Metropolitan Transportation Authority Retiree Welfare Benefits Plan ("Other Postemployment Benefits Plan" or "OPEB Plan")

(A Fiduciary Component Unit of the Metropolitan Transportation Authority)

Financial Statements as of and for the Year Ended December 31, 2020, and Supplemental Schedules, and Independent Auditors' Report

METROPOLITAN TRANSPORTATION AUTHORITY
OTHER POST EMPLOYMENT BENEFITS PLAN

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	3–8
FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020 :	
Statement of Fiduciary Net Position	9
Statement of Changes in Fiduciary Net Position	10
Notes to Financial Statements	11–26
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED):	27
Schedule of Changes in Employers' Net OPEB Liability and Related Ratios - Schedule I	28
Schedule of Employer Contributions - Schedule II	29
Schedule of Investment Returns - Schedule III	30

Deloitte & Touche LLP
30 Rockefeller Plaza
New York, NY 10112
USA
Tel: +1-212-492-4000
Fax: +1-212-489-1687
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Board of Managers of the
Metropolitan Transportation Authority Retiree Welfare Benefits Plan

Report on the Financial Statements

We have audited the accompanying statement of fiduciary net position of the Metropolitan Transportation Authority Retiree Welfare Benefits Plan (the "Plan") as of December 31, 2020, and the related statement of changes in fiduciary net position for the year 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position as of December 31, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 8, the Schedule of Changes in Employers' Net OPEB Liability and Related Ratios on page 28, the Schedule of Employer Contributions on page 29 and the Schedule of Investment Returns on page 30 be presented to supplement the basic financial statements. Such information, 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

February 8, 2022

The purpose of the Metropolitan Transportation Authority ("MTA") Retiree Welfare Benefits Plan ("Other Postemployment Benefits Plan" or "OPEB Plan" or the "Plan") and the related Trust Fund is to provide a vehicle for the MTA organization to set aside funds to assist it in providing health and other welfare benefits to eligible retirees and their beneficiaries. The Plan and the Trust Agreement are exempt from federal income taxation under Section 115(1) of the Code. The MTA is not required by law or contractual agreement to provide funding for the Plan, other than the "pay-as-you-go" cost of providing current benefits to current eligible retirees, spouses and dependents ("Pay-Go").

This management's discussion and analysis of the Plan's financial performance provides an overview of the Plan's financial activities for the year ended December 31, 2020. 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 year and the effects of significant changes. 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 9.

Overview of Basic Financial Statements

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

- **The Statement of Fiduciary Net Position —** presents the financial position of the Plan at 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 Statement 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 Governmental Accounting Standards Board ("GASB") is presented after the management discussion and analysis, the statement of fiduciary net position, the statement of changes in fiduciary net position and the notes to the combined financial statements.

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.

Financial Highlights

Fiduciary Net Position
December 31, 2020, 2019, and 2018
(Dollars in thousands)

	2020	2019	Amount of Change (2020 - 2019)	Percentage Change (2020 - 2019)
ASSETS:				
Investments	$ 172	$ 414,929	$ (414,757)	(100.0)%
Receivables and other assets	-	20	(20)	(100.0)
TOTAL ASSETS	172	414,949	(414,777)	(100.0)
LIABILITIES:				
Benefits payable and accrued expenses	42	122	(80)	(65.6)
TOTAL LIABILITIES	42	122	(80)	(65.6)
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS	$ 130	$ 414,827	$ (414,697)	(100.0)%

Plan net position is held in trust for the payment of future benefits to members and beneficiaries. The assets of the Plan exceeded its liabilities by $130 thousand as of December 31, 2020. The net decrease in Plan value in 2020 is a result of the distribution of plan assets to pay OPEB expenses.

Changes in Fidcuiary Net Position
For the Years Ended December 31, 2020, 2019, and 2018

(Dollars in thousands)	2020	2019	Amount of Change (2020 - 2019)	Percentage Change (2020 - 2019)
ADDITIONS:				
Total investment income/(loss)	$ (76,723)	$ 65,430	$ (142,153)	(217.3)%
Less:				
Investment expenses	395	1,783	(1,388)	(77.8)
Net investment income/(loss)	(77,118)	63,647	(140,765)	(221.2)
Add:				
Employer contributions	317,899	660,539	(342,640)	(52.7)
Implicit rate subsidy contribution	69,472	70,138	(666)	(0.9)
Total additions	310,253	794,324	(484,071)	(60.9)
DEDUCTIONS				
Benefit payments	655,269	660,539	(5,270)	(0.8)
Implicit rate subsidy payments	69,472	70,138	(666)	(0.9)
Administrative expenses	209	200	9	4.5
Total deductions	724,950	730,877	(5,927)	(0.8)
Net increase/(decrease) in net position	(414,697)	63,447	(478,144)	(753.6)
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS				
Beginning of year	414,827	351,380	63,447	18.1
End of year	$ 130	$ 414,827	$ (414,697)	(100.0)%

The Plan’s net position held in trust decreased by $414.7 million in 2020. In 2020, the Plan’s net depreciation in the fair market values were $76.7 million with investment fees of $395 thousand.

Investments

The table below summarizes the Plan’s investment measured at fair value.

December 31, 2020 (Dollars in thousands)	Fair Value	Allocation
Type of Investments		
Investment measured at readily determined fair value	$ 172	100 %
	$ 172	100 %

Economic Factors

Market Overview and Outlook – 2020

2020 was an extraordinary year for the global economy. The COVID-19 pandemic disrupted the economy, governments and society. Fundamentally, the global health crisis prompted extreme deterioration in fundamentals, including the biggest quarterly drop in global Gross Domestic Product ("GDP") and the greatest increase in unemployment since the Great Depression. Capital markets realized an unprecedented spike in volatility and collapse in most risk assets, while global populations engaged in more pronounced calls for racial justice and climate change initiatives. The geopolitical landscape was further colored by a contentious United States ("U.S.") election, a resolution to BREXIT, and a more assertive China. By year-end, global central bank's monetary and fiscal stimulus and the approval of multiple Covid-19 vaccines prompted some recovery in economic activity and a significant rally in riskier assets.

