed Inflation—Standard Deviation			1.47 %
Portfolio Nominal Mean Return			7.71 %
Portfolio Standard Deviation			12.26 %
Long-Term Expected Rate of Return selected by MTA			6.50 %

* Based on the Plan's investment policy dated February, 2026.

SCHEDULE OF LONG TERM EXPECTED RATE OF RETURN FOR 2024

Asset Class	Index	Target Allocation*	Real Rate of Return
US Core Fixed Income (Aggregate)	Bloomberg Barclays Aggregate	15.50 %	2.36 %
US Treasury Bonds	Bloomberg US Treasury	2.00 %	1.85 %
US TIPS (Inflation-Indexed Bonds)	Bloomberg US Treasury US TIPS	2.00 %	1.93 %
US High Yield Bonds	ICE BofA US High Yield	3.50 %	4.04 %
Private Credit	CDL Index	8.00 %	6.48 %
US Large Cap Equity	S&P 500	23.00 %	5.33 %
US Small Cap Equity	Russell 2000	4.50 %	6.82 %
Foreign Developed Equity	MSCI EAFE NR	10.50 %	6.91 %
Emerging Market Equity	MSCI EM NR	3.00 %	9.29 %
Emerging Markets Small Cap Equity	MSCI EM Small NR	1.00 %	9.62 %
Private Real Estate Property	NCREIF Property	5.00 %	5.93 %
Private Equity	Cambridge Private Equity	8.00 %	10.37 %
Infrastructure—Public	S&P Global Infrastructure	3.00 %	5.92 %
Commodities	Bloomberg Commodity	3.00 %	3.38 %
Hedge Funds—MultiStrategy	HFRI: Fund Wtd Composite	8.00 %	4.13 %
Assumed Inflation—Mean			2.30 %
Assumed Inflation—Standard Deviation			1.46 %
Portfolio Nominal Mean Return			7.77 %
Portfolio Standard Deviation			12.25 %
Long-Term Expected Rate of Return selected by MTA			6.50 %

* Based on the Plan's investment policy dated February, 2025.

5. CONTRIBUTIONS

Employer contributions are actuarially determined on an annual basis. Amounts recognized as receivables for contributions include only those due pursuant to legal requirements. Employee contributions to the Plan are recognized in the period in which the contributions are due. There are no contributions required under the Metropolitan Suburban Bus Authority Employee's Pension Plan.

The following summarizes the types of employee contributions made to the Plan.

Effective January 1, 1994, covered MTA Metro-North Railroad and MTA Long Island Rail Road non-represented employees are required to contribute to the Plan to the extent that their Railroad Retirement Tier II employee contribution is less than the pre-tax cost of the 3% employee contributions. Effective October 1, 2000, non-represented employee contributions, if any, were eliminated after 10 years of making contributions to the Plan. MTA Metro-North Railroad employees may purchase prior service from January 1, 1983 through December 31, 1993 and MTA Long Island Rail Road employees may purchase prior service from January 1, 1988 through December 31, 1993 by paying the contributions that would have been required of that employee for the years in question, calculated as described in the first sentence, had the Plan been in effect for those years.

Police Officers who became participants of the MTA Police Program prior to January 9, 2010 contribute to that program at various rates. Police Officers who became participants on or after January 9, 2010 but before April 1, 2012 contribute 3% up to the completion of 32 years of service, the maximum amount of service credit allowed. Police Officers who become participants on or after April 1, 2012 contribute 3%, with additional new rates starting April 2013, ranging from 3.5%, 4.5%, 5.75%, to 6%, depending on salary level, for their remaining years of service.

MTA Bus represented participants make contributions in accordance with their respective collective bargaining agreements and arbitration awards. MTA Bus non-represented employees are accessed contributions for their flat rate benefit of \$10.33 for each week for the period from January 1, 2012 through December 31, 2016. Effective January 1, 2017, MTA Bus non-represented operating employee hired prior to April 1, 2012 contribute 2% of gross wages. MTA Bus non-represented non-operating employee hired prior to April 1, 2012 contribute 4.85% of gross wages for ten years of service after January 1, 2017, and then 1.85% gross salary thereafter until retirement. Contributions levels for MTA Bus non-represented employees hired on or after April 1, 2012, which are required until retirement, are determined every year at the beginning of the calendar year, and are based on annual wages during the prior year and the following schedule:

Annual Wages Earned During the Prior Year	Contribution Rate
Up to \$45,000	3.00 %
\$45,001 to \$55,000	3.50 %
\$55,001 to \$75,000	4.50 %
\$75,001 to \$100,000	5.75 %
Greater than \$100,000	6.00 %

In 2017, a reserve was established for fifteen former MTA employees in accordance with Chapter 533 of the Laws of 2015. As of December 31, 2024 and 2023, total transfer in the amounts of \$7.9 million and \$3.6 million, to the New York State and Local Police and Fire Retirement System allowed former MTA Police employees to transfer membership and contributions to the New York State and Local Police and Fire Retirement System from the MTA Defined Benefit Plan.

Covered MTA Metro-North Railroad represented employees and MTA Long Island Rail Road represented employees who first became eligible to be Plan participants prior to January 30, 2008 contribute 3% of salary. MTA Staten Island Railway employees contribute 3% of salary except for represented and non represented employees hired on or after June 1, 2010 who contribute 4%. MTA Staten Island Railway represented employees contribute for either 10 years or 15 years of credited service as per the relevant collective bargaining agreements. MTA Staten Island Railway non represented employees hired after March 25, 2015 are required to contribute for 15 years of credited service. MTA Long Island Rail Road represented employees who became participants after January 30, 2008 contribute 4% of salary. MTA Long Island Rail Road represented employees are required to make the employee contributions for 10 years, if hired before certain dates in 2014 as per collective bargaining agreements. Certain Metro-North represented employees, depending on their collective bargaining agreements, are required to make employee contributions until January 1, 2014, January 1, 2017, June 30, 2017, or the completion of required years of credited service as per the relevant collective bargaining agreements.

