



Annual Review of MTA Sponsored Pension & Retirement Funds

As of December 31, 2023



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Executive Summary

MTA Sponsored Pension Plans had positive performance in 2023

- These are complex Plans that are conservatively administered (i.e. ADC, Return Assumption)
 - MTA Defined Benefit Plan: \$5.4 billion (unaudited): 67.9% Funded (as of 1/1/2023 Valuation)
 - LIRR Additional Plan: \$652.4 million (unaudited): 51.7% Funded (as of 1/1/2023 Valuation)
 - MaBSTOA: \$3.3 billion (unaudited): 72.7% Funded (as of 1/1/2023 Valuation)

Market volatility was low in 2023 which contributed to the strong overall performance

- The Plans' return objective is to outperform its actuarial determined target rate of return of 6.5%
- For 2023:
 - MTA Defined Benefit Plan, LIRR Additional Plan returned 11.8% (net of fees)
 - MaBSTOA returned 12.0% (net of fees)

MTA Deferred Compensation Plan (401(k)/457)

- Ended 2023 at \$9.4 billion in assets and 54,884 active participants
- Year over year, assets under management increased by 14%
- The participation rate of 74.6% is amongst the highest in the public plan peer group
- Plan design and investment line-up are continually re-evaluated to maximize the opportunity for participants



Overview – MTA Sponsored and Multi-Employer Plans

| Pension Plan | # of Active Members | 2023 Pension Contributions - Actual (\$ million) | 2024 Pension Expense - Adopted Budget (\$ million) | Unaudited Assets (as of 12/31/2023) |
|--|---------------------|--|--|-------------------------------------|
| MTA Sponsored Defined Benefit Plans | | | | |
| MTA DB Plan | 19,071 | 433 | 431 | \$7.3 billion |
| MaBSTOA | 8,297 | 181 | 185 | \$3.8 billion |
| LIRR Additional Plan | 14 | 72 | 69 | \$0.7 billion |
| Total | 27,382 | 686 | 685 | \$11.8 billion |
| MTA Sponsored Defined Contribution Plans | | | | |
| MTA Deferred Compensation Program (401k & 457) | 54,266 | 0 | 0 | \$9.4 billion |
| MNR 401(k) | 342 | 2 | 2 | |
| TCU/HQ 401(k) | 276 | 1 | 1 | |
| Total | 54,884 | 3 | 3 | \$9.4 billion |
| Other Multi Employer Plans | | | | |
| NYCERS | 36,299 | 769 | 818 | |
| NYSLRS | 1,717 | 18 | 18 | |
| Voluntary Defined Contribution (Tier 6 option) | 305 | 3 | 3 | |
| Railroad Retirement Board (RRB, Tier II expense only) | N/A | 207 | 219 | |
| Total | N/A | 997 | 1,058 | |
| Total Pension & Retirement Contributions / Expenses | | 1,686 | 1,746 | |



MTA Sponsored Plans - Markets Overview

Most traditional asset classes posted positive returns in 2023, driven by disinflation, stronger than expected global GDP growth, and the AI technological boom

Equities

- World equity markets finished 2023 mainly positive across the board and U.S. markets predominately outperformed global markets
- Across U.S. market capitalizations, Large (S&P 500 Index: 26.3%), Mid (S&P 400 Index: 16.44%) and Small (Russell 2000 Index: 16.9%) all posted double digit positive returns. Across U.S. styles, Growth (Russell 1000 Growth Index: 42.7%) significantly outperformed Value (Russell 1000 Value Index: 11.5%) driven primarily by the Magnificent 7 equities
- International markets posted double digit positive returns in the Large Cap (MSCI EAFE Index: 18.2%) and Small Cap (MSCI EAFE SC Index: 13.2%) universes
- Emerging Markets posted positive returns in the Large Cap (MSCI EM Index: 9.8%) universe, despite underperformance in China (MSCI China: -11.2%). The Small Cap (MSCI EM SC Index: 23.9%) universe posted double digit returns

Fixed Income

- U.S. Treasury yields were volatile in 2023, but largely unchanged while the yield curve remained inverted amid multiple rate hikes
- Diversified fixed income posted positive returns (Bloomberg U.S. Aggregate Index: 5.5%), with strong performance from US Convertibles (Bloomberg U.S. Convertibles Index: 14.6%) and High Yield (Bloomberg High Yield Index: 13.4%)
- Positive returns were realized in U.S. Treasuries (Bloomberg US Treasury Index: 4.1%) and Treasury Inflation Protected Securities (Bloomberg TIPS Index: 3.9%)
- Emerging Market fixed income posted double digit returns in hard currency (JPM EMBI: 11.1%) and local currency (JPM GBI-EM: 12.7%)

