The Long Island Rail Road Company Plan for Additional Pensions

(A Fiduciary Component Unit of the Metropolitan Transportation Authority)

Financial Statements as of and for the
Years Ended December 31, 2021 and 2020,
Supplemental Schedules and
Independent Auditor's Report

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Administration of
The Long Island Rail Road Company Plan
for Additional Pensions:

Opinion

We have audited the accompanying statements of fiduciary net position of The Long Island Rail Road Company Plan for Additional Pensions (the "Additional Plan") as of December 31, 2021 and 2020, and the related statement of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Additional Plan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position as of December 31, 2021 and 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.

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 these 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 Responsibility 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 on pages 4 through 10 and the Schedule of Changes in the Employers’ Net Pension Liability and Related Ratios—Schedule I on page 35; Schedule of Employer Contributions—Schedule II on pages 36 through 38; and Schedule of Investment Returns—Schedule III on page 39 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

January 12, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction—This management's discussion and analysis ("MD&A") of The Long Island Rail Road Company Plan for Additional Pensions (the "Additional Plan") financial performance for the years ended December 31, 2021 and 2020, provides an overview of the Additional Plan's financial activities. It is meant to assist the reader in understanding the Additional Plan's financial statements by providing an overview of the financial activities and the effects of significant changes, as well as a comparison with the prior year's activities and results. This discussion and analysis are intended to be read in conjunction with the Additional Plan document as well as the Additional Plan's financial statements. Additionally, an analysis of major economic factors and industry decisions that have contributed to significant changes is provided. It should be noted that for purposes of the MD&A, summaries of the financial statements and the various exhibits presented are extracted from the Additional Plan's financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America and is intended to be read in conjunction with the Plan's financial statements which begin on page 11.

Overview of Basic Financial Statements

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

- **The Statements of Fiduciary Net Position -** presents the financial position of the Additional Plan at fiscal year-end. It provides information about the nature and amounts of resources with present service capacity that the Additional Plan presently controls (assets), consumption of net assets by the Additional Plan that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that the Additional Plan has little or no discretion to avoid (liabilities), and acquisition of net assets by the Additional 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 Additional 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** - provides 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 Additional Plan are presented in conformity with accounting principles generally accepted in the United States of America as prescribed by the GASB.

Financial Highlights

Financial Analysis
Fiduciary Net Position
As of December 31, 2021, 2020 and 2019
(Amounts in thousands)

				Increase / (Decrease)			
				2021-2020		2020-2019	
	2021	2020	2019	$	%	$	%
Cash	$ 2,956	$ 1,480	$ 1,114	$ 1,476	100 %	$ 366	33 %
Investments, at fair value	773,997	755,909	838,268	18,089	2 %	(82,360)	(10)%
Receivables	1,815	3,235	634	(1,420)	(44)%	2,601	410 %
Total assets	778,768	760,623	840,016	18,145	2%	(79,393)	(9)%
Due to broker for securities purchased	984	542	581	442	82 %	(39)	(7)%
Forward Currency & Margin contracts	182	43	83	139	323 %	(40)	(48)%
Due to broker for investment fee	269	316	(342)	(47)	(15)%	658	(192)%
Due to broker for admin. fee	10	-	(14)	10	100 %	14	(100)%
Total liabilities	1,445	901	308	544	60 %	593	193 %
Net position restricted for pensions	$ 777,323	$ 759,722	$ 839,708	$ 17,601	2 %	$ (79,986)	(10)%

December 31, 2021 versus December 31, 2020

The assets of the Additional Plan exceeded its liabilities by $777.3 million as of December 31, 2021. Net position restricted for pensions are held for the payment of future benefits to members and pensioners.

The Additional Plan's net position restricted for pensions increased by $17.6 million during 2021, representing an increase of 2% over 2020. This increase is a result of investment activity and plan contributions net of benefit payments and expenses during 2021.

Investments at December 31, 2021 were $774 million representing an increase of $18 million from 2020. The increase was a result of the changes noted above together with the with regards improved investment performance in 2021.

Payables for investments purchased at December 31, 2021, amounted to $1.0 million. Investments are purchased on a trade-date settlement basis and that generate timing differences in settlement dates, like receivables for investments sold.

December 31, 2020 versus December 31, 2019

The assets of the Additional Plan exceeded its liabilities by $760 million as of December 31, 2020. Net position restricted for pensions are held for the payment of future benefits to members and pensioners.

The Additional Plan's net position restricted for pensions decreased by $80 million during 2020, representing a decrease of 10% over 2019. The decrease in 2020 was primarily due to the sale of the Plan's separate investment in Atlanta Capital during 2020 to the Master Trust. The absorption of this investment into the Master Trust was later re-allocated based on Plan percentage ownership.

Investments at December 31, 2020 were $756 million representing a decrease of $82 million from 2019. The decrease was a result of the changes noted above with regards to the Plan's smaller percentage ownership in the Master Trust.

Payables for investments purchased at December 31, 2020, amounted to $0.5 million. Investments are purchased on a trade-date settlement basis and that generate timing differences in settlement dates, like receivables for investments sold.

CHANGES IN FIDUCIARY NET POSITION

For the Years Ended December 31, 2021, 2020 and 2019
(Amounts in thousands)

				Increase / (Decrease)			
				2021-2020		2020-2019	
	2021	2020	2019	$	%	$	%
Additions:							
Net investment income/(loss)	$ 96,215	$ 3,808	$ 115,340	$ 92,407	2,427 %	$ (111,532)	(97)%
Employer contributions	70,553	68,723	62,774	1,830	3 %	5,949	9 %
Employee contributions	73	141	249	(68)	(48)%	(108)	(43)%
Total additions	166,841	72,672	178,363	94,169	130 %	(105,691)	(59)%
Deductions:							
Benefits paid directly to participants	148,630	152,924	157,254	$ (4,294)	(3)%	$ (4,330)	(3)%
Transfers	-	(878)	-	878	(100)%	(878)	100%
Administrative expenses	610	612	718	(2)	0%	(106)	(15)%
Total deductions	149,240	152,658	157,972	(3,418)	(2)%	(5,314)	(3)%
Net (decrease) / increase	17,601	(79,986)	20,391	97,587	(122)%	$ (100,377)	(492)%
Net position restricted for pensions							
Beginning of Year	759,722	839,708	819,317	(79,986)	(10)%	20,391	2 %
End of year	$ 777,323	$ 759,722	$ 839,708	$ 17,601	2 %	$ (79,986)	(10)%

December 31, 2021 versus December 31, 2020

At the end of 2021, the net investment income increased by $92 million in 2021 due to net investment gains of $96 million in 2021 versus net gain of $4 million experienced in 2020.

Employer and employee contributions for the year ended December 31, 2021 totaled $71 million, which represents an increase of 3% from 2020. This increase was the result of higher employer contributions made by the Plan in 2021.

Benefit payments for the year ended December 31, 2021 totaled $149 million, which was lower than benefit payments made in 2020 in the amount of $153 million, due to less Plan benefits paid out to existing retirees attaining age sixty-five in 2021.

December 31, 2020 versus December 31, 2019

At the end of 2020, the net investment income decreased by $111 million in 2020 due to net investment gains of $4 million in 2020 versus net gain of $115 million experienced in 2019.

Employer and employee contributions for the year ended December 31, 2020, totaled $69 million, which represents an increase of 9% from 2019. This increase was the result of higher employer contributions made by the Plan in 2020.

