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
Years Ended December 31, 2022 and 2021
Supplemental Schedules, and
Independent Auditor’s Report

METROPOLITAN TRANSPORTATION AUTHORITY
OTHER POST EMPLOYMENT BENEFITS PLAN

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying statements of fiduciary net position of the Metropolitan Transportation Authority Retiree Welfare Benefits Plan (the "Plan") as of December 31, 2022 and 2021, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position as of December 31, 2022 and 2021, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Deloitte & Touche LLP

September 27, 2023

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 years ended December 31, 2022 and 2021. 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, 2022, 2021 and 2020
(Dollars in thousands)

				Amount of Change		Percentage Change	
	2022	**2021**	**2020**	**(2022 - 2021)**	**(2021 - 2020)**	**(2022 - 2021)**	**(2021 - 2020)**
ASSETS:							
Investments	$11,698	$ 107	$ 172	$ 11,591	$ (65)	10832.7 %	(37.8)%
Receivables and other assets	38	-	-	38	-	100.0	-
TOTAL ASSETS	11,736	107	172	11,629	(65)	10,868.2	(37.8)
LIABILITIES:							
Benefits payable and accrued expenses	1	24	42	(23)	(18)	(95.8)	(42.9)
TOTAL LIABILITIES	1	24	42	(23)	(18)	(95.8)	(42.9)
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS	$11,735	$ 83	$ 130	$ 11,652	$ (47)	14038.6 %	(36.2)%

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 $11.7 million and $83 thousand as of December 31, 2022 and 2021. The net increase in Plan value in 2022 compared to 2021 is a result of the monies received from the settled lawsuit from AllianzGI Structured Alpha Funds.

Changes in Fiduciary Net Position
For the Years Ended December 31, 2022, 2021, and 2020

(Dollars in thousands)				**Amount of Change**		**Percentage Change**	
	2022	**2021**	**2020**	**(2022 - 2021)**	**(2021 - 2020)**	**(2022 - 2021)**	**(2021 - 2020)**
ADDITIONS:							
Total investment income/(loss)	$ 11,828	$ -	$ (76,723)	$ 11,828	$ 76,723	100.0 %	(100.0)%
Less:							
Investment expenses	-	-	395	-	(395)	-	(100.0)
Net investment income/(loss)	11,828	-	(77,118)	11,828	77,118	100.0	(100.0)
Add:							
Employer contributions	788,310	740,051	317,899	48,259	422,152	6.5	132.8
Implicit rate subsidy contribution	57,989	52,933	69,472	5,056	(16,539)	9.6	(23.8)
Total additions	858,127	792,984	310,253	65,143	482,731	8.2	155.6
DEDUCTIONS							
Benefit payments	788,310	740,051	655,269	48,259	84,782	6.5	12.9
Implicit rate subsidy payments	57,989	52,933	69,472	5,056	(16,539)	9.6	(23.8)
Administrative expenses	176	47	209	129	(162)	274.5	(77.5)
Total deductions	846,475	793,031	724,950	53,444	68,081	6.7	9.4
Net increase/(decrease) in net position	11,652	(47)	(414,697)	11,699	414,650	(24,891.5)	(100.0)
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS							
Beginning of year	83	130	414,827	(47)	(414,697)	(36.2)	(100.0)
End of year	$ 11,735	$ 83	$ 130	$ 11,652	$ (47)	14038.6 %	(36.2)%

The Plan’s net position held in trust increased by $11.7 million in 2022 and decreased by $47 thousand in 2021. The change in 2022 is due to the recognition of the lawsuit settlement from AllianzGI Structured Alpha Funds. For 2021, the Plan’s net depreciation in the fair market values and investment fees were $0.