Covered MTA Bus represented employees and certain non-represented employees are required to contribute a fixed dollar amount, which varies, by Depot. MTA Bus is required to make significant annual contributions to the MTA Plan on a current basis. Pursuant to the January 1, 2023 actuarial valuations for the MTA Plan, which included amounts for actuarial assets and liabilities relating to both active and retired members for most portions of the former private plans (excepting, for example, members of the Transport Workers Union—New York City Private Bus Lines Pension Trust who were working on school bus routes which did not become part of MTA Bus service), MTA Bus recorded pension expense equal to the valuation annual required contribution of \$67.4 and \$0.00 for the calendar years ended December 31, 2025 and 2024. No employer contributions were paid to the MTA Plan in 2024.

6. ACTUARIAL METHODS AND ASSUMPTIONS

A. Actuarial Valuation Method

The Frozen Initial Liability method was used for determining the actuarial determined contribution comprising the normal cost-plus amortization payments of the frozen unfunded actuarial accrued liability. The Normal Cost equals the present value of future employer normal contributions divided by the average future working lifetime factor. This factor equals the present value of future compensation or for MTA Bus represented members, present value of future general wage increases divided by current compensation or the member count weighted by general wage increases (less certain retirements) and weighted by the present value of benefits for each membership group.

The Entry Age Normal (EAN) method is used for determining changes in the frozen unfunded actuarial accrued liability due to plan provisions and assumption changes. For MTA Bus members with benefits indexed to general wage increases, the entry age normal cost uses assumed general wage increases rather than payroll, which conforms to a method compliant for GASB 67 purposes. For MTA Bus non-represented members where benefits are bifurcated into a past service level dollar component and a future service MaBSTOA benefit component, the EAN normal cost assumes that the MaBSTOA style benefits were in effect for the member's entire career.

For groups where service was reported as of the valuation date, Entry Age is based on an effective date of hire equal to the valuation date less provided service plus any purchased service, but not reflecting any military service purchased.

B. Asset Valuation Method

The Asset Valuation method smooths gains and losses over a 5-year period. The formula for the asset valuation method is as follows:

$$\text{Actuarial Value of Assets} = MV_t - .8UR_1 - .6UR_2 - .4UR_3 - .2UR_4$$

Where

MV_t = Market Value of assets as of the valuation date.

UR_n = Unexpected return during the nth year preceding the valuation date. The unexpected return for a year equals the total investment return minus the total expected return. The total expected return equals the market value of assets at the beginning of the year plus the weighted net cash flow during the year multiplied by the expected rate of return.

The resulting value cannot be less than 80% or greater than 120% of the market value of assets.

The market value of assets is adjusted for any contributions made in the current year attributable to a prior year less any contributions made in a prior year and attributable to a future year, determined for each Agency independently.

C. Actuarial Assumptions Universal to all Groups

The assumptions described below were primarily determined based on an experience analysis covering the period from January 1, 2012 to December 31, 2017, with certain assumptions modified subsequently. The mortality assumption is based on an experience analysis covering the period from January 1, 2015 to December 31, 2020.

Interest—6.50% per annum, compounded annually, net of investment expenses.

Railroad Retirement Wage Base—3.25% per year.

Consumer Price Index—2.25% per year.

Cost of Living Increases—60% of inflation assumption or 1.35% per annum, compounded annually for Police and MTA Bus members eligible for a cost of living adjustment.

Provision for Expenses—Estimated administrative expenses are added to the normal cost. Administrative expenses are based on the average of the prior two year's reported administrative expenses.

Valuation Compensation—The valuation compensation is equal to the annualized base salary as of December 31, 2023 as provided by the MTA adjusted for wage increases granted after the valuation date but retroactive to earlier periods, multiplied by the assumed salary increases for the year. Salary increases are assumed to occur on average at mid-year. Retroactive wage adjustments are as follows:

MTA Metro-North represented employees:

- 3.0% (union codes 2, 6, 7, 9, 11, 16, 19, 26, 49, 59, 72, 73), 8.478% (union codes 5, 13, 25, 75, 76), 9.532% (union codes 3, 20, 21), or 13.137% (union codes 8, 15).
- Long Island Railroad represented employees: 3.0% (union codes 02A, 02B, 03A, 03B, 05A, 07A, 07B, 07C, 09A, 10A, 10B, 10C, 10D, 10E, 10F, 10G, 10I, 10J, 10L, 11A, 11B, 14A, 15A, 15B, 16A, 16C, 16D, 17A thru 17H, 20A, 20B, 24A, 24B).
- SIRTAA represented employees: 3.0% (union codes S2, S3, S4, S8) or 13.137% (union codes S5, S7).

Vacation Pay Retirement Load—Earnings in a member's last year of employment is increased for accrued vacation time. A maximum of 240 hours may be accrued increasing a member's final year's pensionable earnings by at most approximately 11.5% of base compensation. The adjustment represents the percentage of the 240 hour accrued vacation maximum, varies by years of service, and is applied upon retirement. This load is applied to all members, except MTA Bus Company and MTA Police.