Benefit payments for the year ended December 31, 2020, totaled $153 million, which was lower than benefit payments made in 2019, due to less Plan benefits paid out to existing retirees attaining age sixty-five in 2020.

Economic Factors

Market Overview – 2021

The year 2021 was eventful and characterized by a strong global economic recovery following the pandemic driven downturn of the previous year. The turnaround brought with it a historic surge in consumer and producer prices, labor shortages, and global supply-chain bottlenecks. Low interest rates and stimulus measures adopted by the United States ("U.S.") Federal Reserve Bank gave people more access to money and buying power, as did the government's commitment to unprecedented fiscal stimulus. Personal income increased as did personal consumption expenditures. Corporate earnings were strong, despite labor and supply shortages and lingering economic uncertainty caused by the pandemic.

While initially expected to be transitory by the U.S. Federal Reserve, inflation reached a nearly 40-year high late in the year as growing consumer demand was curbed by pandemic-related supply constraints. Historically low mortgage rates helped propel the housing market boon, as both the number of residential sales and property values escalated. Energy prices, particularly gas prices, rose by nearly 50%, as crude oil reached more than $80 per barrel for the first time since 2014. The Federal Reserve ended the year acknowledging that inflation was persistent and adopted a more hawkish stance.

Global risk assets similarly benefitted from widespread vaccine rollouts and massive government stimulus. Global central banks' stance also became less dovish. The European Central Bank vowed to scale back its pandemic-related bond-buying activities. Against this backdrop, the Bank of England raised interest rates for the first time in three years. In foreign exchange markets, a strong U.S. Dollar continued to get stronger, posting significant gains against the Euro, the Yen and most other currencies.

Macro Themes

- Inflation
- New COVID-19 variants
- Shift away from easy monetary policy
- Supply chain bottlenecks

United States

The U.S. economy recovered from a 3.5% decline in Real GDP in 2020 to 5.7% in 2021. The unemployment rate continued to fall, finishing 2021 at 3.9% compared to a pandemic high of 14.8% high in April 2020 and pre-pandemic average rate of 3.5%. Consumer prices climbed 7.0% in 2021, while core inflation, excluding the volatile food and energy components, rose 5.5%.

U.S. equities were strongly positive, with the S&P 500 and Russell 1000 indices posting returns of (+28.7%) and (+26.5%), respectively. Across market caps, Large Cap, as measured by the S&P 500 (+28.7%), Mid Cap, as measured by the S&P 400 (+24.8%), and Small Cap, as measured by the Russell 2000 (14.8%) all posted double digit returns. Across styles, Growth, as measured by the Russell 1000 Growth (+27.6%) slightly outperformed Value, as measured by the Russell 1000 Value (+25.2%).

U.S. Treasury yields increased in 2021 and the yield curve flattened amid elevated inflation and the shift to more hawkish Federal Reserve. Credit spreads tightened to levels narrower than pre-pandemic levels. Diversified fixed income returned -1.5% (Bloomberg U.S. Aggregate Index), with losses dominated by long U.S. Treasuries at -4.6% (Bloomberg Long Treasury Index) and Credit at -1.1% (Bloomberg Credit Index). Positive returns of 6% were realized in Treasury Inflation Protected Securities (Bloomberg TIPS Index) and of 5.3% in High Yield (Bloomberg High Yield Index 5.3%).

International Developed

International developed equity markets posted strong results in 2021 but lagged the U.S. equity markets, returning (+11.3%) as measured by the MSCI EAFE. Both Europe and Japanese equities had positive performance in 2021 with MSCI Europe returning (+16.3%) and MSCI Japan returning (+11.7%). European stock rallied more as vaccine rollouts and government stimulus helped lift the Eurozone out of the pandemic induced downturn. The Small Cap portion of international developed markets posted positive, but weaker returns in 2021 (+10.1%) compared with 2020 (+12.3%).

Emerging Markets

Emerging markets posted weak returns in 2021, underperforming both the U.S. and international developed equity markets. The broad MSCI Emerging Market Index returned (-2.5%) for the year. The underperformance was led by MSCI China Index which returned (-21.7%). Inflationary pressures and a strong US dollar dampened sentiment in developing countries despite higher commodity prices.

The bond markets of emerging markets underperformed in 2021 compared to their outperformance in 2020. Both hard currency and local currency bonds posted negative returns. Hard currency bonds, predominately issued in U.S. Dollars, as represented by the JPMorgan EMBI Global Diversified Index, returned (-1.8%) in 2021. Local currency bonds, represented by the JPMorgan GBI-EM Global Diversified Index, returned (-8.7%) for the year.

Commodities

The S&P Goldman Sachs Commodity Index (GSCI) jumped 40.4%, largely influenced by a 55.6% increase in oil prices, represented by the New York Mercantile Exchange West Texas Index Crude Spot Index. Precious metals were the laggards in this category, with gold being down over 3% for 2021.

Market Outlook - 2022

2022 was off to a difficult start, with most equity markets down in the double digits and some sent into correction territory. Growth-oriented equities were at the epicenter of the pain amid fears of rising rates and a slowing economy. Fixed income markets also had a difficult beginning with most markets are down in the high single digits due to rising interest rates and continued inflation. The only bright spot so far is in the commodities markets.

2022's macroeconomic backdrop will likely be dominated by persistent pandemic driven disruptions, effects from Russia's invasion of the Ukraine, and elevated inflation, all of which are expected to impact economic growth negatively. With global central banks no longer accommodative, the long-term bull market in risk assets and the benign interest rate environment will likely reverse course. Global growth is broadly anticipated to slow with inflation uncertainty and uneven recoveries dominating. Capital market expectations reflect a much more muted outlook for most asset classes.

Household and corporate balance sheets are generally healthy and pent-up demand for services has yet to be fulfilled. The U.S. Federal Reserve and many other central banks have made it clear that taming inflation is now their primary task. Financial conditions are tightening in response, bringing markets out of reliably easy monetary conditions. Supply shortages persist in areas ranging from labor to semiconductors. Despite hopes for continued improvement in 2022, the war in Ukraine has further upended supply chains and sent commodity prices surging. Inflation will likely continue to prompt central banks to push interest rates higher, creating differentiation across and within asset classes.

CONTACT INFORMATION

This financial report is designed to provide a general overview of the Long Island Rail Road Company for Additional Pensions' finances. Questions concerning any data provided in this report or requests for additional information should be directed to the MTA Comptroller, 2 Broadway, 15th Floor, New York, New York 10004.

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THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

STATEMENTS OF FIDUCIARY NET POSITION
AS OF DECEMBER 31, 2021 AND 2020
(Amounts in thousands)

	2021	2020
ASSETS:		
Cash	$ 2,956	$ 1,480
Investments at fair value (notes 2 and 3):		
Investments measured at readily determined fair value	194,633	190,332
Investments measured at net asset value	579,364	565,577
Total Investments	773,997	755,909
Receivables:		
Participant and union contributions	(20)	(6)
Other receivables	64	97
Due from the MTA DB Plan for employer contributions	1,295	-
Securities sold	138	2,769
Accrued interest and dividends	338	375
Total receivables	1,815	3,235
Total assets	778,768	760,623
LIABILITIES:		
Due to broker for securities purchased	984	542
Forward Currency & Margin contracts	182	43
Due to broker for investment fees	269	316
Due to broker for administrative expenses	10	-
Total liabilities	1,445	901
NET POSITION RESTRICTED FOR PENSIONS	$ 777,323	$ 759,722

See notes to financial statements.