Investments

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

December 31, 2022 **(Dollars in thousands)**	**Fair Value**	**Allocation**
Type of Investments		
Investment measured at readily determined fair value	$ 11,698	100 %
	$ 11,698	100 %

December 31, 2021 **(Dollars in thousands)**	**Fair Value**	**Allocation**
Type of Investments		
Investment measured at readily determined fair value	$ 107	100 %
	$ 107	100 %

Economic Factors

<u>Market Overview – 2022</u>

The year 2022 was a tumultuous year for markets and was characterized by heightened inflation, tightened monetary policies, skyrocketing interest rates, and geopolitical tensions such as Russia's invasion of Ukraine and China's aggressive posturing towards Taiwan. Following the strong global economic recovery of the previous year, the economic conditions in 2022 brought with it historically volatile oil and gas prices, suppression of global economic growth rate forecasts, and tremendous uncertainty. Heightened interest rates and hawkish policy adopted by the Federal Reserve gave people far less access to money and reduced buying power. Personal income decreased, while personal consumption expenditures and the U.S unemployment rate remained favorable. Global assets broadly declined, volatility metrics increased, home affordability fell materially, and a sharply inverted yield curve echoed the market's stagflation and recession concerns.

While initially expected to be transitory by the Federal Reserve, U.S. inflation reached a 40-year high in 2022, as large consumer demand was curbed by pandemic and geopolitical related supply constraints. The Federal Reserve raised the federal funds rate by a total of 425 bps throughout the year, such a pace has not been seen since the 1980s, leading to an unprecedented decline in bond prices. The European Central Bank, which was formed in 1998, hiked rates at such a pace that have never been seen in its history as well. Energy prices rose by over 35% for the year, driven by export sanctions on Russia as a result of the Russia-Ukraine war.

Except for commodities, global risk assets plummeted across the board. The strong shift upwards in correlations between equity and fixed income markets resulted in the one of the worst years for the 60/40 equity bond mix portfolio that we have ever seen. With few places to hide in 2022, investors may look to expand alternative asset allocations moving forward. In foreign exchange markets, the U.S. Dollar strengthened considerably, posting very significant gains against the Euro, the Yen, and most other currencies.

Macro Themes

- Stagflation Trends
- Recession Outlook
- European Energy Transition
- China's Reopening
- U.S. Dollar Trajectory

United States

The U.S. economy tumbled from a 5.9% increase in Real GDP in 2021 to a 2.1% increase in 2022. The unemployment rate continued to fall, finishing 2022 at 3.5% compared to 3.9% in 2021. Consumer Prices rose 6.5% in 2022 and CPI peaked at 9.1% in June 2022, while core inflation, excluding the volatile food and energy components, rose 5.7%.

U.S. equities were negative across the board, with the S&P 500 and Russell 1000 indices posting returns of (-18.1%) and (-19.1%), respectively. Across market caps, Large Cap, as measured by the S&P 500 (-18.1%), Mid Cap, as measured by the S&P 400 (-13.1%), and Small Cap, as measured by the Russell 2000 (-20.4%) all posted double digit negative returns. Across styles, Growth, as measured by the Russell 1000 Growth (-29.1%) significantly underperformed Value, as measured by the Russell 1000 Value (-7.5%).

U.S. Treasury yields drastically increased in 2022 and the yield curve inverted amid elevated inflation and the shift to a hawkish Federal Reserve policy. Credit spreads were volatile in 2022 and slightly widened for the year. Diversified fixed income returned (-13.0%) (Bloomberg U.S. Aggregate Index), with losses dominated by long U.S. Treasuries at (-29.3%) (Bloomberg Long Treasury Index) and Credit at (-15.3%) (Bloomberg Credit Index). Negative returns of (-11.8%) were realized in Treasury Inflation Protected Securities (Bloomberg TIPS Index) and of (-11.2%) in High Yield (Bloomberg High Yield Index).

International Developed

International developed equity markets posted weak results in 2022, but outperformed the U.S. equity markets, returning (-14.5%) as measured by the MSCI EAFE Index. Both European and Japanese equities had negative performance in 2022 with the MSCI Europe Index returning (-14.5%) and the MSCI Japan Index returning (-16.3%). The Small Cap portion of international developed markets posted far weaker returns in 2022 (-21.0%) as compared to 2021 (+10.5%).

Emerging Markets

Emerging markets posted weak returns in 2022, underperforming both the U.S. and international developed equity markets. The broad MSCI Emerging Market Index returned (-20.1%) for the year. The underperformance was led by Asian Markets and the removal of Russia from the Index, given that major index providers deemed Russia not investable following the Russian invasion of Ukraine. Geopolitical tensions, inflationary pressures, and a strong US dollar dampened sentiment in developing countries despite higher commodity prices.