2024 First Quarter Market Update

- Through the first quarter of 2024, equity markets were mostly higher with gains in the low double digits. Growth equities have continued to lead the way, adding on to their 2023 gains. Fixed income markets had a mixed start to 2024, with returns flat to slightly negative for the quarter. Fed speak and economic reports have been mixed, but rate cuts are still expected towards the end of the year and the yield curve remains inverted
- 2024's macroeconomic backdrop will likely be dominated by private consumption, the Fed's willingness to cut rates, geopolitical tensions, tight credit markets, artificial intelligence, and the 2024 U.S. presidential race



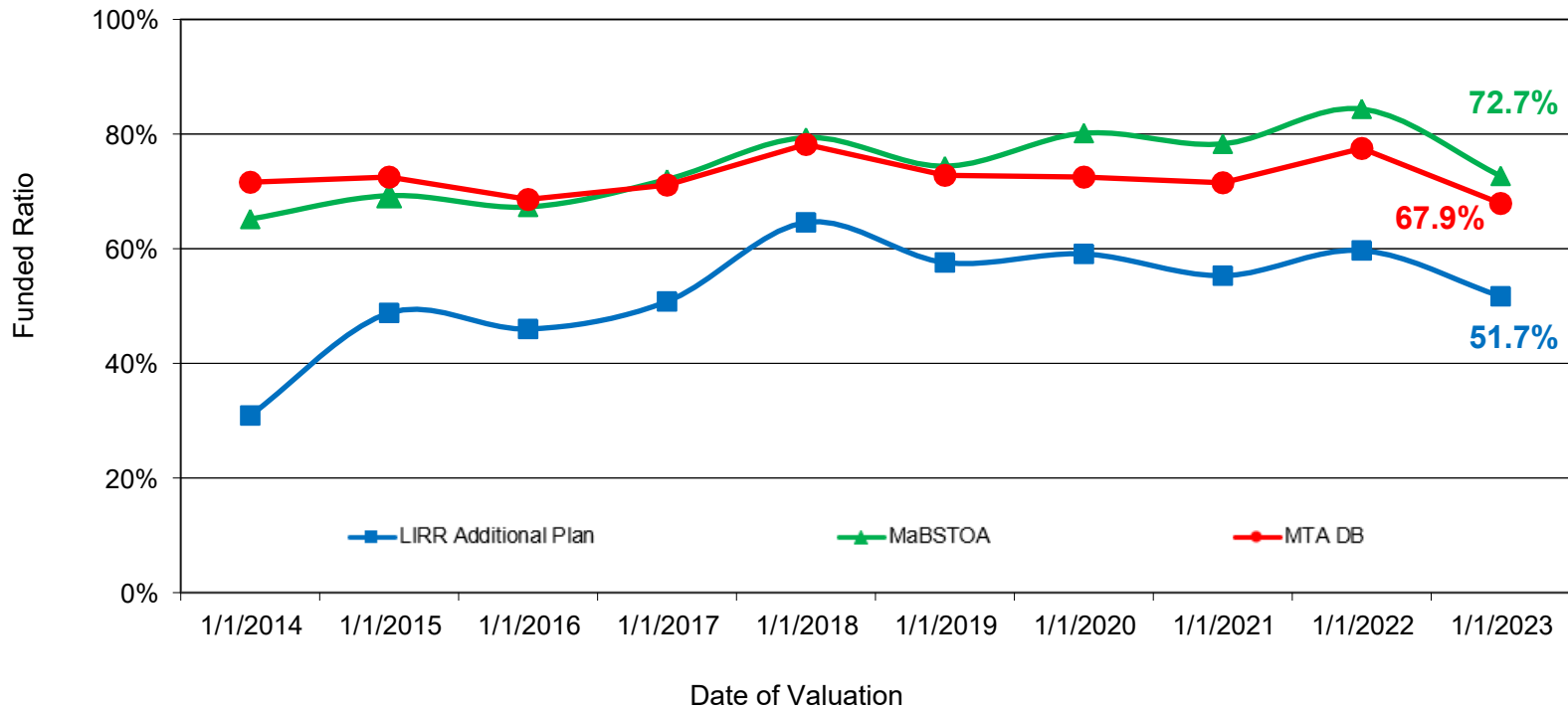
MTA Sponsored Plans - Investment Rate of Return Assumptions

Target Investment Return (net of fees)

| Pension Plan | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| LIRR - Additional Plan | 7.0% | 7.0% | 6.5% | 6.5% | 6.5% | 6.5% |
| MaBSTOA | 7.0% | 7.0% | 6.5% | 6.5% | 6.5% | 6.5% |
| MTA DB Plan | 7.0% | 7.0% | 6.5% | 6.5% | 6.5% | 6.5% |
| NYSLERS | 7.0% | 7.0% | 6.8% | 5.9% | 5.9% | 5.9% |
| NYCERS | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% |