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Amounts in thousands)

	2021	2020
ADDITIONS:		
Investment income:		
Net realized and unrealized gains	$ 93,217	$ 365
Interest income	8,132	6,536
Dividend income	1,361	1,648
Total investment income	102,710	8,549
Less investment expenses	(6,495)	(4,741)
Total net investment income	96,215	3,808
Contributions (Note 5):		
Employer	70,553	68,723
Participant and union	73	141
Total contributions	70,626	68,864
Total additions	166,841	72,672
DEDUCTIONS:		
Benefits paid to participants	148,630	152,924
Transfers	-	(878)
Administrative expenses	610	612
Total deductions	149,240	152,658
NET INCREASE / (DECREASE) IN NET POSITION	17,601	(79,986)
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year	759,722	839,708
End of year	$ 777,323	$ 759,722

See notes to financial statements.

1. PLAN DESCRIPTION

The Long Island Rail Road Company Plan for Additional Pensions (the "Additional Plan") is a single employer defined benefit plan administered by the Board of Pension Managers. The following brief description of the Additional Plan is provided for general information purposes only. Participants should refer to the Additional Plan document for more complete information.

General - Effective July 1, 1971, The Long Island Rail Road Company (the "Company") adopted two fully integrated defined benefit pension plans, The Long Island Rail Road Company Pension Plan (the "Plan") and the Additional Plan. These plans cover employees hired before January 1, 1988. Effective January 1, 1989, the Plan was amended to limit the accrual of credited service time and determination of average earnings through December 31, 1988. All pension plan benefits were frozen as of that date by virtue of a Plan amendment. All benefit accruals subsequent to that date are provided under the Additional Plan, which was amended to provide for accruals on and after January 1, 1989. The Additional Plan benefits are now the total benefit that would have been paid previously from the sum of the two plans reduced by any portion of benefits that a participant received from the frozen pension plan benefits. The total benefits payable to participants have not been changed. These financial statements do not include any amounts related to the Plan, as all Plan assets were transferred into the MTA Defined Benefit Pension Plan, effective October 2, 2006.

Both Company's pension plans are governmental plans and, accordingly, are not subject to funding and other requirements of the Employee Retirement Income Security Act of 1974 ("ERISA").

The Metropolitan Transportation Authority Defined Benefit Pension Plan and The Long Island Rail Road Company Plan for Additional Pensions comprise the Metropolitan Transportation Authority's Master Trust. The MTA Master Trust is governed by the Board of Pension Managers (the "Board"). The Board has contracted with JP Morgan Chase, as the Trustee for the Trust, and has provided the Master Trust Investment Guidelines to the respective Trustee. These guidelines provide the specific goals and objectives of the Trust as well as the allowable investments permitted under the Trust. Under the Investment Guidelines, the Trustee is permitted to invest in commingled funds on behalf of the Master Trust.

The total asset allocation of the 2021 Master Trust is 89.23% for the Metropolitan Transportation Authority Defined Benefit Pension Plan and 10.77% for the Long Island Rail Road Company Plan for Additional Pensions for the year ended December 31, 2021.

The total asset allocation of the 2020 Master Trust is 87.85% for the Metropolitan Transportation Authority Defined Benefit Pension Plan and 12.15% for the Long Island Rail Road Company Plan for Additional Pensions for the year ended December 31, 2020.

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Pension Benefits - All full-time employees who were hired before January 1, 1988, are eligible for Additional Plan membership. At January 1, 2021 and 2020, the most recent valuation date, the Additional Plan's membership consisted of the following:

	January 1 2021	**January 1 2020**
Active plan members	23	34
Terminated vested & other inactives	19	19
Retirees and beneficiaries receiving benefits	5,298	5,483
Total	5,340	5,536

An employee who retires under the Additional Plan, either: (a) after completing at least 20 years of credited service, or (b) after both attaining age 65 while in service and completing at least five years of credited service, or in the case of those who were active employees on January 1, 1988, after completing at least 10 years of credited service, is entitled to an annual retirement benefit, payable monthly for life. Payments commence to an employee referred to in: (a) only after attaining age 50, or (b) only after attaining age 65.

Benefit and contribution provisions, which are based on the point in time at which participants last entered qualifying service and their length of credited service, are established by, and may only be amended by the Company, subject to the obligations of the Company under its collective bargaining agreements. The Company's Board of Directors must approve all amendments. The Additional Plan has both contributory and non-contributory requirements, with retirement ages varying from 50 to 65 depending upon a participant's length of credited service. Pension benefits payable to age 65, where eligible, are calculated as 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 earnings for 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 any 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 as follows:

(i) 25% for an employee who had 20 years credited service prior to July 1, 1974,
(ii) 50% for any other employee first employed before July 1, 1974, and
(iii) 100% for any employee first employed on or after July 1, 1974.

Beginning in 1999, for all represented employees who were hired between July 1, 1974, and December 31, 1987, who were employees after January 1, 1999, and were not retired when their collective bargaining agreement was ratified and approved by MTA Board after that date, the offset of Railroad Retirement Benefits is reduced to 50% (under the Additional Plan). For all management employees who were hired between July 1, 1974, and December 31, 1987, and who were employees on September 30, 1999, the offset of Railroad Retirement Benefits was reduced to 50% (under the Additional Plan).

For participants, the Additional Plan has both non-contributory and contributory requirements. Participants who entered qualifying service before July 1, 1978 are not required to contribute.

Participants who entered qualifying service on or after July 1, 1978, are required to contribute 3% of their wages to the Additional Plan. The Company contributes additional amounts based on actuarially determined amounts that are designed to accumulate sufficient assets to pay benefits when due.

Death and Disability Benefits - Participants who become disabled after accumulating 10 years of credited service and who meet the requirements as described in the Additional Plan receive a disability benefit. Disability pension benefits are calculated based on the participant's qualifying service and a percentage of final average compensation reduced by the full amount of benefit under the Federal Railroad Retirement Act.

Survivorship benefits are paid to the participant's spouse when a survivorship option is elected or when an active participant has not divested his or her 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The Additional 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. 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.

For financial reporting purposes, The Additional Plan adheres to accounting principles generally accepted in the United States of America. The Additional Plan applies all applicable pronouncements of the Governmental Accounting Standards Board ("GASB").

New Accounting Standards Adopted - The Plan did not adopt any new GASB Statement in 2021. However, the Plan did update the required year of adoption for GASB Statement No. 92. Refer to Recent Accounting Pronouncements- Not yet adopted but currently being evaluated below for further details.

Recent Accounting Pronouncements—Not yet adopted but currently being evaluated

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

Use of Management's Estimates - The preparation of 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 amount 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 Net Pension liability.

Payment of Benefits - Benefits are recorded when paid.

Investment and Administrative Expenses - Investment and administrative expenses are paid by the Additional Plan assets and accordingly are reflected in the accompanying financial statements.

Income Tax Status - The Additional Plan is designed to satisfy the applicable requirements for governmental plans under Section 401(a) of the Internal Revenue Code. Accordingly, the Additional Plan is tax-exempt and is not subject to the provisions of ERISA.

3. CASH AND INVESTMENTS

Investment Policy - 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, 2021.