The bond markets of emerging markets underperformed in 2022. 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 (-17.8%) in 2022. Local currency bonds, represented by the JPMorgan GBI-EM Global Diversified Index, returned (-11.7%) for the year.

Commodities

The S&P Goldman Sachs Commodity Index (GSCI) jumped 26.0%, largely influenced by a 20% increase in natural gas prices. Commodity prices were extremely volatile in 2022 with the GSCI surging 52.1% from January through May and then cooling for the rest of the year. Industrial metals were the laggards in this category, with Aluminum being down over 16% for 2022.

<u>Market Outlook - 2023</u>

Through the first quarter of 2023, equity markets were mostly higher with gains in the low to mid-single digits. Growth equities and Developed International equities have led the way, recovering some of their 2022 losses. Fixed income markets also had a good start to the year with most markets up low single digits. The Fed was still increasing rates, but at a slower pace. The only negative spot was in the commodities markets, with the GSCI down (-4.9%). This year is expected to be less tumultuous than 2022, but an unfavorable macroeconomic backdrop still looms.

2023's macroeconomic backdrop will likely be dominated by recession risk, the Russia-Ukraine war, tight monetary policy, elevated inflation pressure and the regional bank failures, all of which are expected to impact economic growth negatively. With global central banks no longer accommodative, a "V" shaped recovery seems unlikely. Global growth expectations have a high degree of uncertainty as investors weigh the possibilities of more banking failures, the U.S raising its debt limit, China's re-opening with the abandonment of the "Zero-COVID" policy, and the escalation of the Russia-Ukraine war.

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 Deputy Chief, Controller's Office, Metropolitan Transportation Authority, 2 Broadway, 15th Floor, New York, NY 10004.

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METROPOLITAN TRANSPORTATION AUTHORITY
OTHER POSTEMPLOYMENT BENEFITS PLAN

STATEMENTS OF FIDUCIARY NET POSITION
AS OF DECEMBER 31, 2022 AND 2021
(In thousands)

	2022	2021
ASSETS:		
Investments at fair value (Notes 3 and 4):		
Investments measured at readily determined fair value	$ 11,698	$ 107
Interest receivable	38	-
Total assets	11,736	107
LIABILITIES:		
Benefits payable and accrued expenses	1	24
Total liabilities	1	24
NET POSITION RESTRICTED FOR POSTEMPLOYEMENT BENEFITS OTHER THAN PENSIONS	$ 11,735	$ 83

See notes to financial statements.

(Concluded)

METROPOLITAN TRANSPORTATION AUTHORITY
OTHER POSTEMPLOYMENT BENEFITS PLAN

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021
(In thousands)

	2022	2021
ADDITIONS:		
Net realized and unrealized gains	$ 11,671	$ -
Dividends	3	-
Interest	154	-
Total investment income	11,828	-
Add:		
Employer contributions	788,310	740,051
Implicit rate subsidy contribution	57,989	52,933
Total additions	858,127	792,984
DEDUCTIONS:		
Benefit Payments	788,310	740,051
Implicit rate subsidy payments	57,989	52,933
Administrative expenses	176	47
Total deductions	846,475	793,031
Net increase / (decrease) in net position	11,652	(47)
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS:		
Beginning of year	83	130
End of year	$ 11,735	$ 83

See notes to financial statements.

(Concluded)

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
- MTA Grand Central Madison Concourse Operating Company

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 2022 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 rates as of December 31, 2022 and 2021 are 3.72% and 2.06%, respectively.

Blended and Age-adjusted Premium (in thousands)	**2022 Retirees**	**2021 Retirees**
Total blended premiums	$788,310	$740,051
Employment payment for retiree healthcare	57,989	52,933
Net Payments	$846,299	$792,984

The $57,989 and $52,933 employer payments for retiree healthcare shown in the preceding table are cash payments in the years 2022 and 2021, respectively. 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 $57,989 and $52,933, therefore, is not a payment for active-employee benefits; rather, but represents benefit payment for healthcare coverage for the years 2022 and 2021 for retirees.

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, 2021(the latest Plan valuation date) receiving retirement benefits was approximately 48,888.