Years of Service	Accrued Vacation Load		Percentage of 240 Hour Maximum
	Percentage of 240 Hour Maximum	Years of Service	
5	15.00 %	13	55.00 %
6	20.00	14	60.00
7	25.00	15	65.00
8	30.00	16	70.00
9	35.00	17	75.00
10	40.00	18	80.00
11	45.00	19	85.00
12	50.00	20+	90.00

Mortality—Preretirement and postretirement healthy annuitant rates are projected on a generational basis using the Society of Actuaries Mortality Improvement Scale MP-2021. As a generational table, it reflects mortality improvements both before and after the measurement date.

Preretirement: Pri-2012 Employee mortality table with blue collar adjustments multiplied by 97% for rail males, 92% for MTA Bus males and 100% for females. For Police, the Mortality Rates for NYC Active Members of Transit and TBTA Ordinary and Accidental Death (no projection scale is applied to the Accidental Death table).

Postretirement Healthy Lives: Pri-2012 Retiree mortality table with blue collar adjustments multiplied by 97% for rail males, 92% for MTA Bus males and 100% for females. For Police, the Mortality Rates for NYC Service Retirees for Housing Police and Transit Police.

Postretirement Disabled Lives: PRI-2012 Disabled Annuitant mortality table for males and females. For Police, the Mortality Rates for NYC Disabled Retirees for Housing Police and Transit Police.

Postretirement Disabled Lives: PRI-2012 Disabled Annuitant mortality table for males and females. For Police, the Mortality Rates for NYC Disabled Retirees for Housing Police and Transit Police.

Post-termination Death Benefits—For current inactive participants eligible for post-retirement death benefits, an amount of \$25,000 (\$10,000 for certain M.S.B.A. inactive participants) is assumed to be payable at death. For current terminated vested members, \$100,000 is assumed to be payable at death prior to retirement.

Benefit Adjustments for Retirees: For members that retired in the past two years, a 2% load was applied to benefits to account for potential increases when the benefits are finalized (3% for management members of Long Island Rail Road or Metro-North Railroad).

In addition, the following loads were applied to recent retirees to account for wage increases that are effective retroactively but have not yet been reflected in the benefit calculation.

Group	Years of Retirement				
	2020	2021	2022	2023	2024
Metro-North ACRE	2.50 %	7.00 %	9.50 %	12.00 %	12.00 %
MetroNorth Other Represented	0.00	2.75	5.00	7.25	8.00
Long Island Rail Road Represented	0.00	0.00	0.00	0.50	1.75
SIRTOA—Represented	0.00	0.00	0.00	0.50	1.75
Police	0.00	0.00	5.25	0.00	0.50

Participant Data—Benefits were estimated for vested members who terminated during the past year and prior years if no benefit was provided. If transferred to another agency within MTA, but no longer receiving service accruals, wrap around benefit was estimated by increasing vested benefit by 3.5% per year until date first eligible for unreduced retirement reflecting all service and if applicable, adjusted benefit percentage from 1.67% to 2.0%.

Service for MTA Police, MTA Metro-North Railroad and MTA Long Island Rail Road represented and management members is based on the sum of credited service, purchased service and military service provided by MTA.

For inactive MTA Police, MTA Metro-North and MTA Long Island Rail Road represented and management participants, future offsets for Railroad Retirement benefits are estimated and assumed to occur at age 62 or age 60 if the member had accrued 30 years of service, unless disabled or it appears the offset has occurred. For inactive Long Island Rail Road Pension participants, offsets for Railroad Retirement benefits are estimated and assumed to occur at the member's age 65. Benefits, net of any Railroad Retirement benefits, are estimated for vested members who terminated during the past year if not provided by the Authority.

If not provided, the maximum retirement allowance was estimated for police and MTA Bus retirees eligible for COLA adjustments.

Benefits Not Valued: COVID-19 Accidental Death Benefit is assumed to have an insignificant cost.

D. Changes in Actuarial Assumptions Universal to all Groups

There are no changes since the prior valuation impacting all groups.

E. Actuarial Assumptions—MTA Defined Benefit Pension Plan—Management

Salary Scale—Salaries are assumed to increase in accordance with the following schedule:

Years of Service	Rate of Increase	Years of Service	Rate of Increase
0	8.00 %	8	4.70 %
1	8.00	9	4.60
2	7.00	10	4.50
3	6.50	11	4.25
4	5.50	12	4.00
5	5.00	13	3.75
6	4.90	14	3.50
7	4.80	15+	3.25

Overtime—None

Termination—Withdrawal rates vary by years of service. Illustrative rates are shown below:

Years of Service	Termination Rate	Years of Service	Termination Rate
0–1	6.00 %	7	2.00 %
2	5.50	8	1.75
3	5.00	9	1.50
4	4.50	10–14	1.25
5	3.00	15–19	1.00
6	2.50	20+	0.50

Retirement—Rates vary by years of service and type of retirement. Rates apply upon benefit eligibility from ages 55 to 79. Certain retirement age is 80. Illustrative rates are shown below:

Years of Service	Reduced Early Retirement	Unreduced Early Retirement
<10	2.00 %	5.00 %
10–19	2.00	10.00
20	5.00	30.00
21–29	5.00	20.00
30	N/A	50.00
31+	N/A	30.00
	1	At age 55, rate is 50.00%

Disability—Rates vary by age and apply at 10 or more years of service until age 64. For Staten Island Railway, rates apply until eligible for normal retirement and completion of 20 years of service. No rates of accidental disability are assumed. Illustrative rates are shown below:

Age	Disability Rate
25	0.045 %
30	0.049
35	0.052
40	0.073
45	0.113
50	0.138
55	0.191
60	0.259
64	0.323

Employee Contributions—No employee contributions have been anticipated for future years.