Global Central banks remained extremely dovish throughout 2020, with most majors enacting emergency lending and liquidity facilities to support market functioning. Quantitative easing measures pushed government yields in many countries into negative territory. Inflation expectations recovered both in response to the significant monetary stimulus and both the real and anticipated supply chain disruptions as the economy slowly reopened. Fiscal policy was similarly stimulative, as additional spending and forgone revenue rose across both developed and emerging economies.

Global GDP contracted 3.8% in 2020, which was not as bad as initially expected given the subsequent rebound in economic growth later in the year. Global equities realized significant volatility and saw sharp price swings over a historically short period of time, while global yield curves finished the year generally lower than the start of 2020. Commodities largely rallied amid a constrained supply backdrop except for oil, which was deeply impacted by weakness in the transportation sector.

Macro Themes

- Trajectory of the virus and the potential spread of new COVID-19 variants
- Unwind of easy monetary policy
- Potential for a continued rise in inflation
- U.S.-China strategic competition

United States

The U.S. economy recovered from its spring lows by year-end. The unemployment rate dropped to 6.7% from a 14.8% high in April, and real GDP over 2020 stood at -3.5% despite a 33.4% during the second quarter.

U.S. equities were strongly positive, with the S&P 500 and Russell 1000 indices posting returns of (+18.4%) and (+21.0%), respectively. Across market caps, Large Cap, as measured by the S&P 500 (+18.4%), Mid Cap, as measured by the S&P 400 (+13.1%), and Small Cap, as measured by the Russell 2000 (20.0%) all posted double digit returns. Across styles, Growth, as measured by the Russell 1000 (+38.5%) outperformed Value, as measured by the Russell 1000 Value (+2.8%).

U.S. Treasury yields declined sharply in 2020 and the yield curve steepened. The Federal Reserve cut the Federal Funds rate to 0.25% and launched multiple emergency measures support market functioning. Diversified fixed income returned +7.5% (Bloomberg Barclays U.S. Aggregate), with gains dominated by U.S. Credit at 9.4% (Bloomberg Barclays Credit) and Treasury Inflation Protected Securities at 11% (Bloomberg Barclays TIPS).

International Developed Equity Markets

International developed equity markets posted very strong results in 2020 and lagged behind U.S. equity markets, returning (+7.8%) as measured by the MSCI EAFE. Both Europe and Japanese equities had positive performance in 2020 with MSCI Europe returning (+5.4%) and MSCI Japan returning (+14.5%). Lower returns in Europe were affected by the global pandemic market conditions during 2020 unlike 2019 when Europe returned (+23.7%). The Small Cap portion of international developed markets posted positive but weaker returns in 2020, (+12.3%) compared with 2019, (+24.9%).

Emerging Markets

Emerging markets posted very strong returns in 2020, with performance equaling the U.S. and outperforming international developed markets across equity but lower than both on the debt front. The broad MSCI Emerging Market Index returned (+18.3%) for the year. Emerging markets gained sharply in the last quarter of 2020, buoyed by resolution of the U.S. election and breakthrough vaccine news.

The bond markets of emerging markets performed reasonably well in 2020 compared to their outperformance in 2019. Both hard currency and local currency bonds posted positive returns. Hard currency bonds predominately issued in U.S. Dollars, as represented by the JPMorgan EMBI Global Diversified Index, returned (+5.3%) in 2020. Local currency bonds represented by the JPMorgan GBI-EM Global Diversified Index returned (+2.7%) for the year.

Commodities

The S&P Goldman Sachs Commodity Index (GSCI) fell 23.7%, largely influenced by a 20.9% drop in oil prices, represented by the New York Mercantile Exchange West Texas Index Crude Spot Index. Excluding energy, GSCI was up over 16% supported by price gains in precious metals. Reactions to the COVID-19 pandemic including mobility restrictions, limitations on nonessential travel, and increased working from home greatly reduced U.S. travel and energy demands in 2020 compared with 2019.

Market Outlook

As the global health crisis is brought under control, economic activity is likely to continue to return to pre-pandemic levels. Consensus forecasts for economic growth, earnings and risk assets are mostly favorable, and supported by continued accommodative policies, low interest rates, and asset price appreciation. Growth going forward is likely to be uneven and differentiated between regions and affected by persistent supply disruptions and other challenges in re-opening the economy. Countries with effective pandemic mitigation strategies are expected to fare better overall. The pace of the recovery is dependent on known risks such as the trajectory of the virus and the potential spread of new COVID-19 variants as well as policy errors either in the form of maintaining too much stimulus or too little. The Federal Reserve, European Central Bank, Bank of Japan and Bank of England have all committed to a more flexible approach to rising inflation in the future, suggesting stimulus will remain in place but not necessarily at crisis levels. Some of the heavy lifting will likely continue to be carried by continued global fiscal measures either targeted to specific areas of the economy such as infrastructure or more-broad based in nature via income injections. Unknown risks to the outlook are predominantly geopolitical in nature and possibly related to tensions in the Middle East or between the U.S. and China.

Contact Information

This financial report is designed to provide a general overview of the Metropolitan Transportation Authority Other Postemployment Benefits Plan's finances. Questions concerning any data provided in this report or requests for additional information should be directed to the Comptroller, Metropolitan Transportation Authority, 2 Broadway, 16th Floor, New York, NY 10004.