MTA Sponsored Plans - Funding Status



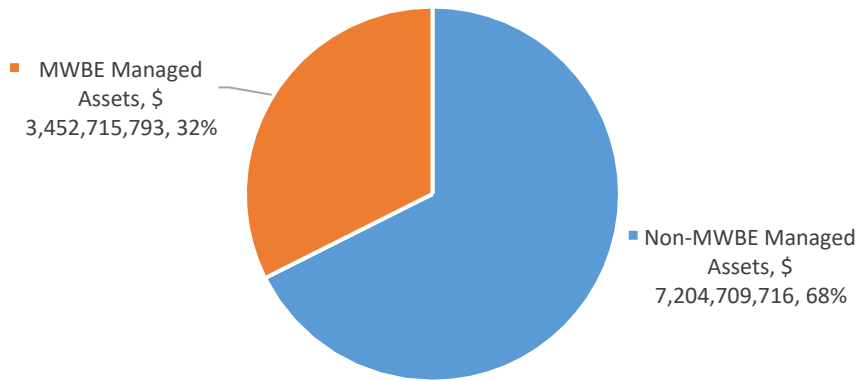
| | 1/1/2014 | 1/1/2015 | 1/1/2016 | 1/1/2017 | 1/1/2018 | 1/1/2019 | 1/1/2020 | 1/1/2021 | 1/1/2022 | 1/1/2023 |
|-----------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| LIRR Additional Plan | 30.9 | 48.8 | 46.0 | 50.8 | 64.7 | 57.6 | 59.1 | 55.3 | 59.7 | 51.7 |
| MaBSTOA | 65.2 | 69.3 | 67.3 | 72.1 | 79.4 | 74.4 | 80.2 | 78.3 | 84.4 | 72.7 |
| MTA DB | 71.6 | 72.5 | 68.6 | 71.1 | 78.2 | 72.8 | 72.5 | 71.5 | 77.5 | 67.9 |



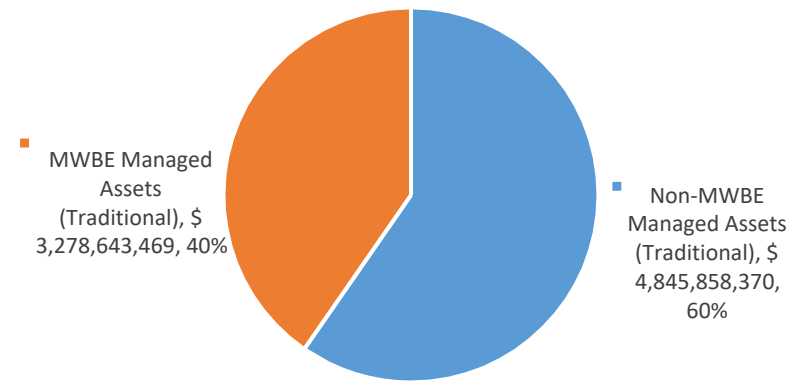
MTA Sponsored Plans – MWBE Participation