Asset Class	Target Allocation (%)	Target Range (%)	Policy Benchmark
Equities	29.0	24-34	
Domestic Large Cap	10.0	5-15	S&P 500
Domestic Small Cap	5.5	2-10	Russell 2000
International Developed Markets Equities	10.0	5-15	MSCI EAFE
Emerging Markets Equities	3.5	2-6	MSCI Emerging Markets
Fixed Income	15.0	9-21	Manager Specific
Global Asset Allocation*	20.0	15-33	50% World Equity/ 50% Citigroup WGBI unhedged
Opportunistic Investments	6.0	0-15	Manager Specific
Absolute Return	15.0	10-22	Manager Specific
Real Assets	5.0	0-10	Manager Specific
Real Estate	3.0	0-10	Manager Specific
Private Equity	7.0	0-10	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 funds is to achieve consistent positive real returns and to maximize long-term total return within 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 Securities managers shall be registered advisors under the Investment Advisors Act of 1940.

The overall capital structure targets and permissible ranges for eligible asset classes of the Trust are detailed within the Investment Policy Statement. Full discretion, within the parameters of the guidelines described herein and in any individual investment policy associated with that allocation, is granted to the investment managers regarding the asset allocation, the selection of securities, and the timing of transactions. It is anticipated that the majority of investment managers will be funded through commingled funds, however, in some cases (likely equity and fixed income mandates) separate account vehicles may be utilized. For separate accounts, individual manager guidelines and/or exemptions are specified in each approved investment management agreement ("IMA"). Should there be conflicts, the individual manager guidelines set forth in the IMA supersede the general guidelines in the Investment Policy Statement. For commingled funds, investment guidelines and/or exemptions are specified in such vehicle's offering documents. Should there be conflicts, the individual vehicle's investment guidelines supersede the general guidelines in the Investment Policy Statement.

Individual investment manager benchmarks and performance requirements are specified within the Investment Policy Statement. 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:

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

Fixed Income Managers - Investment managers may not purchase inverse floating rate bonds, structured notes, commodities, securities on margin, sell short, lend securities, invest in private placements (other than 144A Privates), real estate investments, and oil, gas and mineral exploration investments without the written consent of the Board of Managers. The fixed-income portion of the Additional Plan's assets shall be invested in marketable, fixed income securities. The following are acceptable:

- Domestic fixed income investments are permitted, subject to the guidelines reflected in Investment Policy Statement. Yankee bonds, which are dollar denominated foreign securities, may be held by each domestic manager in proportions which each manager shall deem appropriate.

- International fixed income securities are permitted, subject to the guidelines reflected in Investment Policy Statement. Generally defined, the Citigroup World Government Bond Index represents the opportunity set for international developed markets. The J.P. Morgan Emerging Markets Bond Index-Global represents the opportunity set for international emerging markets denominated in USD. The J.P. Morgan GBI-EM Global Diversified Index represents the opportunity set for international emerging markets denominated in local currency. These index references are guidelines and do not prohibit investment in securities outside those indexes.

- Investment managers are responsible for making an independent analysis of the credit worthiness of securities and their suitability as investments regardless of the classifications provided by rating agencies.

- The average duration (interest rate sensitivity) of an actively managed fixed income portfolio shall range within two years of the benchmark's duration.

- For domestic fixed income portfolios, individual manager account for the securities of an individual issuer, excepting the U.S. government and U.S. government agencies, shall not constitute more than 5% at market at any time.

- For international bond portfolios, individual manager account for the securities of any non-governmental issuer shall not constitute more than 5% at market at any time.

Equity Investment Managers - The equities investment managers may not purchase commodities, securities on margin, sell short, lend securities, invest in private placements, real estate investments, oil, gas and mineral exploration investments, and nominally public issues without the written consent of the Board of Managers. The manager may purchase Rule 144A securities provided such securities are judged by the manager to be liquid and don't in the aggregate exceed 10% of the market value of the portfolio. The manager shall also be able to purchase securities if such securities are convertible into publicly traded equities.

- Domestic equity investments are permitted, subject to the guidelines. American Depository Receipts (ADRs), which are dollar denominated foreign securities traded on the domestic U.S. stock exchanges (e.g., Reuters, Nestle, Sony) may be held by each domestic stock manager in proportions which each manager shall deem appropriate.

- International equities are permitted, subject to the guidelines. Generally defined, the Morgan Stanley EAFE (Europe, Australasia, and the Far East) Index represents the opportunity set for international developed markets. The Morgan Stanley Emerging Markets Free Index represents the opportunity set for international emerging markets. These index references are guidelines and do not prohibit investment in securities outside those indexes.

- The equity specialists may vary equity commitment from 90% to 100% of assets under management.

- Individual manager account may hold no more than 8% at market or 1.5x the manager's benchmark weight (whichever is greater) of any single company's stock.

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 Board may retain a futures overlay manager. The overlay manager shall use exchange traded futures contracts to expose the cash to the long-term target asset allocation.

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

a) Expose un-invested assets of domestic and international equity investment managers to their respective equity benchmarks through the use of futures contracts,
b) Assist the Board in rebalancing, transitions, and/or gaining exposure to approved asset classes,
c) Provide the market (or “beta”) exposures in a portable alpha program.
d) 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 are broadly categorized into the following categories:

- Opportunistic
- Real assets
- Real estate
- Absolute return
- Private equity

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 (Separately Managed Accounts) - Unless specifically approved by the Board or set forth in the individual investment guidelines, certain securities, strategies, and investments are ineligible for inclusion within separately managed accounts. Among these are:

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

- Direct investments in private placements, real estate, oil and gas and venture capital, or funds comprised thereof.

Exceptions:

The Board of Managers, in recognition of the benefits of commingled funds as investment vehicles (i.e., the ability to diversify more extensively than in a small, direct investment account and the lower costs which can be associated with these funds) may, from time to time, allow investment in such funds. The Board recognizes that it cannot give specific policy directives to a fund whose policies are already established; therefore, the Board is relying on the investment consultant to assess and monitor the investment policies of any funds used by the Plan to ascertain whether they are appropriate.

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 with securities 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.

LIRRD Additional Pension Plan
Investments measured by fair value level
(In thousands)

	2021			
	December 31, 2021	**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	$ 59,067	59,067	-	-
Separate account small-cap equity funds	44,634	44,634	-	-
Separate account small-Real Estate Investments Trusts	8,947	8,947	-	-
Total equity investments	112,648	112,648	-	-
Debt Securities				
Mutual fund	31,294	31,294	-	-
Separate account - opportunistic credit/Private debt	9,540	-	9,540	-
Separate account debt funds	41,151	-	41,151	-
Total debt investments	81,985	31,294	50,691	-
Total investments by fair value	$ 194,633	143,942	50,691	-

LIRRD Additional Pension Plan
Investments measured at NAV
(In thousands)

	2021			
	December 31, 2021	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Equity Securities:				
Comingled large cap equity funds	$ 32,521	$ -	Daily	None
Comingled international equity funds	94,642	-	Daily	None
Comingled emerging market equity funds	38,355	-	Daily, monthly	None
Total equity investments measured at the NAV	165,518	-		
Debt Securities				
Comingled debt funds	42,492	-	Daily, monthly, quarterly	None
Total debt investments measured at the NAV	42,492	-		
Absolute return:				
Direct lending	21,326	3,944	Bi-annually	60 plus days
Distressed securities	4,132	-	Not eligible	N/A
Credit long	6,705	-	Quarterly	3-30 days
Credit long/short	139	-	Quarterly	3-60 days
Hedge Funds of funds	50,577	-	Quarterly	3-60 days
Event driven	379	244	Quarterly, Bi-annually	60-120 days
Multistrategy	1,146	-	Quarterly	3-60 days
Risk parity	18,892	-	Monthly	3-30 days
Total absolute return measured at the NAV	103,296	4,188		
Private equity - private equity partnerships	52,255	25,355	Not eligible	N/A
Comingled real estate funds	112,098		Not eligible	N/A
Real assets				N/A
Energy	15,310	4,703	Not eligible	N/A
Infrastructure	2,743	573	Not eligible	N/A
Shipping	2,349	219	Not eligible	N/A
Total real assets measured at the NAV	20,402	5,495		
Short term investments measured at the NAV	83,303			
Total investments measured at the NAV	$ 579,364	$ 35,038		
Total investments	$ 773,997			