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METROPOLITAN TRANSPORTATION AUTHORITY
OTHER POSTEMPLOYMENT BENEFITS PLAN

STATEMENT OF FIDUCIARY NET POSITION
AS OF DECEMBER 31, 2020
(In thousands)

	2020
ASSETS:	
Investments measured at readily determined fair value	$ 172
Total assets	172
LIABILITIES:	
Benefits payable and accrued expenses	42
Total liabilities	42
NET POSITION RESTRICTED FOR POSTEMPLOYEMENT BENEFITS OTHER THAN PENSIONS	$ 130

See notes to financial statements.

METROPOLITAN TRANSPORTATION AUTHORITY
OTHER POSTEMPLOYMENT BENEFITS PLAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020
(In thousands)

	2020
ADDITIONS:	
Net realized and unrealized loss	$ (77,576)
Dividends	734
Interest	119
Total investment loss	(76,723)
Less:	
Investment expenses	395
Net investment loss	(77,118)
Add:	
Employer contributions	317,899
Implicit rate subsidy contribution	69,472
Total additions	310,253
DEDUCTIONS:	
Benefit Payments	655,269
Implicit rate subsidy payments	69,472
Administrative expenses	209
Total deductions	724,950
Net decrease in net position	(414,697)
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS:	
Beginning of year	414,827
End of year	$ 130

See notes to financial statements.

1. BACKGROUND AND ORGANIZATION

The Metropolitan Transportation Authority ("MTA") Retiree Welfare Benefits Plan ("Other Postemployment Benefits Plan" or "OPEB Plan" or the ("Plan") and the related Trust Fund was established effective January 1, 2009 for the exclusive benefit of The MTA Group's retired employees and their eligible spouses and dependents, to fund some of the OPEB benefits provided in accordance with the MTA's Group's various collective bargaining agreements and MTA policies. The MTA Group is comprised of the following current and former agencies:

- MTA New York City Transit
- MTA Long Island Rail Road
- MTA Metro-North Railroad
- MTA Bridges and Tunnels
- MTA Headquarters ("MTAHQ")
- MTA Long Island Bus
- MTA Staten Island Railway
- MTA Bus Company
- MTA Capital Construction and Development

The Trust is tax exempt in accordance with Section 115 of the Internal Revenue Code. The Plan is classified as a single employer plan for Governmental Accounting Standards Board ("GASB") Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74") purposes.

The MTA is not required by law or contractual agreement to provide funding for the Plan, other than the "pay-as-you-go" amount necessary to provide the current benefits to current eligible retirees, spouses and dependents (Pay-Go).

GASB 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* prescribes uniform financial reporting standards for other postemployment benefits ("OPEB") plans of all state and local governments. OPEB refers to postemployment benefits other than pension benefits and includes postemployment healthcare benefits which are covered under The MTA OPEB plan.

Plan Administration – The Other Postretirement Plan is administered by the Board of Managers, which is comprised of:

the persons holding the following positions:

(i) the Chairman of the MTA;
(ii) the MTA Chief Financial Officer; and
(iii) the MTA Director of Labor Relations.

(a) 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, designate another individual, not then a member, to serve in that member's stead, in accordance with procedures established with the approval of the Executive Director of the MTA. Any such authorization may be revoked by the designating member at any time in writing filed in the same manner.

Postemployment benefits are part of an exchange of salaries and benefits for employee services rendered. Most OPEB have been funded on a pay-as-you-go basis and have been reported in financial statements when the promised benefits are paid.

OPEB Funding - During 2012, MTA funded $250 million into a Trust allocated between MTA Headquarters and MTA New York City Transit and funded an additional $50 million during 2013 allocated between MTA Long Island Rail Road and MTA Metro-North Railroad. There have been no further contributions made to the Trust. Since the amount of benefits paid during 2020 exceeds the current market value of assets, a depletion date is assumed to occur immediately. Therefore, the discount rate is set equal to the municipal bond index. MTA elected the Bond Buyer 20-Bond GO Index. As a result, the discount rate as of December 31, 2020 is 2.12%.

Blended and Age-adjusted Premium (in thousands)	**2020 Retirees**
Total blended premiums	$655,269
Employment payment for retiree healthcare	69,472
Net Payments	$724,741

The $69,472 employer payments for retiree healthcare shown in the preceding table are cash payments in the year 2020. Based on the premium rate structure of NYSHIP, it is part of the employers' payments for active-employee healthcare benefits; and reflects the higher costs among retirees than actives. The $69,472, therefore, is not a payment for active-employee benefits; rather, but represents benefit payment for healthcare coverage for the year 2020 for retirees.

Significant Changes - This valuation reflects the distributions of the assets of the plan. $337.4 million was used to cover benefit payments made during 2020.

The discount rate decreased from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020 based on the Bond Buyer GO 20-Bond Municipal Bond Index. This increased liabilities by $1,939.5 million as of December 31, 2020.

2. PLAN DESCRIPTION, ELIGIBILITY AND MEMBERSHIP INFORMATION

The benefits provided by the MTA Group include medical, pharmacy, dental, vision, life insurance and a Medicare supplemental plan. The different types of benefits provided vary by MTA agency and relevant collective bargaining agreements. Certain benefits are provided upon retirement. "Retirement" is defined by the applicable pension plan. Certain MTA Group agencies provide benefits to certain former employees if separated from service within 5 years of attaining retirement eligibility. Employees of the MTA Group are members of the following pension plans: the MTA Defined Benefit Pension Plan ("MTADBPP"), the MTA Long Island Rail Road Plan for Additional Pensions, the Metro-North Cash Balance Plan, the Manhattan and Bronx Surface Transit Operating Authority ("MaBSTOA") Pension Plan, the New York City Employees' Retirement System ("NYCERS") and the New York State and Local Employees' Retirement System ("NYSLERS"). Certain represented employees of Metro-North Railroad participate in the Thrift Plan for Employees of MTA, its Subsidiaries and Affiliates ("401(k) Plan"). Eligible employees of the MTA Group may elect to join the New York State Voluntary Defined Contribution Plan ("VDC").