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, 2021 as the valuation date of the OPEB actuarial valuation. The Plan's combined membership consisted of the following at July 1, 2021 and July 1, 2019, the date of the most recent OPEB actuarial valuation:

	July 1, 2021	**July 1, 2019**
Active Plan members	68,672	73,588
Inactive Plan members currently receiving Plan benefit payments	48,888	46,994
Inactive Plan members entitled to but not yet receiving benefit payments	131	186
Total number of participating employees	117,691	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").

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

New Accounting Standards Adopted - The Plan adopted the following GASB Statement in 2022:

GASB Statement No. 92, *Omnibus 2020.*The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No.73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

The adoption of this Statement has no material impact on the financial net position of MTA's OPEB Plan.

Accounting Standards Issued but Not Yet Adopted

GASB Statement No.	GASB Accounting Standard	MTA Pension Plan Required Year of Adoption
96	*Subscription-based Information Technology Arrangements*	2023
99	*Omnibus 2022*	2023
100	*Accounting Changes and Error Corrections*	2024
101	*Compensated Absences*	2024

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, 2022.

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 years ended December 31, 2022 and 2021.

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 years ended December 31, 2022 and 2021.

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 years ended December 31, 2022 and 2021.

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 years ended December 31, 2022 and 2021.

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 reported for years ended December 31, 2022 and 2021 were $11.7 million and $83 thousand, respectively.

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*. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Plan have the following recurring fair value measurements as of December 31, 2022 and 2021:

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

	2022			
	December 31, 2022	**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	$ 11,698	11,698	-	-
Total debt investments	11,698	11,698	-	-

Investments measured at readily determined fair value (FV)
($ 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**
Debt Securities:				
Short term bond mutual fund	$ 107	107	-	-
Total debt investments	107	107	-	-

5. NET OPEB LIABILITY

The components of the net OPEB liability of the Plan for the years ended December 31, 2022 and 2021 were as follows (in thousands):

	December 31, 2022	**December 31, 2021**
Total OPEB liability	$ 22,446,401	$ 24,956,514
Fiduciary net position	11,735	83
Net OPEB liability	22,434,666	24,956,431
Fiduciary net position as a percentage of the total OPEB liability	0.05%	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

	2022	2021
Valuation date	July 1, 2021	July 1, 2021
Measurement date	December 31, 2022	December 31, 2021
Reporting date	December 31, 2022	December 31, 2021
Actuarial cost method	Entry Age Normal	Entry Age Normal
Normal cost increase factor	4.25%	4.25%

Discount Rate – 3.72% per annum as of December 31, 2022 (Bond Buyer General Obligation 20-Bond Municipal Bond Index) and 2.06% per annum as of December 31, 2021.

	2022	2021
Discount rate	3.72%	2.06%
Long-term expected rate of return, net of investment expense	3.72%	2.06%
Bond Buyer General Obligation 20-Bond Municipal Bond Index	3.72%	2.06%

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 3.72 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 (2.72 percent) or 1-percentage point higher (4.72 percent) than the current rate:

2022
(in thousands)

	1% Decrease 2.72%	Current Discount Rate 3.72%	1% Increase 4.72%
Net OPEB liability	$25,527,147	$22,434,666	$19,880,017

The following presents the net OPEB liability of the Authority, calculated using the discount rate of 2.06 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 (1.06 percent) or 1-percentage point higher (3.06 percent) than the current rate:

2021
(in thousands)

	1% Decrease 1.06%	Current Discount Rate 2.06%	1% Increase 3.06%
Net OPEB liability	$28,857,427	$24,956,431	$21,790,175

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.

2022
(in thousands)

	1% Decrease	* Current Trend Rate	1% Increase
Net OPEB liability	$19,236,720	$22,434,666	$26,461,563

* See Health Care Cost Trend Rates table on page 27 of report.

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.

2021
(in thousands)

	1% Decrease	* Current Trend Rate	1% Increase
Net OPEB liability	$21,198,435	$24,956,431	$29,769,162

* See Health Care Cost Trend Rates table on page 27 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.