LIRRD Additional Pension Plan
Investments measured by fair value level
(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**
Equity Securities:				
Separate account large-cap equity funds	$ 53,482	53,482	-	-
Separate account small-cap equity funds	41,362	41,362	-	-
Separate account small-Real Estate Investments Trusts	7,150	7,150	-	-
Total equity investments	101,994	101,994	-	-
Debt Securities				
Mutual fund	31,843	31,843	-	-
Separate account debt funds	56,494	-	56,494	-
Total debt investments	88,337	31,843	56,494	-
Total investments by fair value	$ 190,331	133,837	56,494	-

LIRRD Additional Pension Plan
Investments measured at NAV
(In thousands)

	2020			
	December 31, 2020	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Equity Securities:				
Comingled large cap equity funds	$ 31,129	$ -	Daily	None
Comingled international equity funds	98,070	-	Daily	None
Comingled emerging market equity funds	29,625	-	Daily, monthly	None
Total equity investments measured at the NAV	158,824	-		
Debt Securities				
Comingled debt funds	48,239	-	Daily, monthly, quarterly	None
Total debt investments measured at the NAV	48,239	-		
Absolute return:				
Direct lending	30,663	3,498	Bi-annually	60 plus days
Distressed securities	6,648	-	Not eligible	N/A
Credit long	8,365	-	Quarterly	3-30 days
Credit long/short	10,854	-	Quarterly	3-60 days
Equity long/short	7,727	-	Quarterly	3-60 days
Event driven	12,978	275	Quarterly, Bi-annually	60-120 days
Multistrategy	6,537	-	Quarterly	3-60 days
Risk parity	54,447	-	Monthly	3-30 days
Total absolute return measured at the NAV	138,219	3,774		
Private equity - private equity partnerships	54,894	20,679	Not eligible	N/A
Real assets				N/A
Comingled real estate funds	98,103	-	Not eligible	N/A
Energy	15,351	5,728	Not eligible	N/A
Infrastructure	3,006	647	Not eligible	N/A
Total real assets measured at the NAV	116,460	6,374		
Short term investments measured at the NAV	48,942			
Total investments measured at the NAV	$ 565,578	$ 30,826		
Total investments	$ 755,909			

Concentration of Credit Risk—Individual investments held by the Additional Plan that represent 5% or more of the Additional Plan's net assets available for benefits at December 31, 2021 and 2020 is as follows:

(Amount in thousands)	**2021**	**2020**
Investments at fair value as determined by quoted market prices:		
JPMCB Strategic Property Fund	$ 81,418	$ 67,307
JP Morgan Chase (STIF)	83,303	48,942
Robert W. Baird & Company	41,151	47,024
Johnston International	-	38,924

Credit Risk - The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at December 31, 2021 and 2020:

(Amount in thousands) **Quality Rating—S&P**	**2021 Fair Value**	**Percentage of Fixed Income Portfolio**	**2020 Fair Value**	**Percentage of Fixed Income Portfolio**
AAA	$ 3,685	7.51 %	$ 4,476	8.25 %
AA	8,481	17.29	11,266	20.78
A	3,953	8.06	5,030	9.28
BBB	12,284	25.05	15,303	28.23
BB	1,086	2.21	1,112	2.05
B	99	0.20	415	0.77
CCC	325	0.66	281	0.52
Not rated	7,033	14.34	6,992	12.90
Total credit risk debt securities	36,945	75.32	44,875	82.78
U.S. Government bonds*	12,100	24.68	9,337	17.22
Total fixed income securities	$ 49,046	100.00 %	$ 54,212	100.00 %
Other securities not rated — equity, international funds and foreign corporate bonds	724,951		701,697	
Total investments	$ 773,997		$ 755,909	

* U.S. Treasury Bonds, Notes and Treasury-inflation protected securities are obligations of the U.S. government or explicitly guaranteed by the U.S. government and therefore not considered to have a credit risk.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Additional Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Additional Plan and are held by either the counterparty or the counterparty's trust department or agent but not in the Additional Plan's name.

Consistent with the Additional Plan's trust custodial administration agreement, the investments are held by the Additional Plan's custodian and registered in the Additional Plan's name.

Interest Rate Risk Exceptions - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Duration is a measure of 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. Duration is an indicator of bond price's sensitivity to 100-basis point change in interest rates. The lengths of investment maturities (in years), as of December 31, 2021 and 2020 is as follows:

Investment Fund (In thousands)	2021 Fair Value	2021 Duration	2020 Fair Value	2020 Duration
JP Morgan Chase	$ 49,046	6.24	$ 54,212	6.47
Total fixed income securities	49,046		54,212	
Portfolio modified duration		6.24		6.47
Investments with no duration reported	724,951		701,697	
Total investments	$ 773,997		$ 755,909	

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Each investment manager, through the purchase of units in a commingled investment trust fund or international equity mutual fund establishes investments in international equities. The Additional Plan also holds investments in American Depository Receipts ("ADRs"), which are denominated in US dollars and accounted for at fair market value.

The Plan did not have any foreign currency exposures as of December 31, 2021 and 2020.

Additional Information - The Additional Plan is part of the MTA Master Trust of which the Additional Plan participates on a percentage basis. JP Morgan Chase is the trustee of the MTA Master Trust. The percentage of the Additional Plan ownership for the year ended December 31, 2021 and 2020 was 10.77% and 12.15%, respectively.

(In thousands)	December 31, 2021		December 31, 2020	
	Master Trust Total	Additional Plan	Master Trust Total	Additional Plan
Total Investments:				
Investments measured at readily determined fair value	$ 1,807,598	$ 194,633	$ 1,566,915	$ 190,332
Investments measured at the net asset value	4,624,540	497,947	4,102,042	498,270
Total investments measured at fair value	$ 6,432,138	$ 692,580	$ 5,668,957	$ 688,602

There is an additional investment which reside outside of the Master Trust and are presented within these financial statements.