Changes in Actuarial Assumptions—Except as noted in Universal Assumption section, there are no further changes.

F. Actuarial Assumptions—MTA Defined Benefit Pension Plan—Rail Agencies Represented Employees

Salary Scale—Salaries are assumed to increase based on years of service in accordance with the following schedule:

Years of Service	Termination Rate	Years of Service	Termination Rate
0–1	12.50 %	6	4.25 %
2	11.50	7	4.00
3	10.00	8	3.75
4	10.00	9	3.50
5	6.00	10+	3.25

Overtime—Rates of overtime vary by years of service and Agency. They are applied to base salary in accordance with the following schedule for Long Island Rail Road and Metro-North Railroad. For Staten Island Railway, assumed overtime is 15% of base pay regardless of the years of service. No overtime is applied to members receiving benefits upon death or disability.

Years of Service	Long Island Rail Road		
	Overtime Rate	Years of Service	Overtime Rate
<4	21.00 %	13	31.00 %
4	22.00	14	32.00
5	23.00	15	33.00
6	24.00	16	34.00
7	25.00	17	35.00
8	26.00	18	36.00
9	27.00	19	37.00
10	28.00	20	38.00
11	29.00	21	39.00
12	30.00	22+	40.00

Years of Service	Metro-North Railroad		
	Overtime Rate	Years of Service	Overtime Rate
<4	20.00 %	17	27.75 %
4	21.00	18	28.00
5	22.00	19	28.25
6	23.00	20	28.50
7	24.00	21	28.75
8	25.00	22	29.00
9	25.50	23	29.50
10	26.00	24	30.00
11	26.25	25	30.50
12	26.50	26	31.00
13	26.75	27	32.00
14	27.00	28	33.00
15	27.25	29	34.00
16	27.50	30+	35.00

Termination—Withdrawal rates vary by years of service. Illustrative rates are shown below:

Years of Service	Termination Rate	Years of Service	Termination Rate
0–1	3.50 %	7	1.20 %
2	2.00	8	1.10
3	1.75	9	1.00
4	1.50	10–4	0.75
5	1.40	15–19	0.50
6	1.30	20+	0.50

Retirement—Rates vary by years of service and type of retirement. Rates apply upon benefit eligibility from ages 55 to 79. Certain retirement age is 80. Illustrative rates are shown below:

Years of Service	Reduced Early Retirement	Unreduced Early Retirement	
<10	2.00 %	5.00 %	
10–19	2.00	10.00	
20	5.00	30.00	
21–29	5.00	20.00	
30	10.00	50.00	**
31+	N/A	30.00	***

*** At age 55, rate is 50.00%

For Metro-North Non-ACRE represented members hired after the New Participant Date:

* Applies at age 60 to 61

** Applies at age 62

*** At age 62, rate is 50%

Disability—Rates vary by age and gender and apply at 10 or more years of service until age 64. For Staten Island Railway, rates apply until eligible for normal retirement and completion of 20 years of service. Prior to 10 years of service, a rate of 0.025% for accidental disability is assumed for all ages. Illustrative rates are shown below:

Age	Rates of Disability				
	M	F	Age	M	F
20	0.151 %	0.227 %	45	0.246 %	0.372 %
25	0.151	0.227	50	0.447	0.674
30	0.151	0.227	55	0.857	1.285
35	0.164	0.239	60	1.739	2.608
40	0.183	0.277	64	2.366	3.549

Changes in Actuarial Assumptions—Except as noted in Universal Assumption section, there are no further changes.

G. Actuarial Assumptions—MTA 20-Year Police Retirement Program

Salary Scale—Salary increases vary by year and reflect longevity increases. Illustrative rates are shown below.

Years of Service	Rate of Increase	Years of Service	Rate of Increase
0–1	12.5 %	9	8.75 %
2	15.5	10–13	3.25
3	13.0	14	8.75
4	20.5	15–18	3.25
5	13.0	19	8.75
6	8.0	20–23	3.25
7	6.0	24	8.75
8	4.0	25+	3.25

Overtime—Rates of overtime vary by years of service. They are applied to base salary in accordance with the following schedule. No overtime is applied to members receiving benefits upon death or disability.

Years of Service	Overtime Rate	Years of Service	Overtime Rate
<4	20.00 %	9	26.00 %
4	21.00	10	27.00
5	22.00	11	28.00
6	23.00	12	29.00
7	24.00	13	30.00
8	25.00	14+	30.00

Termination—Withdrawal rates vary by years of service. Illustrative rates are shown below:

Years of Service	Termination Rate
<5	2.50 %
5–9	0.25
10+	0.00

Retirement—Rates vary by age and years of service. Rates apply upon benefit eligibility from up to age 61. Certain retirement age is 62. Illustrative rates are shown below:

Age	Years of Service at Retirement		
	20	21–28	29+
<50	20.00 %	7.50 %	20.00 %
50–54	30.00	15.00	20.00
55–61	30.00	20.00	25.00

Disability—Ordinary rates vary by age and apply between 10 and 20 years of service. A rate of 0.025% for accidental disability is assumed for all ages and service periods. Illustrative rates are shown below:

Age	Ordinary	Age	Ordinary
25	0.1132 %	45	0.7311 %
30	0.1318	50	1.0608
35	0.1856	55	1.3329
40	0.4283	60	1.4149

Benefits Not Valued—Railroad benefit offset.

Changes in Actuarial Assumptions—Except as noted in Universal Assumption section, there are no further changes.