2022 Schedule of Calculations of Money-Weighted Rate of Return

(in dollars)

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows With Interest
Beginning Value - January 1, 2022	$83,414	12.00	1.00	$19,153,603
Monthly net external cash flows:				
January	(14,661)	11.50	0.96	(2,708,490)
February	(14,661)	10.50	0.88	(1,753,260)
March	(14,661)	9.50	0.79	(1,074,868)
April	(14,661)	8.50	0.71	(695,784)
May	(14,661)	7.50	0.63	(450,395)
June	(14,661)	6.50	0.54	(276,123)
July	(14,661)	5.50	0.46	(178,740)
August	(14,661)	4.50	0.38	(115,702)
September	(14,661)	3.50	0.29	(70,933)
October	(14,661)	2.50	0.21	(45,913)
November	(14,661)	1.50	0.13	(29,723)
December	(14,661)	0.50	0.04	(18,222)
Ending Value - December 31, 2022				$11,735,450
Money-Weighted Rate of Return	22862.10%			

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

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows With Interest
Beginning Value - January 1, 2021	$129,872	12.00	1.00	$129,911
Monthly net external cash flows:				
January	(3,874)	11.50	0.96	(3,875)
February	(3,874)	10.50	0.88	(3,875)
March	(3,874)	9.50	0.79	(3,875)
April	(3,874)	8.50	0.71	(3,875)
May	(3,874)	7.50	0.63	(3,875)
June	(3,874)	6.50	0.54	(3,875)
July	(3,874)	5.50	0.46	(3,875)
August	(3,874)	4.50	0.38	(3,875)
September	(3,874)	3.50	0.29	(3,875)
October	(3,874)	2.50	0.21	(3,874)
November	(3,874)	1.50	0.13	(3,874)
December	(3,874)	0.50	0.04	(3,874)
Ending Value - December 31, 2021				$83,414
Money-Weighted Rate of Return	0.03%			

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, 2022 and 2021.

SCHEDULE OF LONG TERM EXPECTED RATE OF RETURN FOR 2022

Asset Class	Index	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return
US Short (1-3 Years) Government/Credit Bonds	Bloomberg US Short Government/Credit Bonds (1-3 Years) Treasury USD	100.00%	1.31%
Assumed Inflation - Mean			2.33%
Assumed Inflation - Standard Deviation			1.41%
Portfolio Nominal Mean Return			3.64%
Portfolio Standard Deviation			2.05%
Long-Term Expected Rate of Return selected by MTA			3.72%

* Based on March 2014 Investment Policy

SCHEDULE OF LONG TERM EXPECTED RATE OF RETURN FOR 2021

Asset Class	Index	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return
US Cash	BAML 3-Month Treasury Bill	100.00%	-0.26%
Assumed Inflation - Mean			2.30%
Assumed Inflation - Standard Deviation			1.23%
Portfolio Nominal Mean Return			2.03%
Portfolio Standard Deviation			1.11%
Long-Term Expected Rate of Return selected by MTA			2.06%

* 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, 2015 – December 31, 2020 dated April 21, 2022. 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, 2021, which is the valuation date. Liabilities as of December 31, 2022 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.

Significant Changes – This valuation reflects updates to healthcare-related assumptions which decreased plan liabilities by $2,050.1 million. The discount rate increased from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which decreased liabilities by $5.5 billion. The net effect of all assumption changes was a decrease of $3,449.4 million as of December 31, 2022.

While the Chapter 56 Laws of 2022 reduced the vesting requirement from 10 years of service to 5 years of service for Tiers 5 and 6 members for pension purposes, 10 years of service is still required for OPEB benefits. Therefore, there is no impact for OPEB purposes.

Changes since Prior Valuation – The discount rate has been changed from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022 due to changes in the applicable municipal bond index.

Healthcare trend assumptions were updated to reflect current expectations and January 1, 2022 and 2023 premium rates.

Inflation Rate – 2.25% per annum compounded annually.

Development of Per Capita Claim Costs ("PCCC") – For members that participate in NYSHIP, Empire PPO plan premium rates paid by Participating Agencies for 2021 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/gender 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, ERS retiree distribution from 2020 ACFR 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.