The MTA Group participates in the New York State Health Insurance Program ("NYSHIP"), and provides medical and prescription drug benefits, including Medicare Part B reimbursements, to many of its retirees. NYSHIP offers a Preferred Provider Organization ("PPO") plan and several Health Maintenance Organization ("HMO") plans. However, represented MTA New York City Transit employees, other MTA New York City Transit former employees who retired prior to January 1, 1996 or January 1, 2001, MTA Staten Island Railway represented employees as of March 1, 2010, June 1, 2010 or January 1, 2013 depending on the union and MTA Bus Company represented employees do not participate in NYSHIP. These benefits are provided through a self-insured health plan, a fully insured health plan or an HMO.

The MTA is a participating employer in NYSHIP. The NYSHIP financial report can be obtained by writing to NYS Department of Civil Service, Employee Benefits Division, Alfred E. Smith Office Building, 805 Swan Street, Albany, NY 12239.

GASB 74 requires employers to perform periodic actuarial valuations to determine annual accounting costs, and to keep a running tally of the extent to which these amounts are over or under funded. The valuation must be performed at least biennially. The most recent biennial valuation was performed with a valuation date of July 1, 2019. The total number of plan participants as of July 1, 2019 receiving retirement benefits was approximately 46,994.

Plan Eligibility — Generally, to qualify for benefits under the Plan, a former employee of The MTA must:

- have retired, be receiving a pension (except in the case of the 401(k) Plan and the New York State VDC), and have at least 10 years of credited service as a member of NYCERS, NYSLERS, the MTADBPP, the MaBSTOA Pension Plan, the 401(k) Plan or the VDC and have attained a minimum age requirement (unless within 5 years of commencing retirement for certain members); provided, however, a represented retired employee may be eligible only pursuant to the relevant collective bargaining agreement.

- Surviving Spouse and Other Dependents:

(i) Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependent children to age 26 of retired managers and certain non-represented retired employees.

(ii) Represented retired employees must follow the guidelines of their collective bargaining agreements regarding continued health coverage for a surviving spouse or domestic partner and surviving dependents. For represented employees of MTA New York City Transit and MTA Staten Island Railway retiring on or after May 21, 2014 for TWU Local 100, September 24, 2014 for ATU Local 726, October 29, 2014 for ATU Local 1056, March, 25, 2015 for TCU and December 16, 2015 for UTU and ATDA, surviving spouse coverage continues until spouse is eligible for Medicare.

(iii) Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependents of retired uniform members of the MTA Police Department.

(iv) Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependent children to age 26 of uniformed members of the MTA Police Department whose death was sustained while in performance of duty.

Benefits are established and amended by the MTA, except to the extent that they have been established by collective bargaining agreement.

Plan Membership — As permitted under GASB 74, the Plan has elected to use July 1, 2019, as the valuation date of the OPEB actuarial valuation. The Plan's combined membership consisted of the following at July 1, 2019 the date of the most recent OPEB actuarial valuation:

	July 1, 2019
Active Plan members	73,588
Inactive Plan members currently receiving Plan benefit payments	46,994
Inactive Plan members entitled to but not yet receiving benefit payments	186
Total number of participating employees	120,768

3. 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 revenues are recognized in the accounting period in which they are earned. Employer contributions are recognized when paid in accordance with the terms of the Plan. Additions to the Plan consist of employer contributions and net investment income. Investment purchases and sales are recorded as of trade date.

The financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America, as prescribed by Government Accounting Standards Board ("GASB").

New Accounting Standards Adopted – The Plan did not adopt any new GASB Statement in 2020.

However, the Plan did update the required year of adoption for GASB Statement No. 92. Refer to Accounting Pronoucements- Not yet adopted but currently being reviewed below for further details.

Recent Accounting Pronouncements — Not yet adopted but currently being reviewed

GASB Statement No.	GASB Accounting Standard	MTA Welfare Benefits Plan Required Year of Adoption
92	*Omnibus 2020*	2022

Investments — The Plan's investments are those which are held in the Trust. Investments are reported on the statement of fiduciary net position at fair value based on quoted market prices. Investment income, including changes in the fair value of investments, is reported on the statement of changes in fiduciary net position during the reporting period.

Benefit Payments — The Plan Sponsor makes direct payments of insurance premiums for healthcare benefits to OPEB Plan members or beneficiaries. Payments made directly to the insurers by the Plan Sponsor which bypass the trust are treated as additions and deductions from the Plan's net position. Additionally, premium payments on behalf of retirees have been adjusted to reflect age-based claims cost.

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

4. INVESTMENTS

Investment Policy – 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 of Managers upon consideration of the advice and recommendations of 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, annually. The following was the Board of Managers adopted asset allocation policy as at December 31, 2019.

Asset Class	Target Allocation (%)	Policy Benchark
Global Equity	35.0	MSCI ACWI
Fixed Income	18.0	Manager Specific
Global Asset Allocation*	30.0	50% World Equity/ 50% Citigroup WGBI unhedged
Absolute Return	12.0	Manager Specific
Real Assets	5.0	Manager Specific
Total	100.0	

* The Global Asset Allocation managers will invest across numerous liquid asset classes including: stocks, bonds, commodities, TIPS and REITs.

Investment Objective — The investment objective of the Plan is to achieve the actuarial return target with an appropriate risk position.

Investment Guidelines — The Board of Managers of the MTA Retiree Welfare Benefits Plan is in the process of creating investment guidelines with the Plan's investment advisor ("NEPC") that will address and execute investment management agreements with professional investment management firms to manage the assets of the Plan.

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates that will 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. No interest rate risk was reported for 2020.

Credit Risk — For investments, custodial credit risk is the risk that in the event of the failure of the Trustee Bank, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to credit risk if the securities are uninsured and are not registered in the name of the Trust. No credit risk was reported for 2020.