As January 2024

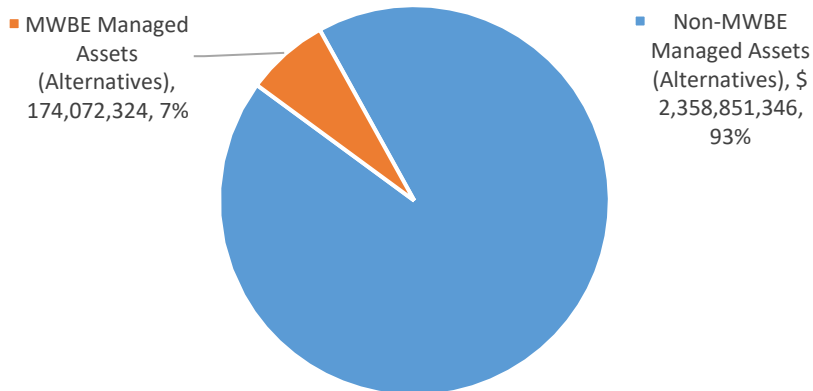
Combined Plans - Total Assets



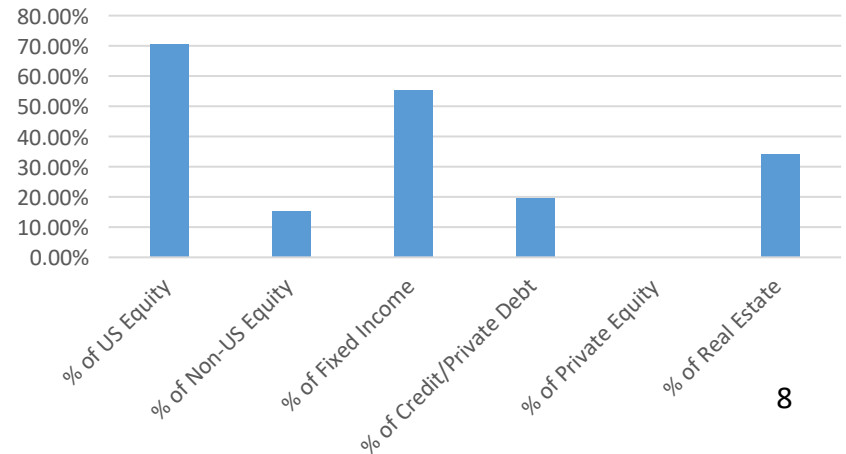
Combined Plans - Traditional Investments



Combined Plans- Alternative Investments



MWBE Managed Assets by Asset Class





MTA Defined Benefit Pension Plan LIRR Plan for Additional Pensions Pension Board of Managers

| MEMBER | DESIGNEE | MTA TITLE |
|-----------------------------|------------------|--|
| Chair of the MTA | VACANT | |
| MTA Labor Relations | Mark Worthington | Labor Cost Analyst |
| MTA Chief Financial Officer | David Keller | Director, Consolidated Analysis |
| Metro North | James McGovern | Acting Deputy Chief, Controller's Office |
| Long Island Rail Road | Michael Reilly | Director, Revenue Management |
| SIRTOA | Monica Murray | NYCT Chief Admin Officer |
| MTA Bus | Roy Grey-Stewart | Deputy Chief, Financial Operations |
| Long Island Bus | Olga Chernat | Deputy Chief Financial Service |
| TWU Representative | Donald Yates | |

| | |
|---------------------------------------|------------------|
| MTA Chief Investment Officer (Acting) | Steven Rossiello |
| Financial Consultant | NEPC, LLC |
| Actuary | Milliman, USA |
| Trustee | JPMorgan Chase |



MaBSTOA (Manhattan and Bronx Surface Transit Operating Authority) Pension Plan Investment Committee

| MEMBER | DESIGNEE | MTA TITLE |
|-------------------------------------|-------------------------------|--------------------------------------|
| Chair of Employer's (MaBSTOA) Board | William Vazoulas | Director, Payroll Processing |
| MTA Chief Financial Officer | Joseph Cornwall | Assistant Comptroller, Benefit Plans |
| President of Transit Authority | VACANT | |
| TWU Local 100 (2 representatives) | James Whalen Richard Davis | |

| | |
|---------------------------------------|------------------|
| MTA Chief Investment Officer (Acting) | Steven Rossiello |
| Financial Consultant | NEPC, LLC |
| Actuary | Milliman, USA |
| Trustee | JPMorgan Chase |



MTA Retiree Welfare Benefits Plan Other Post Employment Benefits (OPEB) Board of Managers

| MEMBER | DESIGNEE | MTA TITLE |
|-----------------------------|---|-------------------------|
| Chair of the MTA | VACANT | |
| MTA Chief Financial Officer | Kevin Willens, Chair of Welfare Benefits Plan | Chief Financial Officer |
| MTA Labor Relations | Mark Worthington | Labor Cost Analyst |

| | |
|---------------------------------------|------------------|
| MTA Chief Investment Officer (Acting) | Steven Rossiello |
| Financial Consultant | NEPC, LLC |
| Actuary | Milliman, USA |
| Trustee | JPMorgan Chase |



MTA Deferred Compensation Programs (401(k) and 457)

Deferred Compensation Committee

| MEMBER | DESIGNEE | MTA TITLE |
|--------------------------------|------------------|--|
| Chair of the MTA | VACANT | |
| MTA Labor Relations | Mark Worthington | Labor Cost Analyst |
| MTA Chief Financial Officer | Frances Chou | Deputy Director, Consolidated Analysis |
| NYCT, President | Monica Murray | NYCT Chief Admin Officer |
| TBTA, President | Adam Hartke | B&T Financial Liaison |
| Metro North | James McGovern | Acting Deputy Chief, Controller's Office |
| Long Island Rail Road | Michael Reilly | Director, Revenue Management |
| MTA Bus | Roy Grey-Stewart | Deputy Chief, Financial Operations |
| MTA Construction & Development | Shawn Moore | C&D Chief Admin Officer |

| | |
|---------------------------------------|------------------|
| MTA Chief Investment Officer (Acting) | Steven Rossiello |
| Financial Consultant | Mercer |
| Recordkeeper/Trustee | Empower |