Age Adjusted Monthly NYSHIP Empire PPO Premiums

Age Group	Males	Females	Age Group	Males	Females
<50	1,268.23	1,866.14	65 - 69	456.75	434.77
50 - 54	1,419.46	1,584.95	70 - 74	549.71	498.36
55 - 59	1,529.66	1,571.69	75 - 79	603.15	524.56
60 - 64	1,846.56	1,766.14	80 - 84	625.78	537.34
			85+	633.41	540.57

For the self-insured medical and pharmacy plan administered by MTA New York City Transit, PCCCs were determined for 2021 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 2021. 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 $14.82 per month for Aetna Basic under 65, $12.43 for Aetna Select and $12.37 for Aetna Basic 65 and over.

For spouses and beneficiaries under age 65, the PCCCs shown below reflect a 20% increase to reflect the additional cost of covered children.

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 2021 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	273.84	273.84
<50	893.83	1,362.77	616.54	816.85
50-54	1,038.79	1,199.23	756.74	929.14
55-59	1,153.60	1,224.03	874.32	988.19
60-64	1,347.58	1,345.71	1,070.69	1,102.07
65-69	181.80	193.56	181.80	193.56
70-74	222.22	221.37	222.22	221.37
75-79	259.71	245.48	259.71	245.48
80-84	294.65	281.53	294.65	281.53
85+	367.69	349.55	367.69	349.55
		Aetna Select		
Child	n/a	n/a	264.96	264.96
<50	859.88	1,314.74	592.54	787.31
50-54	993.88	1,153.61	723.54	893.37
55-59	1,101.57	1,175.05	834.46	948.29
60-64	1,283.90	1,288.27	1,019.74	1,054.71
		Aetna Medicare Option 1		
65-69	216.10	215.75	216.10	215.75
70-74	226.18	222.53	226.18	222.53
75-79	237.82	231.39	237.82	231.39
80-84	250.16	241.47	250.16	241.47
85+	268.41	257.11	268.41	257.11
		Aetna Medicare Option 2		
65-69	187.82	187.52	187.52	187.52
70-74	196.52	193.37	196.52	193.37
75-79	206.57	201.02	206.57	201.02
80-84	217.22	209.72	217.22	209.72
85+	232.97	223.22	232.97	223.22

Monthly Pharmacy Per Capita Claim Cost

Age Group	Male Retirees	Female Retirees	Male Spouses	Female Spouses
		Basic Rx Plan		
Child	n/a	n/a	45.99	45.99
<50	185.83	249.00	127.45	148.46
50-54	204.61	228.16	148.46	176.30
55-59	229.15	248.70	173.14	200.34
60-64	253.92	267.25	201.32	218.46
65-69	706.83	643.86	706.83	643.86
70-74	820.48	722.07	820.48	722.07
75-79	864.54	734.24	864.54	734.27
80-84	853.17	716.76	853.17	716.76
85+	765.68	617.36	765.68	617.36
		EGWP Rx Plan		
65-69	210.43	194.09	210.43	194.09
70-74	208.99	187.78	208.99	187.78
75-79	204.12	182.33	204.12	182.33
80-84	200.11	173.16	200.11	173.16
85+	186.63	153.66	186.63	153.66

Monthly Medicare Part B premiums were assumed to be $148.50 for 2021.

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 developed and regularly updates a long-termmedical trend model based on detailed research performed by a committee of economists and actuaries. This model is used as the foundation for the trend for postretirement healthcare valuations, with certain adjustments designed to produce trends that are appropriate for employer plans. These adjustments include incorporating assumed administrative cost trend where applicable and removing the impact of age-related morbidity (since age-related morbidity assumptions are applied separately in the valuation when applicable). Trend rates also reflect the expected impact of short-term inflation.

Ultimate rates were determined considering historic and projected rates of real growth, long-term inflation and additional growth attributable to technology, and medical costs as a component of gross domestic product (GDP).

2021 to 2022 and 2022 to 2023 trends reflect actual January 1, 2022 and January 1, 2023 rates for NYSHIP, Medicare Part B and the Aetna Medicare Advantage plans. Monthly premiums for the Medicare Advantage plans are $220.72 and $190.49 for Option 1 and Option 2, respectively as of January 1, 2021, and $29 and $9 for January 1, 2022, January 1, 2023, and January 1, 2024, for Option 1 and Option 2, respectively.