Concentration of Credit Risk — The Plan places no limit on the amount the Trust may invest in any one issuer of a single issue. Individual investments held by the Plan that represents 5.0% or more of the Plan's net assets available for benefits. No concentration of credit risk was reported for 2020.

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. No credit risk was reported for 2020.

In year 2015, the MTA Retiree Welfare Benefits Plan adopted GASB Statement No. 72 ("GASB 72"), Fair Value Measurement and Application. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements. All investments were redeemed and used to pay benefits, other than cash retained to pay expenses. The fair value of investments was reported in 2020 was $130 thousand.

Other Risks and Uncertainties - In March 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic. As a result, global financial markets have experienced, and may continue to experience, significant volatility resulting from the spread of COVID-19. The values of the Plan's individual investments have and will fluctuate in response to changing market conditions and therefore, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. The extent of the impact of COVID-19 on the Plan's net assets available for benefits and contributions will depend on future developments, including the duration and continued spread of the outbreak. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report.

In year 2015, the MTA Retiree Welfare Benefits Plan adopted GASB Statement No. 72 ("GASB 72"), *Fair Value Measurement and Application*. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements.

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

	2020			
	December 31, 2020	**Quoted Price in Active Markets for Identical Assets Level 1**	**Significant Other Observable Inputs Level 2**	**Significant Unobservable Inputs Level 3**
Debt Securities:				
Short term bond mutual fund	$ 172	172	-	-
Total debt investments	172	172	-	-

5. NET OPEB LIABILITY

The components of the net OPEB liability of the Plan for the year ended December 31, 2020 were as follows (in thousands):

	December 31, 2020
Total OPEB liability	$ 24,409,581
Fiduciary net position	130
Net OPEB liability	24,409,451
Fiduciary net position as a percentage of the total OPEB liability	0.00%

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB Statement No.74.

Covered payroll is based on salary information provided as of the valuation date.

Additional Important Actuarial Valuation Information

	2020
Valuation date	July 1, 2019
Measurement date	December 31, 2020
Reporting date	December 31, 2020
Actuarial cost method	Entry Age Normal
Normal cost increase factor	4.25%

Discount Rate – 2.12% per annum as of December 31, 2020 (Bond Buyer General Obligation 20-Bond Municipal Bond Index)

	2020
Discount rate	2.12%
Long-term expected rate of return, net of investment expense	2.12%
Bond Buyer General Obligation 20-Bond Municipal Bond Index	2.12%

The Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the Plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the Plan's fiduciary net position is not projected to be sufficient.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Authority, calculated using the discount rate of 2.12 percent; as well as what the Authority’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.12 percent) or 1-percentage point higher (3.12 percent) than the current rate:

2020 (in thousands)	1% Decrease 1.12%	Current Discount Rate 2.12%	1% Increase 3.12%
Net OPEB liability	$28,098,117	$24,409,451	$21,392,425

The following presents the net OPEB liability of the Authority, calculated using the current healthcare cost trend rates as well as what the Authority's net OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

2020
(in thousands)

	1% Decrease	* Current Trend Rate	1% Increase
Net OPEB liability	$20,595,637	$24,409,451	$29,295,102

* See Health Care Cost Trend Rates table on page 24 of report.

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 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 middle 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.

2020 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, 2020	$414,827	12.00	1.00	$278,258
Monthly net external cash flows:				
January	(28,132)	11.50	0.96	(19,174)
February	(28,132)	10.50	0.88	(19,796)
March	(28,132)	9.50	0.79	(20,521)
April	(28,132)	8.50	0.71	(21,187)
May	(28,132)	7.50	0.63	(21,875)
June	(28,132)	6.50	0.54	(22,675)
July	(28,132)	5.50	0.46	(23,411)
August	(28,132)	4.50	0.38	(24,171)
September	(28,132)	3.50	0.29	(25,055)
October	(28,132)	2.50	0.21	(25,869)
November	(28,132)	1.50	0.13	(26,708)
December	(28,132)	0.50	0.04	(27,686)
Ending Value - December 31, 2020				$130
Money-Weighted Rate of Return	-32.92%			

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, 2020.

SCHEDULE OF LONG TERM EXPECTED RATE OF RETURN FOR 2020

Asset Class	Index	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return
US Cash	BAML 3-Month Treasury Bill	100.00%	-0.54%
Assumed Inflation - Mean			2.25%
Assumed Inflation - Standard Deviation			1.65%
Portfolio Nominal Mean Return			1.73%
Portfolio Standard Deviation			1.20%
Long-Term Expected Rate of Return selected by MTA			2.12%

* Based on March 2014 Investment Policy

6. OPEB ACTUARIAL COSTS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive OPEB plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The MTA may not be obligated to provide the same types or levels of benefits to retirees in the future.

Actuarial Assumptions - The non-healthcare assumptions described below were adopted by the Authority based on experience analyses covering the period from January 1, 2012 – December 31, 2017 dated October 4, 2019 for members of the MaBSTOA Pension Plan and the MTA DB Plan, in addition to a postretirement mortality study covering the period from January 1, 2011 – January 1, 2016 dated August 10, 2017. In addition, demographic assumptions are based on those used in the most recent NYCERS or NYSLRS actuarial valuations for MTA employees participating in these city-wide or state-wide pension plans.

Actuarial Cost Method — In accordance with GASB 74, the Entry Age Normal cost method was used for determining service costs and the actuarial accrued liability. Costs are determined as a level percent of pay.

Census data was collected as of July 1, 2019, which is the valuation date. Liabilities as of December 31, 2020 were determined using roll-forward methods, assuming no liability gains and losses. Past and future normal costs were assumed to increase 4.25% per year.

Changes since Prior Valuation — The discount rate has been changed from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020 due to changes in the applicable municipal bond index.

Certain actuarial assumptions have been updated to reflect the 2019 Experience Study for members participating in the MTA DB Plan and MaBSTOA pension plan and to reflect those used in the NYCERS June 30, 2017 Lag Valuation for members participating in NYCERS.