H. Actuarial Assumptions—MSBA Employees Pension Plan

Benefit Estimates—Due to the insignificant number of active employees, benefits are estimated based on plan provisions and actuarial assumptions used for management benefits, except for the overtime assumption. No railroad offset is assumed.

Overtime—Members are assumed to earn overtime equal to the following percentage of their rates of pay:

Years of Service	Rate
Under 25 years of service	17.00 %
25 to 29 years of service	20.00
30 or more years of service	23.00

Changes in Actuarial Assumptions Except as noted in Universal Assumption section, there are no further changes.

I. Actuarial Assumptions—MTA Long Island Rail Road Pension Plan/Plan for Additional Pensions

Salary Scale—Rates of pay are assumed to increase at a rate of 3.0% per annum.

Overtime/unused Vacation Pay—Earnings in each year increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented employees to account for unused vacation pay.

Termination—Withdrawal rates vary by age. Illustrative rates are shown below:

Age	Rate	Age	Rate
20	2.12 %	45	0.96 %
25	1.64	50	0.80
30	1.44	55	0.60
35	1.36	60	0.00
40	1.16	65	0.00

Retirement—Assumed retirement rate varies by year of eligibility.

Eligibility Period	Rate of Retirement
First Year	40 %
Years 2–4	33
Years 5	37
Years 6–7	35
Years 8–9	33
Years 10–15	55
Years 16 and above	100

Terminated vested participants are assumed to retire upon first eligibility or attained age if later.

Interest on Employee Contributions—Assumed to be 3.5% per year for future years.

Participant Data—Benefits under the Plan are frozen and based on information provided by MTA Headquarters, Consolidated Pensions.

Benefits Not Valued—Disability benefits since all active plan participants are eligible for retirement.

Changes in Actuarial Assumptions—Except as noted in Universal Assumption section, there are no further changes.

J. Actuarial Assumptions—MTA Bus

Salary Scale for Non-represented Employees and other Article 22 members—Salaries are assumed to increase at 3.25% for Article 18 members and in accordance with the following schedule for other non-represented employees and other Article 22 members:

Years of Service	Rate of Increase	Years of Service	Rate of Increase
0	6.00 %	12	3.90 %
1	7.00	13	3.80
2	6.50	14	3.70
3	6.25	15	3.60
4	6.00	16	3.50
5–9	4.50	17	3.40
10	4.30	18	3.30
11	4.10	19+	3.25

Overtime—None

General Wage Increase (GWI)—The benefit level and contribution rate are assumed to increase 2.75% each year based on the anniversary of the last actual or assumed scheduled increase for TWU Local 100, ATU 1179, ATU 1181 and TSO represented employees. The benefit level for ATU 1179, ATU 1181, and TSO represented employees are assumed to follow the same increase pattern as TWU Local 100.

Termination—Withdrawal rates vary by years of service, employee type and operating/non-operating distinction. Illustrative rates are shown below:

For represented employees:

Year of Service	Termination Rate	Year of Service	Termination Rate
0	14.00 %	5–9	2.25 %
1	6.00	10–14	1.75
2	3.00	15–19	1.25
3	2.75	20+	1.00
4	2.50	-	-

For non-represented employees:

Year of Service	Operating	Non-Operating
0	13.00 %	8.50 %
1	6.00	8.50
2	3.50	7.50
3	3.00	6.50
4	2.50	5.00
5-9	2.25	3.00
10-14	1.75	2.00
15-19	1.25	1.50
20+	1.00	1.00/0.50

* 1% applies if less than age 50 and 0.5% applies if age 50 and older

Retirement—Rates vary by age, service, employee type, Tier, Operating/Non-operating distinction, and retirement eligibility. Rates apply upon benefit eligibility until age 79. Certain retirement age is 80. Terminated vested members are assumed to retire at first eligibility for an unreduced benefit. Illustrative rates are shown below:

For represented members:

Age	Years of Service at Retirement		
	<10	10-19	20+
57	N/A	N/A	25.00 %
58-61	N/A	N/A	20.00
62-64	N/A	N/A	30.00
65-79	5.00	30.00	30.00

For certain former non-represented employees of Alliance Companies (Article 18):

Age	Retirement Rate
55-56	6 %
57-58	8
59	9
60-61	13
62	25
63-64	15
65	100

For non-grandfathered non-represented employees:

Tier	Operating/Non-operating	Age	<10	1—19	20	21-24	25	26+
4	Operating	55–56	N/A	N/A	N/A	N/A	40 %	30 %
4	Operating	57–61	N/A	N/A	N/A	N/A	40	25
4	Operating	62–79	5 %	15 %	30 %	20 %	40	30
4	Non-operating	57–79	5	10	25	25	25	25
6	Operating	55–56	N/A	N/A	N/A	N/A	40	30
6	Operating	57–62	N/A	N/A	N/A	N/A	40	25
6	Operating	63–79	N/A	15	30	20	40	30
6	Non-operating	55–59	N/A	0.5	1	1	1	1
6	Non-operating	60–61	N/A	1	2	2	2	2
6	Non-operating	62	N/A	3	6	6	6	6
6	Non-operating	63–79	N/A	10	25	25	25	25

For grandfathered non-represented employees:

For employees hired prior to January 1, 2017, retirement conditions are modified to reflect a single commencement date at the earliest eligible retirement date among former MTA Bus Article 14,15,16,17, and 19 provisions and MaBSTOA-style provisions. Retirement rates for these members reflect a phase-in of retirement rates used as of January 1, 2017 under the prior benefit structure and the retirement rates used under the current benefit structure.