4. NET PENSION LIABILITY

The components of the net pension liability of the Plan at December 31, 2021 and 2020 was as follows (in thousands):

	2021	2020
Total pension liability	$ 1,322,471	$ 1,357,323
Fiduciary net position	777,323	759,722
Net pension liability	$ 545,148	$ 597,601
Fiduciary net position as a percentage of the total pension liability	58.78 %	55.97 %

Actuarial Methods and Assumptions - The total pension liability as of December 31, 2021 and 2020 was determined by an actuarial valuation date of January 1, 2021 and 2020, 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, 2021 and 2020 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 net pension liability of the Plan in 2021 and 2020, 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:

2021 **(In thousands)**	**Decrease** **5.50%**	**Discount Rate** **6.50%**	**Increase** **7.50%**
Net pension liability	$ 648,472	$ 545,148	$ 455,156

2020 **(In thousands)**	**Decrease** **5.50%**	**Discount Rate** **6.50%**	**Increase** **7.50%**
Net pension liability	$ 703,135	$ 597,601	$ 505,634

Additional information of the latest actuarial valuation follows:

Valuation date	January 1, 2021
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.
Actuarial cost method	Entry age normal.
Amortization method	Period specified in current valuation report (closed 12-year period beginning January 1, 2021) with level dollar payments.
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 refecting mortality improvement on a generational basis using Scale MP-2021.
Actuarial assumptions:	
Investment rate of return	6.5%, net of investment expenses
Projected salary increases	3.0%
Inflation/Railroad Retirement wage base	2.25%; 3.25%

Valuation date	January 1, 2020
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.
Actuarial cost method	Entry age normal.
Amortization method	Period specified in current valuation report (closed 13-year period beginning January 1, 2020) with level dollar payments.
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 members reflecting mortality improvement on a generational basis using Scale AA
Actuarial assumptions:	
Investment rate of return	6.5%, net of investment expenses
Projected salary increases	3.0%
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 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.

2021 - Schedule of Calculations of Money-Weighted Rate of Return
(Amounts in thousands)

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows With Interest
Beginning value—January 1, 2021	$ 760,689	12.00	1.00	$ 862,394
Monthly net external cash flows:				
January	(12,431)	12.00	1.00	(14,092)
February	(6,872)	11.00	0.92	(7,713)
March	(6,872)	10.00	0.83	(7,627)
April	(6,872)	9.00	0.75	(7,551)
May	(6,872)	8.00	0.67	(7,475)
June	(6,872)	7.00	0.58	(7,391)
July	(6,872)	6.00	0.50	(7,317)
August	(6,872)	5.00	0.42	(7,244)
September	(6,872)	4.00	0.33	(7,163)
October	(6,872)	3.00	0.25	(7,091)
November	(6,872)	2.00	0.17	(7,020)
December	2,538	2.71	0.23	2,613
Ending Value—December 31, 2021				$ 777,323
Money—Weighted Rate of Return	13.37 %			

2020 - Schedule of Calculations of Money-Weighted Rate of Return
(Amounts in thousands)

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows With Interest
Beginning value—January 1, 2020	$ 840,460	12.00	1.00	$ 843,720
Monthly net external cash flows:				
January	(12,710)	12.00	1.00	(12,759)
February	(7,460)	11.00	0.92	(7,486)
March	(7,460)	10.00	0.83	(7,484)
April	(7,460)	9.00	0.75	(7,482)
May	(7,459)	8.00	0.67	(7,478)
June	(7,460)	7.00	0.58	(7,477)
July	(7,460)	6.00	0.50	(7,474)
August	(7,460)	5.00	0.42	(7,472)
September	(7,460)	4.00	0.33	(7,469)
October	(7,460)	3.00	0.25	(7,467)
November	(7,460)	2.00	0.17	(7,465)
December	3,513	2.12	0.18	3,516
Ending Value—December 31, 2020				$ 759,722
Money—Weighted Rate of Return	0.39 %			

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, 2021 and 2020.

SCHEDULE OF LONG TERM EXPECTED RATE OF RETURN FOR 2021

Asset Class	Index	Target Allocation*	Real Rate of Return
US Core Fixed Income (Aggregate)	Bloomberg Barclays Aggregate	10.50%	1.39%
US Long (11-30 Year) Treasury Bonds	Bloomberg US Treasury Long Treasury	2.00%	1.16%
US TIPS (Inflation-Indexed Bonds)	Bloomberg US Treasury US TIPS	2.00%	0.60%
US High Yield Bonds	ICE BofA US High Yield	3.00%	3.92%
US Bank/Leveraged Loans	Credit Suisse Leveraged Loan	1.50%	3.49%
Private Credit	CDL Index	7.00%	6.93%
Emerging Market Bonds	JPM EMBI Plus	2.00%	3.98%
US Large Caps	S&P 500	18.00%	4.94%
US Small Caps	Russell 2000	7.00%	6.73%
Foreigh Developed Equity	MSCI EAFE NR	12.00%	6.27%
Emerging Market Equity	MSCI EM NR	4.50%	8.82%
Emerging Markets Small Cap Equity	MSCI EM Small NR	1.50%	8.89%
US REITs	FTSE Nareit All Equity REITs	1.00%	5.60%
Private Real Estate Property	NCREIF Property	4.00%	4.61%
Private Equity	Cambridge Private Equity	7.00%	10.36%
Commodities	Bloomberg Commodity	4.00%	1.99%
Hedge Funds - MultiStrategy	HFRI: Fund Wtd Composite	13.00%	3.73%
Assumed Inflation - Mean			2.30%
Assumed Inflation - Standard Deviation			1.23%
Portfolio Nominal Mean Return			7.39%
Portfolio Standard Deviation			12.15%
Long-Term Expected Rate of Return selected by MTA			6.50%

* Based on October 2021 Investment Policy

SCHEDULE OF LONG TERM EXPECTED RATE OF RETURN FOR 2020

Asset Class	Index	Target Allocation*	Real Rate of Return
US Core Fixed Income	Barclays Aggregate	9.00%	0.78%
US Long Bonds	Barclays LT Gvt/Credit	1.00%	1.82%
US Bank / Leveraged Loans	Credit Suisse Leveraged Loan	7.00%	2.73%
US Inflation-Indexed Bonds	Barclays US TIPs	2.00%	-0.07%
US High Yield Bonds	BAML High Yield	4.00%	3.84%
Emerging Markets Bonds	JPM EMBI Plus	2.00%	4.19%
US Large Caps	S&P 500	12.00%	3.93%
US Small Caps	Russell 2000	6.00%	5.11%
Foreign Developed Equity	MSCI EAFE NR	12.00%	5.74%
Emerging Markets Equity	MSCI EM NR	5.00%	7.53%
Global REITS	FTSE EPRA/NAREIT Developed	1.00%	5.65%
Private Real Estate Property	NCREIF Property	4.00%	3.85%
Private Equity	Cambridge Private Equity	1.00%	9.02%
Commodities	Bloomberg Commodity	9.00%	2.26%
Hedge Funds - MultiStrategy	HFRI: Fund Wtd Composite	16.00%	2.99%
Hedge Funds - Event-Driven	HFRI: Event-Driven	6.00%	3.16%
Hedge Funds - Equity Hedge	HFRI: Equity Hedge	3.00%	3.42%
Assumed Inflation - Mean			2.25%
Assumed Inflation - Standard Deviation			1.65%
Portfolio Normal Mean Return			6.44%
Portfolio Standard Deviation			11.47%
Long-Term Expected Rate of Return selected by MTA			6.50%

* Based on March 2014 Investment Policy

5. CONTRIBUTIONS

Employer contributions are actuarially determined on an annual basis and are recognized when due. The Additional Plan is a governmental plan and accordingly, is not subject to the funding and other requirements of ERISA.

Upon termination of employment before retirement, vested participants who have been required to contribute must choose to: (1) receive a refund of their own contributions, including accumulated interest at rates established by the Company's Board of Managers of Pensions (1.5% in 2021 and 2020), or (2) leave their contributions in the Additional Plan until they retire and become entitled to the pension benefits. Non-vested participants who have been required to contribute will receive a refund of their own contributions, including accumulated interest at rates established by the Company's Board of Managers of Pensions (1.5% in 2021 and 2020).