Inflation Rate — 2.25% per annum compounded annually.

Per Capita Claim Costs ("PCCC") — For members that participate in NYSHIP, Empire PPO plan premium rates paid by Participating Agencies for 2017 were adjusted to reflect differences by age in accordance with

Actuarial Standard of Practice No. 6. Premiums paid by Participating Agencies differ based on Medicare-eligible status whereas premiums paid by Participating Employers do not. The age adjustments were based on manual rates developed from Milliman's Commercial Rating Structures and Ages 65 and Over Health Cost Guidelines® (HCGs), Empire PPO plan design information, and actuarial judgment. Pre- and post-65 NYSHIP premium rates were adjusted separately to be consistent with the way in which demographic factors were developed. These per capita costs may be loaded to account for Agency specific coverage election assumptions. The Medicare Part B premium is not included. For spouses and beneficiaries under age 65, the age-adjusted premiums shown below are increased by 15% to reflect the additional cost of covered children. This load base on the total number of dependent children (3,900) for all MTA Agencies participating in NYSHIP multiplied by the 2019 per member cost per child ($322 per month) divided by expected age-adjusted cost for spouses under age 65.

Age Adjusted Monthly NYSHIP Empire PPO Premiums

Age Group	Males	Females	Age Group	Males	Females
<50	1,233.93	1,806.06	65 - 69	512.44	485.49
50 - 54	1,377.74	1,532.73	70 - 74	559.87	512.93
55 - 59	1,486.47	1,524.02	75 - 79	592.24	529.31
60 - 64	1,795.04	1,712.76	80 - 84	600.37	531.45
			85+	585.08	523.89

For the self-insured medical and pharmacy plan administered by MTA New York City Transit, PCCCs were determined for 2019 based upon a combination of MTA claim experience, MTA census data, MTA plan design information, manual rates from the Milliman Commercial Rating Structures and Ages 65 and Over Health Cost Guidelines® ("HCGs"), and actuarial judgment.

MTA and the carrier provided Milliman with summarized medical (Aetna Basic and Aetna Select plans) and pharmacy claim experience (Employer Group Waiver Plan ("EGWP") and non-EGWP plans), split between those eligible and not eligible for Medicare, for covered retirees of MTA Bus Company, MTA New York City Transit, and MTA Staten Island Railway for 2019. In addition, the MTA provided associated premium rates for each of the plans. Enrollment data was based on covered members provided by MTA as of the valuation date. Milliman used the HCGs to develop PCCC relativity factors that varied by benefit, age and gender. Finally, per capita costs were adjusted by an administrative load. Administrative costs were provided on a per contract basis by MTA and were $42.89 per month for Aetna Basic under 65, $45.50 for Aetna Select and $26.16 for Aetna Basic 65 and over.

EGWP PCCCs are based on the premium equivalents provided reflecting the Medicare subsidies available to this plan. Relativity factors varying by age and gender are based on Medicare slopes developed by Milliman.

In addition, PCCCs were developed for the Aetna Medicare plans based on the premium equivalents provided and reflecting relativity factors by age and gender based on Medicare slopes developed by

Milliman. The following charts detail the monthly 2019 PCCCs used in this valuation.

Monthly Medical Per Capita Claim Cost

Age Group	Male Retirees	Female Retirees	Male Spouses	Female Spouses
		Aetna Basic		
Child	n/a	n/a	257.61	257.61
<50	859.95	1,292.86	581.24	726.83
50-54	964.60	1,093.52	696.21	814.57
55-59	1,037.79	1,074.21	796.23	877.62
60-64	1,257.26	1,209.43	998.03	991.30
65-69	175.03	185.04	175.03	185.04
70-74	211.76	210.41	211.76	210.41
75-79	246.67	232.79	246.67	232.79
80-84	278.57	265.41	278.57	265.41
85+	343.61	325.88	343.61	325.88
		Aetna Select		
Child	n/a	n/a	277.27	277.27
<50	918.85	1,391.77	619.98	780.93
50-54	1,021.19	1,171.38	736.18	871.72
55-59	1,094.72	1,145.84	839.19	935.54
60-64	1,321.35	1,283.08	1,048.29	1,051.10
		Aetna Medicare Option 1		
65-69	184.91	184.14	184.91	184.14
70-74	190.94	192.02	190.94	192.02
75-79	205.47	198.36	205.47	198.36
80-84	216.29	207.01	216.29	207.01
85+	232.67	223.55	232.67	223.55
		Aetna Medicare Option 2		
65-69	156.76	156.11	156.76	156.11
70-74	161.82	162.73	161.82	162.73
75-79	174.01	168.05	174.01	168.05
80-84	183.10	175.31	183.10	175.31
85+	196.85	189.19	196.85	189.19

Monthly Pharmacy Per Capita Claim Cost

Age Group	Male Retirees	Female Retirees	Male Spouses	Female Spouses
		Basic Rx Plan		
Child	n/a	n/a	51.81	51.81
<50	220.57	287.01	147.93	160.05
50-54	227.54	253.44	163.33	187.99
55-59	245.09	268.68	187.29	218.88
60-64	275.29	288.91	217.92	236.21
65-69	296.39	272.19	296.39	272.19
70-74	317.27	284.08	317.27	284.08
75-79	328.31	285.26	328.31	285.26
80-84	321.42	275.25	321.42	275.25
85+	276.16	228.39	276.16	228.39
		EGWP Rx Plan		
65-69	246.13	217.19	246.13	217.19
70-74	219.74	191.12	219.74	191.12
75-79	207.02	177.44	207.02	177.44
80-84	196.84	159.95	196.84	159.95
85+	177.13	131.02	177.13	131.02

Monthly Medicare Part B premiums were assumed to be $144.60 for 2020.

Premium rates for dental and vision benefits were used as provided by the Agencies.