Disability—Rates vary by age, employee type and apply at 10 or more years of service until eligibility for retirement for represented employees and until eligible for unreduced retirement and completion of 20 years of service for non-represented employees. Illustrative rates are shown below:

For represented employees:

Age	Disability Rate	Age	Disability Rate
20	0.250 %	45	0.678 %
25	0.270	50	0.827
30	0.292	55	1.145
35	0.314	60	1.552
40	0.440	64	1.938

For non-represented employees:

Age	Disability Rate	Age	Disability Rate
20	0.042 %	45	0.113 %
25	0.045	50	0.138
30	0.049	55	0.191
35	0.052	60	0.259
40	0.073	64	0.323

Marriage—80% of members are assumed to be married with wives 3 years younger than males.

Interest on Employee Contributions—Future years assumed to be 0.25% greater than inflation or 2.5% per year for represented employees and for the accumulated balances as of December 31, 2016 for non-represented employees.

Benefits Not Valued—Former Article 15 represented members who may be eligible for reduced retirement at attainment of age 55 and completion of 20 years of service is expected to have an insignificant cost.

The \$2,500 post-retirement death benefit for represented members is not valued since premiums are paid outside of the Plan Trust.

The \$10,000 post-retirement death benefit for former Queens Surface, Jamaica and Triboro Bus Service non-represented Employees (former Article 15) is not valued since premiums are paid outside of the Plan Trust.

The accidental death and dismemberment benefit for former Queens Surface, Jamaica and Triboro Bus Service non-represented Employees (former Article 15) is not valued as the costs are paid outside of the Plan Trust.

Form of Payment—Normal Form, except that all former Liberty Lines Bus non-represented employees (former Article 13) members are assumed to elect the lump sum payment option. Lump sums valued using lump sum mortality table published by the IRS and a 4.5% assumed interest rate.

Changes in Actuarial Assumptions—Except as noted in Universal Assumption section, there are no further changes.

7. CUSTODIAL AND OTHER PROFESSIONAL SERVICES

JP Morgan Chase Bank is the custodian and trustee of plan assets. JP Morgan Chase also provides cash receipt and cash disbursement services to the Plan. NEPC reviews the Plan's portfolio, the investment policies as stipulated by the Board of Managers and the performance of the Investment Managers. NEPC also provides audit services for the Plan's equity portfolios. Actuarial services were provided to the Plan by Milliman Inc.

8. SUBSEQUENT EVENTS

The Plan has evaluated all subsequent events through July 29, 2026, to ensure that these financial statements include appropriate recognition and disclosure of recognized events in the financial statements as of December 31, 2025. Chapter 58 of the Laws of 2026 was passed as part of the New York State Budget and modifies the contribution rates and overtime ceilings for affected Plan members. Contributions will be reflected in the 2026 financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

**METROPOLITAN TRANSPORTATION AUTHORITY
DEFINED BENEFIT PENSION PLAN**

SCHEDULE I

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS
(In thousands)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:										
Service cost	\$ 260,511	\$ 242,996	\$ 230,704	\$ 220,423	\$ 213,674	\$ 213,495	\$ 173,095	\$ 162,273	\$ 148,051	\$ 138,215
Interest	572,344	541,036	515,016	485,878	455,230	427,672	387,193	358,118	335,679	308,009
Changes of benefit terms	-	10,126	349	-	-	-	-	61,890	76,511	73,521
Differences between expected and actual experience	116,422	85,003	23,934	95,172	20,656	92,019	35,935	75,744	(27,059)	86,809
Changes of assumptions	148,354	-	5,490	-	113,662	-	690,958	-	10,731	-
Benefit payments and withdrawals	(430,713)	(399,832)	(375,485)	(351,857)	(325,473)	(293,836)	(264,985)	(242,349)	(232,976)	(209,623)
Net change in total pension liability	666,918	479,330	400,008	449,616	477,749	439,350	1,022,196	415,676	310,937	396,931
Total pension liability—beginning	8,756,739	8,277,409	7,877,401	7,427,785	6,950,036	6,510,686	5,488,490	5,072,814	4,761,877	4,364,946
Total pension liability—ending (a)	9,423,657	8,756,739	8,277,409	7,877,401	7,427,785	6,950,036	6,510,686	5,488,490	5,072,814	4,761,877
Plan fiduciary net position:										
Employer contributions	92,450	355,279	831,320	400,648	396,144	394,986	344,714	338,967	321,861	280,768
Member contributions	46,758	43,752	38,304	34,471	33,832	32,006	31,504	29,902	31,027	29,392
Net investment income	955,020	633,817	695,942	(464,023)	639,374	92,044	647,264	(150,422)	516,153	247,708
Benefit payments and withdrawals	(430,713)	(399,832)	(375,485)	(351,857)	(325,473)	(293,836)	(264,985)	(242,349)	(232,976)	(209,623)
Administrative expenses & Transfer to investments	(5,181)	(4,801)	(4,660)	(4,334)	(3,513)	(3,660)	(3,408)	(3,152)	(4,502)	(3,051)
Net change in plan fiduciary net position	658,334	628,214	1,185,421	(385,095)	740,364	221,540	755,089	(27,054)	631,563	345,194
Plan fiduciary net position—beginning	7,181,669	6,553,455	5,368,034	5,753,129	5,012,765	4,784,224	4,024,480	4,051,534	3,419,971	3,074,777
Plan fiduciary net position—ending (b)	7,840,003	7,181,669	6,553,455	5,368,034	5,753,129	5,005,764	4,779,569	4,024,480	4,051,534	3,419,971
Employer's net pension liability—ending (a)-(b)	\$ 1,583,654	\$ 1,575,070	\$ 1,723,954	\$ 2,509,367	\$ 1,674,656	\$ 1,944,272	\$ 1,731,117	\$ 1,464,010	\$ 1,021,280	\$ 1,341,906
Plan fiduciary net position as a percentage of the total pension liability	83.19 %	82.01 %	79.17 %	68.14 %	77.45 %	72.13 %	73.48 %	73.33 %	79.87 %	71.82 %
Covered payroll	\$ 2,536,089	\$ 2,383,299	\$ 2,349,672	\$ 2,113,336	\$ 1,970,242	\$ 1,996,960	\$ 1,996,090	\$ 1,984,629	\$ 1,805,156	\$ 1,724,219
Employer's net pension liability as a percentage of covered payroll	62.44 %	66.09 %	73.37 %	118.74 %	85.00 %	97.01 %	86.49 %	73.77 %	56.58 %	77.83 %