The Company performs a public service of providing essential passenger transportation between New York City and Long Island. Substantial deficits result from providing these services and the Company expects that such deficits will continue in the foreseeable future. Funding for the Additional Plan by the Company is provided by MTA, which obtains the required funds from New York State, federal grants, the sale of bonds to the public and other sources. Certain funding by MTA is made to the Company on a discretionary basis. The continuance of the Company's funding for the Additional Plan has been, and will continue to be, dependent upon the receipt of adequate funds.

6. ACTUARIAL METHODS AND ASSUMPTIONS

A. ACTUARIAL VALUATION METHOD

The Plan's actuarial cost method is the Entry Age Normal method. Under this method, a projected benefit is determined at each active participant's assumed retirement age assuming future compensation increases. The plan's normal cost is the sum of each active participant's annual cost for the current year of service determined such that, if it were calculated as a level percentage of compensation each year, it would accumulate at the valuation interest rate over his total prior and future years of service to the assumed retirement date into an amount sufficient to fund the projected benefit. The plan's accrued liability is the (a) present value of each active participant's benefits plus (b) the present value of each inactive participant's future benefits, less (c) the present value of each active participant's normal costs attributable to all future years of service.

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:

Actuarial Value of Assets = $MV_t - 0.8*UR_1 - 0.6*UR_2 - 0.4*UR_3 - 0.2*UR_4$

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.

C. ACTUARIAL ASSUMPTIONS

The assumptions described below were primarily determined based on an experience analysis covering the period from January 1, 2006 to December 31, 2011, with certain economic assumptions modified subsequently based on an experience analysis covering the period from January 1, 2012 to December 31, 2017. The postretirement 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.

Salary Scale - Salaries are assumed to increase 3.00% per year.

Valuation Compensation - The valuation compensation is equal to the annualized base salary as of December 31, 2020 as provided by MTA, adjusted for wage increases granted after the valuation date but retroactive to earlier periods, projected six months at the assumed rate of salary increase. Retroactive wage adjustments are 4.295% for all union members.

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.

Railroad Retirement Wage Base - 3.25% per year.

Consumer Price Index - 2.25% per year.

Provision for Expenses - Estimated administrative expenses are added to the normal cost. Administrative expenses are based on the average of the prior two years reported administrate expenses and are assumed payable in the middle of the plan year.

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 age varies by year of eligibility.

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

Mortality - Mortality rates are projected on a generational basis using the Society of Actuaries Mortality Improvement Scale MP-2021. As generational tables, they reflect mortality improvement both before and after the measurement date. The post-retirement mortality assumption is based on an experience analysis covering the period from January 1, 2015 to December 31, 2020 for the MTA-sponsored pension plans.

Rail Members - Pri.H-2012(BC) Mortality Table, headcount weighted with blue collar adjustments for males and females with separate rates for employees, healthy annuitants and disabled annuitants. Employee and healthy annuitant male rates are multiplied by 97%.

Marriage - 80% of employees are assumed to be married with wives 3 years younger than husbands.
Interest on Employee Contributions - Assumed to be 3.5% per year for future years.

Railroad Offset - The Railroad offset at retirement is based on the sum of Tier 1 and Tier 2 Railroad benefits and is estimated for active members, current retirees under age 65, and current beneficiaries of members under age 65. The estimated benefits are based on a member's compensation at retirement. For inactive participants, compensation is estimated based on the benefit provided and estimated service at retirement. For the Tier 1 offset, the Primary Insurance Amount assumes that an individual would continue to earn compensation at the level in effect at his date of termination until attaining eligibility for Railroad benefits and is further increased by 2% per year from the date of termination to age 65. In addition, the estimated Tier 1 offset for inactive members currently less than age 65 is reduced by 10% to reflect, on average, the adjustment for Social Security benefits.

Benefits Not Valued - Disability benefits since all active plan participants are eligible for retirement. COVID-19 Accidental Death Benefit is assumed to have an insignificant cost.

D. CHANGES IN ACTUARIAL ASSUMPTIONS

This valuation reflects the adoption of a reduction in the estimated Tier 1 offset for inactive members currently less than age 65 by 10% to reflect, on average, the adjustment in the Railroad Offset for Social Security benefits and updates to the mortality assumption in accordance with a mortality experience study.

7. PLAN TERMINATION

While the Company expects to continue the Additional Plan indefinitely, it may, subject to its collective bargaining agreements, amend, restrict, or terminate the Additional Plan at any time. In the event of termination, all participants will become fully vested to the extent of their then accrued benefits based on their compensation and service up to the date of termination. The net assets of the Additional Plan will be allocated to provide benefits in accordance with the disposition of the Additional Plan assets in a prescribed manner as defined in the Additional Plan document.

8. COMMINGLING OF PENSION ASSETS FOR INVESTMENT PURPOSES

On July 26, 2006, the MTA Board passed a resolution to transfer the responsibilities for the administration of the Additional Plan to the MTA Defined Benefit Pension Plan ("MTA DB") with no changes in the pension and death benefits and appeal rights provided by the Additional Plan. The trust agreement under the Additional Plan was replaced by the MTA Master Trust Agreement, which allows for the commingling of pension assets for investment purposes under the management of the

MTA DB's Board of Managers of Pensions. The Additional Plan and Trust Agreements were amended in September 2006 and all Plan assets were commingled into the MTA Master Trust for investment purposes, effective October 2, 2006.

9. CUSTODIAL AND OTHER PROFESSIONAL SERVICES

JP Morgan Chase Bank is the custodian of plan assets and provides cash receipt and disbursement services to the Additional Plan. New England Pension Consultants reviews the Additional Plan's portfolio, the investment policies as stipulated by the Investment Committee and the performance of the Investment Managers. Actuarial services were provided to the Additional Plan by Milliman Inc.

10. SUBSEQUENT EVENTS

In preparing the financial statements for the year ended December 31, 2021, subsequent events were evaluated through January 12, 2023, the date the financial statements were available to be issued. In May 2022, the Plan settled its lawsuit relating to the AllianzGI Structured Alpha Funds in the United States District Court for the Southern District of New York (1-20-cv-07842 [rel. 1-20-cv-5615] (KPF)).

* * * * *

REQUIRED SUPPLEMENTAL SCHEDULES

THE LONG ISLAND RAIL ROAD COMPANY PLAN **SCHEDULE I**

FOR ADDITIONAL PENSIONS

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

(In thousands)