Health Cost Trend — The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2019 utilizing the baseline assumptions included in the model, except inflation of 2.25% for medical and pharmacy benefits. Additional adjustments apply based on percentage of costs associated with administrative expenses, aging factors, healthcare reform provisions including changes due to the H. R. 1865 (December 2019), separately for NYSHIP and self-insured benefits administered by MTA New York City Transit. Long -term trend increases are 3.5% for dental and vision benefits and 4.5% for Medicare Part B reimbursements but not more than projected medical and pharmacy trends. The self-insured trend is applied directly for represented employees of MTA New York City NYC Transit, MTA Staten Island Railway and MTA Bus Company. The following lists illustrative rates for the NYSHIP and self-insured trend assumptions (amounts are in percentages).

Health Care Cost Trend Rates

Fiscal Year	NYSHIP		TBTA No Rx		Self-Insured	
	< 65	>=65	< 65	>=65	< 65	>=65
2019 to 2020	6.8	5.9	6.2	3.7	6.5	5.1
2020 to 2021	6.2	5.7	5.8	4.0	6.1	5.1
2021 to 2022	5.7	5.4	5.5	4.6	5.6	5.1
2022 to 2023	5.1	5.1	5.1	5.1	5.1	5.1
2023 to 2024	5.0	5.0	5.0	5.0	5.0	5.0
2024 to 2025	4.9	4.9	4.9	4.9	4.9	4.9
2025 to 2026	4.8	4.8	4.8	4.8	4.8	4.8
2026 to 2027	4.7	4.7	4.7	4.7	4.7	4.7
2027 to 2028	4.6	4.6	4.6	4.6	4.6	4.6
2028 to 2029	4.5	4.5	4.5	4.5	4.5	4.5
2038 to 2039	4.6	4.6	4.6	4.6	4.6	4.6
2048 to 2049	4.8	4.8	4.8	4.8	4.8	4.8
2058 to 2059	4.5	4.5	4.5	4.5	4.5	4.5
2068 to 2069	4.2	4.2	4.2	4.2	4.2	4.2
2078 to 2079	3.8	3.8	3.8	3.8	3.8	3.8
2088 to 2089	3.8	3.8	3.8	3.8	3.8	3.8
2098 to 2099	3.8	3.8	3.8	3.8	3.8	3.8

For purposes of applying the Entry Age Normal cost method, the healthcare trend prior to the valuation date are based on the ultimate rates, which are 3.8% for medical and pharmacy costs.

Participation — The table below summarizes the census data provided by each Agency utilized in the preparation of the actuarial valuation. The table shows the number of active and retired employees by Agency and provides a breakdown of the coverage elected and benefits offered to current retirees.

OPEB Participation By Agency as at July 1, 2019

	MTA New York City Transit	MTA Long Island Rail Road	MTA Metro-North Rail Road	MTA Bridges & Tunnels	MTAHQ	MTA Long Island Bus *	MTA Staten Island Railway	MTA Bus Company	Total
Active Members									
Number	51,454	7,719	6,773	1,350	1,957	N/A	328	4,007	73,588
Average Age	48.6	44.8	44.8	48.0	46.0	N/A	41.7	48.0	47.7
Average Service	12.8	12.7	11.8	14.8	12.3	N/A	9.9	11.5	12.6
Retirees									
Single Medical Coverage	13,967	714	470	561	258	95	34	979	17,078
Employee/Spouse Coverage	18,800	1,998	1,138	775	539	168	82	765	24,265
Employee/Child Coverage	1,145	104	76	46	22	17	3	30	1,443
No Medical Coverage	841	2,441	1,547	83	15	316	33	278	5,554
Total Number	34,753	5,257	3,231	1,465	834	596	152	2,052	48,340
Average Age of Retiree	72.2	70.1	71.1	70.6	66.3	69.6	66.5	71.3	71.7
Total Number with Dental	8,601	979	675	469	773	49	49	160	11,755
Total Number with Vision	32,166	979	675	469	773	49	119	1,761	36,991
Total No. with Supplement	26,522	2,019	438	875	-	448	112	1,488	31,902
Average Monthly Supplement Amount (Excluding Part B Premium)	$ 32	$ 239	$ 100	$ 215	$ -	N/A	$ 70	$ 25	$ 51
Total No. with Life Insurance	7,722	4,883	841	434	746	494	117	1,883	17,120
Average Life Insurance Amount	$ 2,450	$22,223	$4,415	$6,146	$5,000	$9,818	$2,949	$12,796	$ 9,745

* MTA LI Bus had 111 vestees as of date of valuation

Coverage Election Rates — The majority of members participating in NYSHIP are assumed to elect coverage in the Empire PPO plan. For certain agencies (MTA New York City Transit, MTA Bridges and Tunnels and MTA Staten Island Railway) a percentage of the membership is assumed to elect NYSHIP HIP plan and for the MTA Metro-North Railroad a percentage is assumed to elect ConnectiCare, an HMO plan.

Dependent Coverage - Spouses are assumed to be the same age as the employee/retiree. 80% of male and 35% of female eligible members participating in NYSHIP are assumed to elect family coverage upon retirement and 65% of male and 25% of female eligible members participating in self-insured programs administered by MTA New York City Transit are assumed to cover a dependent. Actual coverage elections for current retirees are used. Under age 65 spouses of over age 65 retirees are assumed to have elected the Aetna Select plan if the retiree elected Aetna Option 1 or Option 2. If a current retiree's only dependent is a child, eligibility is assumed for an additional 7 years from the valuation date.

Demographic Assumptions:

Mortality — Preretirement and postretirement health annuitant rates are projected on a generational basis using Scale AA. As a generational table, it reflects mortality improvements both before and after the measurement date. The post-retirement mortality assumption is based on an experience analysis covering the period from January 1, 2011 to December 31, 2015 for the MTA-sponsored pension plans.