The non-NYSHIP trend was developed using a weighted average of Aetna Medicare Advantage rates, claim experience used for reserves for the groups available and general medical and prescription drug cost experience. These trends apply to the benefit plans for applicable represented employees of NYC Transit, SIRTOA and MTA Bus Company.

The following lists illustrative rates for the NYSHIP, non-NYSHIP, and Medicare Part B reimbursement trend assumptions.

Health Care Cost Trend Rates

Fiscal Year	NYSHIP		TBTA No Rx		Non-NYSHIP		Medicare
	< 65	>=65	< 65	>=65	< 65	>=65	Part B
2021	12.2	0.3	12.2	0.3	5.8	(6.8)	14.5
2022	14.1	13.4	14.1	13.4	6.3	5.4	(3.1)
2023	6.7	5.9	7.1	4.9	7.0	5.9	7.3
2024	7.0	6.7	7.2	6.1	7.2	7.2	7.7
2025	6.4	6.4	6.4	6.4	6.5	6.6	9.0
2026	5.8	5.8	5.8	5.8	5.9	5.9	8.3
2027	5.1	5.1	5.1	5.1	5.2	5.1	6.0
2028	4.9	4.9	4.9	4.9	5.0	4.9	6.1
2029	4.7	4.7	4.7	4.7	4.8	4.7	5.3
2030	4.5	4.5	4.5	4.5	4.6	4.5	6.2
2031	4.3	4.3	4.3	4.3	4.4	4.3	5.6
2032	4.2	4.1	4.2	4.2	4.2	4.2	5.6
2033 to 2039	4.1	4.1	4.1	4.1	4.2	4.1	5.6
2040 to 2049	4.1	4.1	4.1	4.1	4.2	4.1	4.1
2050	4.2	4.2	4.2	4.2	4.2	4.2	3.8
2051 to 2064	4.2	4.2	4.2	4.2	4.2	4.2	3.8
2065 to 2066	4.1	4.1	4.1	4.1	4.1	4.1	3.8
2067	4.0	4.0	4.0	4.0	4.1	4.0	3.8
2068	4.0	4.0	4.0	4.0	4.0	4.0	3.8
2069	3.9	3.9	3.9	3.9	4.0	3.9	3.8
2070	3.9	3.9	3.9	3.9	3.9	3.9	3.8
2071	3.8	3.8	3.8	3.8	3.9	3.8	3.8
2072 to 2073	3.8	3.8	3.8	3.8	3.8	3.8	3.8
2074 to 2089	3.7	3.7	3.7	3.7	3.7	3.7	3.8
2090+	3.7	3.7	3.7	3.7	3.7	3.7	3.6

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 3.7% for NYSHIP costs, 3.7% for non-NYSHIP medical and pharmacy costs, and 3.6% for Medicare Part B 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, 2021

	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	47,633	7,335	6,291	1,176	2,043	N/A	332	3,862	68,672
Average Age	49.0	45.7	45.5	49.0	44.8	N/A	41.1	48.7	48.1
Average Service	13.0	13.8	12.3	16.1	11.2	N/A	9.6	11.9	13.0
Retirees									
Single Medical Coverage	14,971	785	532	578	311	96	44	1,050	18,367
Employee/Spouse Coverage	19,335	2,203	1,286	800	658	167	89	829	25,367
Employee/Child Coverage	1,288	115	98	48	29	16	3	32	1,629
No Medical Coverage	895	2,373	402	14	19	312	40	268	4,323
Total Number	36,489	5,476	2,318	1,440	1,017	591	176	2,179	49,686
Average Age of Retiree	72.1	70.8	66.7	70.4	66.2	71.5	67.3	71.5	71.5
Total Number with Dental	9,279	1,040	769	560	958	49	45	188	12,888
Total Number with Vision	32,835	1,040	769	560	958	49	135	1,890	38,236
Total No. with Supplement	23,972	1,909	656	813	-	446	129	1,528	29,453
Average Monthly Supplement Amount (Excluding Part B Premium)	$ 33	$ 246	$ 100	$ 215	$ -	N/A	$ 64	$ 25	$ 53
Total No. with Life Insurance	8,411	5,132	1,168	469	919	445	134	2,006	18,684
Average Life Insurance Amount	$ 2,371	$20,447	$3,924	$6,167	$ 5,000	$ 10,101	$2,828	$12,809	$ 8,966

* MTA LI Bus had 79 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.