In accordance with GASB No. 67, paragraph 50, such information was not readily available for periods prior to 2014.
2021 Plan fiduciary net position—beginning is adjusted for the Plan's 2020 Q4 Private Markets values.

METROPOLITAN TRANSPORTATION AUTHORITY DEFINED BENEFIT PENSION PLAN

SCHEDULE II

Required Supplementary Information Schedule of Employer Contributions (In thousands)

Fiscal Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2016	\$ 290,415	\$ 280,768	\$ 9,647	\$ 1,724,219	16.28 %
2017	316,916	321,861	(4,945)	1,805,156	17.83 %
2018	331,566	338,967	(7,401)	1,984,629	17.08 %
2019	349,928	344,714	5,214	1,996,090	17.27 %
2020	392,921	394,986	(2,065)	1,996,960	19.78 %
2021	394,366	396,144	(1,778)	1,970,242	20.11 %
2022	404,245	400,648	3,597	2,113,336	18.96 %
2023	416,538	831,320	(414,782)	*	35.38 %
2024	434,841	355,279	79,562	**	14.91 %
2025	460,734	92,450	368,284	***	3.65 %

* Excess for 2023 reflects a prepaid contribution toward the 2024 Actuarially Determined Contribution.

** For 2024, MTA made contributions towards the 2025 actuarially determined contribution.

*** For 2025, MTA made remaining contributions towards the 2025 actuarially determined contribution that were not covered by contributions made in prior years.

(Continued)

METROPOLITAN TRANSPORTATION AUTHORITY DEFINED BENEFIT PENSION PLAN

SCHEDULE II

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS

Note to Schedule II:

The more significant actuarial assumptions and methods used in the calculation of employer contributions to the Plan for are as follows:

Valuation Dates	January 1, 2025	January 1, 2024	January 1, 2023	January 1, 2022	January 1, 2021
Actuarial cost method	Frozen initial liability (FIL) (1)	Frozen initial liability (FIL) (1)	Frozen initial liability (FIL) (1)	Frozen initial liability (FIL) (1)	Frozen initial liability (FIL) (1)
Amortization method	For FIL bases, 15 years remaining for the Fresh start base including vacation pay adjustment base as of January 1, 2022; 15 years for other changes in actuarial assumptions and the period specified in current valuation report for specific plan change bases. All bases are determined on a closed basis. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service of the projected population for each group and further weighted by total present value of benefits for each group.	For FIL bases, 15 years remaining for the Fresh start base including vacation pay adjustment base as of January 1, 2022; 15 years for other changes in actuarial assumptions and the period specified in current valuation report for specific plan change bases. All bases are determined on a closed basis. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service of the projected population for each group and further weighted by total present value of benefits for each group.	For FIL bases, 15 years remaining for the Fresh start base including vacation pay adjustment base as of January 1, 2022; 15 years for other changes in actuarial assumptions and the period specified in current valuation report for specific plan change bases. All bases are determined on a closed basis. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service of the projected population for each group and further weighted by total present value of benefits for each group.	For FIL bases, 16 years for the Fresh start base of January 1, 2022, 15 years for the mortality change and the period specified in current valuation report for specific plan change bases. All bases are determined on a closed basis. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service of the projected population for each group and further weighted by total present value of benefits for each group.	For FIL bases, 18 years for the Fresh start base as of January 1, 2020 and period specified in current valuation report for specific plan change bases. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service, of the projected population for each group and further weighted by total present value of benefits for each group.
Actuarial asset valuation method	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
Interest rate	Net rate of 6.50% for 2024, per annum, net of investment expenses	Net rate of 6.50% for 2024, per annum, net of investment expenses	Net rate of 6.50% for 2023, per annum, net of investment expenses	Net rate of 6.50% for 2022, per annum, net of investment expenses	Net rate of 6.50% for 2021, per annum, net of investment expenses
Inflation	2.25% per annum	2.25% per annum	2.25% per annum	2.25% per annum	2.25% per annum
Railroad retirement wage base	3.25% per year	3.25% per year	3.25% per year	3.25% per year	3.25% per year
Mortality	Based on experience of all MTA-sponsored pension plan members from January 1, 2015-December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021.	Based on experience of all MTA-sponsored pension plan members from January 1, 2015-December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021.	Based on experience of all MTA-sponsored pension plan members from January 1, 2015-December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021.	Based on experience of all MTA-sponsored pension plan members from January 1, 2015-December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021.	Based on experience of all MTA-sponsored pension plan members from January 1, 2015-December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021.
Separations other than for normal retirement	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience
Rates of normal retirement	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan.	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan.	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan.	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan.	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan.
Salary increases	Varies by years of employment, and employee group; 2.75% General Wage Increases ("GWI") for MTA Bus hourly employees	Varies by years of employment, and employee group; 2.75% General Wage Increases ("GWI") for MTA Bus hourly employees	Varies by years of employment, and employee group; 2.75% General Wage Increases ("GWI") for MTA Bus hourly employees	Varies by years of employment, and employee group; 2.75% General Wage Increases ("GWI") for MTA Bus hourly employees	Varies by years of employment, and employee group; 2.75% General Wage Increases ("GWI") for TWU MTA Bus hourly employees
Overtime	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience
Cost-of-living adjustments	60 % of inflation assumption or 1.35% per annum, if applicable	60 % of inflation assumption or 1.35% per annum, if applicable	1.35% per annum (2)	1.35% per annum (2)	1.35% per annum (2)
Provision for expenses	An average of the prior two years' administrative charges added to the normal cost	An average of the prior two years' administrative charges added to the normal cost	An average of the prior three years' administrative charges added to the normal cost	An average of the prior three years' administrative charges added to the normal cost	An average of the prior three years' administrative charges added to the normal cost