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:								
Service cost	$ 260	$ 453	$ 621	$ 1,057	$ 1,874	$ 2,752	$ 3,441	$ 3,813
Interest	83,489	86,918	93,413	97,611	101,477	104,093	106,987	110,036
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	3,729	10,428	13,455	213	1,890	15,801	6,735	-
Changes of assumptions	26,300	-	50,191	-	-	-	-	-
Benefit payments and withdrawals	(148,630)	(152,046)	(157,254)	(159,565)	(159,717)	(158,593)	(157,071)	(156,974)
Net change in total pension liability	(34,852)	(54,247)	426	(60,684)	(54,476)	(35,947)	(39,908)	(43,125)
Total pension liability—beginning	1,357,323	1,411,570	1,411,144	1,471,828	1,526,304	1,562,251	1,602,159	1,645,284
Total pension liability—ending (a)	1,322,471	1,357,323	1,411,570	1,411,144	1,471,828	1,526,304	1,562,251	1,602,159
Plan fiduciary net position:								
Employer contributions	70,553	68,724	62,774	59,500	76,523	81,100	100,000	407,513
Non-Employer contributions	-	-	-	-	145,000	70,000	-	-
Member contributions	73	140	249	333	760	884	1,108	1,304
Net investment income	95,247	3,056	116,092	(31,098)	112,614	58,239	527	21,231
Benefit payments and withdrawals	(148,630)	(152,046)	(157,254)	(159,565)	(159,717)	(158,593)	(157,071)	(156,974)
Administrative expenses	(610)	(612)	(718)	(1,180)	(1,070)	(611)	(1,218)	(975)
Net change in plan fiduciary net position	16,633	(80,739)	21,143	(132,010)	174,110	51,019	(56,654)	272,099
Plan fiduciary net position—beginning (*)	760,690	840,460	819,317	951,327	777,217	726,198	782,852	510,753
Plan fiduciary net position—ending (b)	777,323	759,721	840,460	819,317	951,327	777,217	726,198	782,852
Employer's net pension liability—ending (a)-(b)	$ 545,148	$ 597,602	$ 571,110	$ 591,827	$ 520,501	$ 749,087	$ 836,053	$ 819,307
Plan fiduciary net position as a percentage of the total pension liability	58.78 %	55.97 %	59.54 %	58.06 %	64.64 %	50.92 %	46.48 %	48.86 %
Covered-employee payroll	$ 1,995	$ 3,509	$ 5,210	$ 7,894	$ 11,046	$ 18,216	$ 25,712	$ 29,334
Employer's net pension liability as a percentage of covered-employee payroll	27,330.07 %	17,029.25 %	10,961.80 %	7,496.90 %	4,711.97 %	4,112.20 %	3,251.65 %	2,793.05 %

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

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

SCHEDULE II

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEARS ENDED DECEMBER 31
(In thousands)

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2012	$ 116,011	$ 116,011	$ -	$ 40,033	289.79 %
2013	$ 119,325	$ 199,336	$ (80,011)	$ 33,043	603.26 %
2014	$ 112,513	$ 407,513	$ (295,000)	$ 37,886	1,075.63 %
2015	$ 82,382	$ 100,000	$ (17,618)	$ 25,712	388.93 %
2016	$ 83,183	$ 151,100	$ (67,917)	$ 18,216	829.48 %
2017	$ 76,523	$ 221,523	$ (145,000)	$ 11,046	2,005.39 %
2018	$ 59,196	$ 59,500	$ (304)	$ 7,894	753.71 %
2019	$ 62,774	$ 62,774	$ -	$ 5,210	1,204.87 %
2020	$ 68,723	$ 68,724	$ (1)	$ 3,509	1,958.35 %
2021	$ 70,553	$ 70,553	$ -	$ 1,995	3,537.06 %

* Employer contributions include amounts from both employer and non-employer contributing entities.

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

SCHEDULE II

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF EMPLOYER CONTRIBUTIONS

SCHEDULE II

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

Valuation Dates	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018
Actuarial cost method	Entry Age Cost Method	Entry Age Cost Method	Entry Age Cost Method	Entry Age Cost Method
Amortization method	Period specified in current valuation report (closed 12-year period from January 1, 2021) with level dollar payments.	Period specified in current valuation report (closed 13-year period from January 1, 2020) with level dollar payments.	Period specified in current valuation report (closed 14-year period from January 1, 2019) with level dollar payments.	Period specified in current valuation report (closed 15-year period from January 1, 2018) with level dollar payments.
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.
Interest rate	Net rate of 6.5% for 2021, per annum, net of investment expenses	Net rate of 6.5% for 2020, per annum, net of investment expenses	Net rate of 6.5% for 2019, per annum, net of investment expenses	Net rate of 7.0% for 2018, per annum, net of investment expenses
Inflation	2.25% per annum	2.25% per annum	2.25% per annum	2.5% per annum
Railroad retirement wage base	3.25% per year	3.25% per year	3.25% per year	3.5% 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 LIRR members reflecting mortality improvement on generational basis using Scale AA	Based on experience of all LIRR members reflecting mortality improvement on generational basis using Scale AA	Based on experience of all LIRR members reflecting mortality improvement on 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
Rates of normal retirement	Tables based on recent experience. Rates vary by age, years of service at retirement.	Tables based on recent experience. Rates vary by age, years of service at retirement.	Tables based on recent experience. Rates vary by age, years of service at retirement.	Tables based on recent experience. Rates vary by age, years of service at retirement.
Salary increases	3.0% per year	3.0% per year	3.0% per year	3.0% per year
Overtime	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.	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.	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.	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.
Provision for expenses	Estimated administrative expenses are added to the normal cost. Administrative expenses are based on the average of the prior two years' reported administrative expenses and are assumed payable in the middle of the plan year.	Estimated administrative expenses are added to the norma cost. Administrative expenses are based on the average of the prior two years' reported administrative expenses and are assumed payable in the middle of the plan year.	The provision for administrative expenses was modified to equal an average of the prior three years.	The provision for administrative expenses was modified to equal an average of the prior three years.

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

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 are as follows:

Valuation Dates	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
Actuarial cost method	Entry Age Cost Method	Entry Age Cost Method	Entry Age Cost Method	Entry Age Cost Method
Amortization method	Period specified in current valuation report (closed 16-year period from January 1, 2017) with level dollar payments.	Period specified in current valuation report (closed 17-year period from January 1, 2016) with level dollar payments.	Period specified in current valuation report (closed 18-year period from January 1, 2015) with level dollar payments.	Period specified in current valuation report (closed 19-year period from January 1, 2014) with level dollar payments.
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.
Interest rate	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	Net rate of 7.0% for 2015, per annum, net of investment expenses	Net rate of 7.0% for 2014, per annum, net of investment expenses
Inflation	2.5% per annum	2.5% per annum	2.5% per annum	2.5% per annum
Railroad retirement wage base	3.5% per year	3.5% per year	3.5% per year	3.5% per year
Mortality	Based on experience of all LIRR members reflecting mortality improvement on generational basis using Scale AA	Based on experience of all LIRR members reflecting mortality improvement on generational basis using Scale AA	Based on experience of all LIRR members reflecting mortality improvement on generational basis using Scale AA	Based on experience of all LIRR members reflecting mortality improvement on 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
Rates of normal retirement	Tables based on recent experience. Rates vary by age, years of service at retirement.	Tables based on recent experience. Rates vary by age, years of service at retirement.	Tables based on recent experience. Rates vary by age, years of service at retirement.	Tables based on recent experience. Rates vary by age, years of service at retirement.
Salary increases	3.0% per year	3.0% per year	3.0% per year	3.0% per year
Overtime	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.	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.	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.	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.
Provision for expenses	The provision for administrative expenses was modified to equal an average of the prior three years.	The provision for administrative expenses was modified to equal an average of the prior three years.	$650,000 is added to the normal cost to account for administrative expenses paid by plan assets throughout the year.	$500,000 is added to the normal cost to account for administrative expenses paid by plan assets throughout the year.

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

SCHEDULE III

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF INVESTMENT RETURNS
FOR THE YEARS ENDED DECEMBER 31

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

Year Ended December 31	Net Money-Weighted Rate of Return
2012	N/A
2013	N/A
2014	3.73 %
2015	0.07 %
2016	8.11 %
2017	13.38 %
2018	-3.49 %
2019	15.23 %
2020	0.39 %
2021	13.37 %

In accordance with GASB No. 67, paragraph 50, such information was not readily available for periods prior to 2014.