Demographic Assumptions:

Mortality — All mortality rates (except accidental death for active police members) 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. The mortality rates vary by employee type:

i) Headquarters Non-Police Members: PubG.H-2010 Mortality Table, headcount weighted for general employees for males and females with separate rates for employees, healthy annuitants and disabled annuitants.

ii) Headquarters Police Members: Rates from the June 30, 2019 (Lag) Actuarial Valuation for NYCERS dated December 29, 2021 as follows: Service Retirees for Housing Police and Transit Police, Disabled Retirees for Housing Police and Transit Police and Active Members for Transit and TBTA Ordinary Death and Accidental Death. No adjustments were made to convert from lives-weighted to amounts-weighted. Base year is 2012 for mortality improvement purposes.

iii) Rail Members (MTA Long Island Bus, LIRR, Metro-North, and SIRTOA): 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%.

iv) Transit Members (Bridges and Tunnels, MTA Bus, and Transit): 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 92%.

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

On April 11, 2023 and May 2, 2023, $1.0 billion and $315.0 million, respectively, were transferred from available funds to the MTA Other Postemployment Benefits Plan (“OPEB” Plan) and the related Trust Fund to set aside funds to assist in providing health and other welfare benefits to eligible retirees and their beneficiaries. The investments will be managed with the aim to allocate within the maturity range from December 2025 through June 2028.

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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)

		2022	2021	2020	2019	2018	2017
Total OPEB liability:							
Service cost	$	1,240,342	1,250,950	1,097,051	928,573	1,011,981	876,723
Interest		530,983	535,642	610,160	840,532	758,494	757,860
Changes of benefit terms		-	-	-	-	8,543	24,446
Differences between expected and actual experience		14,299	292,154	(43,890)	247,871	(569,165)	(44,082)
Changes of assumptions		(3,449,438)	(738,829)	1,939,528	311,286	(1,964,746)	921,007
Benefit payments and withdrawals		(846,299)	(792,984)	(724,741)	(730,677)	(691,122)	(650,994)
Net change in total OPEB liability		(2,510,113)	546,933	2,878,108	1,597,585	(1,446,015)	1,884,960
Total OPEB liability – beginning		24,956,514	24,409,581	21,531,473	19,933,888	21,379,903	19,494,943
Total OPEB liability – ending (a)		22,446,401	24,956,514	24,409,581	21,531,473	19,933,888	21,379,903
Plan fiduciary net position:							
Employer contributions		846,299	792,984	387,371	730,677	691,122	650,994
Member contributions		-	-	-	-	-	-
Net investment income		11,828	-	(77,118)	63,647	(18,916)	47,370
Benefit payments and withdrawals		(846,299)	(792,984)	(724,741)	(730,677)	(691,122)	(650,994)
Administrative expenses & Transfer to investments		(176)	(47)	(209)	(200)	(56)	-
Net change in plan fiduciary net position		11,652	(47)	(414,697)	63,447	(18,972)	47,370
Plan fiduciary net position – beginning		83	130	414,827	351,380	370,352	322,982
Plan fiduciary net position – ending (b)		11,735	83	130	414,827	351,380	370,352
Employer’s net OPEB liability – ending (a)-(b)	$	22,434,666	24,956,431	24,409,451	21,116,646	19,582,508	21,009,551
Plan fiduciary net position as a percentage of the total OPEB liability		0.05%	0.00%	0.00%	1.93%	1.76%	1.73%
Covered payroll	$	6,848,347	5,501,627	5,604,690	5,608,536	5,394,332	5,041,030
Employer’s net OPEB liability as a percentage of covered payroll		327.59%	453.62%	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
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	5,604,690	6.91%
2021	N/A	792,984	N/A	5,501,627	14.41%
2022	N/A	846,299	N/A	6,848,347	12.36%

* 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
2013	N/A
2014	N/A
2015	N/A
2016	N/A
2017	14.67%
2018	-5.11%
2019	18.12%
2020	-32.92%
2021	0.03%
2022	22862.10%

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