(1) Under this actuarial method, the initial liability has been established by the Entry Age Actuarial Cost Method for determining changes in the Unfunded Actuarial Accrued Liability (UAAL) due to plan provision and assumption changes.

(2) Assumes a long-term consumer price inflation assumption of 2.5% per annum, compounded annually.

(Continued)

METROPOLITAN TRANSPORTATION AUTHORITY DEFINED BENEFIT PENSION PLAN

SCHEDULE II

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) SCHEDULE OF EMPLOYER CONTRIBUTIONS

Note to Schedule II:

The more significant actuarial assumptions and methods used in the calculation of employer contributions to the Plan for are as follows:

Valuation Dates	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016
Actuarial cost method	Frozen initial liability (FIL) (1)	Frozen initial liability (FIL) (1)	Frozen initial liability (FIL) (1)	Frozen initial liability (FIL) (1)	Frozen initial liability (FIL) (1)
Amortization method	For FIL bases, 18 years for the Fresh start base as of January 1, 2020 and period specified in current valuation report for specific plan change bases. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service, of the projected population for each group and further weighted by total present value of benefits for each group.	For FIL bases, period specified in current valuation report for specific plan change bases. Fresh start base as of January 1, 2020 will be determined based on the Plan's unfunded Entry Age Normal liability less amortization balances remaining plan change bases. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group	For FIL bases, period specified in current valuation report. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group	For FIL bases, period specified in current valuation report. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group	For FIL bases, period specified in current valuation report. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group
Actuarial asset valuation method	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
Interest rate	Net rate of 6.50% for 2020, per annum, net of investment expenses	Net rate of 6.50% for 2019, per annum, net of investment expenses	Net rate of 7.0% for 2018, per annum, net of investment expenses	Net rate of 7.0% for 2017, per annum, net of investment expenses	Net rate of 7.0% for 2016, per annum, net of investment expenses
Inflation	2.25% per annum	2.25% per annum	2.5% per annum	2.5% per annum	2.5% per annum
Railroad retirement wage base	3.25% per year	3.25% per year	3.5% per year	3.5% per year	3.5% per year
Mortality	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA
Separations other than for normal retirement	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience
Rates of normal retirement	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan.	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan.	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan.	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan.	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan.
Salary increases	Varies by years of employment, and employee group; 2.75% General Wage Increases ("GWI") for TWU MTA Bus hourly employees	Varies by years of employment, and employee group; 2.75% General Wage Increases ("GWI") for TWU MTA Bus hourly employees	Varies by years of employment, and employee group; 3.0% General Wage Increases ("GWI") for TWU MTA Bus hourly employees	Varies by years of employment, and employee group; 3.0% General Wage Increases ("GWI") for TWU MTA Bus hourly employees	Varies by years of employment, and employee group; 3.0% General Wage Increases ("GWI") for TWU MTA Bus hourly employees
Overtime	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience
Cost-of-living adjustments	1.35% per annum (2)	1.35% per annum (2)	1.375% per annum (2)	1.375% per annum (2)	1.375% per annum (2)
Provision for expenses	An average of the prior three years' administrative charges added to the normal cost	An average of the prior three years' administrative charges added to the normal cost	An average of the prior three years' administrative charges added to the normal cost	An average of the prior three years' administrative charges added to the normal cost	An average of the prior three years' administrative charges added to the normal cost

(1) Under this actuarial method, the charges added to the normal cost in the Unfunded Actuarial Accrued Liability (UAAL) due to plan provision and assumption changes.

(2) Assumes a long-term consumer price inflation assumption of 2.5% per annum, compounded annually.

(Concluded)

METROPOLITAN TRANSPORTATION AUTHORITY

DEFINED BENEFIT PENSION PLAN

SCHEDULE III

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS

The following table displays annual money-weighted rate of return, net of investment expense.

Fiscal Year Ending D12/31/2026	Net Money-Weighted Rate of Return
2016	7.97 %
2017	14.94
2018	(3.67)
2019	16.06
2020	2.05 *
2021	12.67
2022	(8.01)
2023	11.70
2024	9.59
2025	13.62

* The Net Money-Weighted Rate of Return was revised from 1.91% to 2.05%, based on subsequent information received for the Plan's Private Market investments fourth quarter, in the first year of the adoption of GASB 84.

Calculation on Long-Term Expected Rate of Return—The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2025.