Preretirement — RP-2000 Employee Mortality Table for Males and Females with blue-collar adjustments. No blue-collar adjustments were used for management members of MTAHQ.

Postretirement Healthy Lives — 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with Blue Collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. No blue-collar or percentage adjustments were used for management members of MTAHQ.

Postretirement Disabled Lives — RP-2014 Disabled mortality table for males and females.

Vestee Coverage — For members that participate in NYSHIP, Vestees (members who have terminated employment, but are not yet eligible to retire) are eligible for NYSHIP benefits provided by the Agency upon retirement, but must maintain NYSHIP coverage at their own expense from termination to retirement. Vestees are assumed to retire at first eligibility and would continue to maintain NYSHIP coverage based on the following percentages. This assumption is based on the Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45/75 Valuation report provided to Participating Employers of NYSHIP. These percentages were also applied to current vestees based on age at valuation date.

Age at Termination	Percent Electing
< 40	0 %
40–43	5
44	20
45–46	30
47–48	40
49	50
50–51	80
52+	100

7. TRUSTEE, CUSTODIAL AND OTHER PROFESSIONAL SERVICES

The Plan and the Trust are administered by the MTA, including the day-to-day administration of the health insurance program. JP Morgan Chase, the trustee and custodian makes payments to health insurers and to welfare funds for retiree benefits, and reimbursements of retiree Medicare Part B premiums, as directed by the MTA. The MTA OPEB Board of Managers is advised by NEPC with respect to the investment of Plan assets. Actuarial services were provided to the Plan by Milliman Inc.

8. SUBSEQUENT EVENTS

The Plan invested assets with the Allianz Structured Alpha Funds. During 2020, it is alleged that the fund managers breached their fiduciary and contractual obligations to the Plan, resulting in a significant loss. Allianz has closed the funds. The Plan, along with other institutional investors, filed a lawsuit in the United States District Court for the Southern District of New York (20 Civ. 5615 (KPF)) seeking recovery of their losses. The lawsuit is in preliminary stages of discovery.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE I

METROPOLITAN TRANSPORTATION AUTHORITY
OTHER POSTEMPLOYMENT BENEFITS PLAN

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE EMPLOYERS' NET OPEB LIABILITY AND RELATED RATIOS
(in thousands)

		2020	2019	2018	2017
Total OPEB liability:					
Service cost	$	1,097,051	928,573	1,011,981	876,723
Interest		610,160	840,532	758,494	757,860
Changes of benefit terms		-	-	8,543	24,446
Differences between expected and actual experience		(43,890)	247,871	(569,165)	(44,082)
Changes of assumptions		1,939,528	311,286	(1,964,746)	921,007
Benefit payments and withdrawals		(724,741)	(730,677)	(691,122)	(650,994)
Net change in total OPEB liability		2,878,108	1,597,585	(1,446,015)	1,884,960
Total OPEB liability – beginning		21,531,473	19,933,888	21,379,903	19,494,943
Total OPEB liability – ending (a)		24,409,581	21,531,473	19,933,888	21,379,903
Plan fiduciary net position:					
Employer contributions		387,371	730,677	691,122	650,994
Member contributions		-	-	-	-
Net investment income		(77,118)	63,647	(18,916)	47,370
Benefit payments and withdrawals		(724,741)	(730,677)	(691,122)	(650,994)
Administrative expenses & Transfer to investments		(209)	(200)	(56)	-
Net change in plan fiduciary net position		(414,697)	63,447	(18,972)	47,370
Plan fiduciary net position – beginning		414,827	351,380	370,352	322,982
Plan fiduciary net position – ending (b)		130	414,827	351,380	370,352
Employer’s net OPEB liability – ending (a)-(b)	$	24,409,451	21,116,646	19,582,508	21,009,551
Plan fiduciary net position as a percentage of the total OPEB liability		0.00%	1.93%	1.76%	1.73%
Covered payroll	$	5,604,690	5,608,536	5,394,332	5,041,030
Employer’s net OPEB liability as a percentage of covered payroll		435.52%	376.51%	363.02%	416.77%

In accordance with GASB No. 74, paragraph 39, such information was not readily available for periods prior to 2017.

METROPOLITAN TRANSPORTATION AUTHORITY
OTHER POSTEMPLOYMENT EMPLOYMENT

SCHEDULE II

Required Supplementary Information (Unaudited)
Schedule of Employer Contributions
(in thousands)

Fiscal Year Ending December 31	Actuarially Determined Contribution	* Actual Employer Contribution	Contribution Deficiency (Excess)		Covered Payroll	Actual Contribution as a % of Covered Payroll
2011	N/A	$ -	N/A		$ -	N/A
2012	N/A	-	N/A		-	N/A
2013	N/A	-	N/A		-	N/A
2014	N/A	-	N/A		-	N/A
2015	N/A	-	N/A		-	N/A
2016	N/A	-	N/A		-	N/A
2017	N/A	650,994	N/A	**	5,041,030	12.91%
2018	N/A	691,122	N/A		5,394,332	12.81%
2019	N/A	730,677	N/A		5,608,536	13.03%
2020	N/A	387,371	N/A		5,604,691	6.91%

* Actual Employer Contribution includes the implicit rate of subsidy adjustment.

** In accordance with GASB No. 74, paragraph 39, such information was not readily available for periods prior to 2017.

METROPOLITAN TRANSPORTATION AUTHORITY OTHER POSTEMPLOYMENT PLAN

SCHEDULE III

Required Supplementary Information (Unaudited)
Schedule of Investment Returns

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

Fiscal Year Ending December 31	Net Money-Weighted Rate of Return
2011	N/A
2012	N/A
2013	N/A
2014	N/A
2015	N/A
2016	N/A
2017	14.67%
2018	-5.11%
2019	18.12%
2020	-32.92%

In accordance with GASB No. 74, paragraph 39, such information was not readily available for periods prior to 2017.