



INTERIM EXECUTIVE DIRECTOR'S 2024 ANNUAL REPORT TO THE MBTA RETIREMENT FUND BOARD

February 21, 2025

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About this Annual Report

- » **Purpose.** The purpose of this Annual Report is to provide the Retirement Board with management's overview of the MBTARF's accomplishments in 2024 and to preview proposed actions for 2025 (and beyond) – it is not meant to be an exhaustive report of all activities or actions items. The Retirement Board is committed to transparency and is publicly posting this abbreviated version of the Annual Report that the was originally delivered by John Barry to the Retirement Board on February 21, 2025.
- » **Continuous Improvement.** The MBTARF is dedicated to continuously improving its operations and customer service. Accordingly, it may revise or modify its planning for 2025, as described in this Annual Report, or thereafter, to dynamically adapt to changes in the operating environment or to otherwise reflect the needs of its membership. Member and retiree feedback is encouraged.

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Pension Agreement – Benefit Changes

Overview of Membership in the Two-Tier Pension Benefit Structure

- » **New Pension Agreement; Side Letter.** The parties negotiated a new Pension Agreement effective March 31, 2023. The Pension Agreement was then amended on January 29, 2024 through a side letter (the “**Side Letter**”) that made changes for MBTA employees who became Members of the Fund on or before June 30, 2023.
- » **Creation of Two-Tier Structure.** The new Pension Agreement created a two-tier pension benefit structure: (i) the Group A Plan, and (ii) the Group B Plan.
- » **Group A Plan Membership.** Employees who are or became Members of the Fund on or before June 30, 2023 are automatically in the Group A Plan unless they elect to be in the Group B Plan (and then meet the requirements described below).
- » **Group B Plan Membership.**
 - **Automatic Membership.** Employees who are or became Members of the Fund on or after July 1, 2023, are automatically in the Group B Plan. Members in the Group B Plan are not eligible to join the Group A Plan.
 - **Electing to Join Group B.** Members in the Group A Plan could elect to join the Group B Plan if they met the following conditions:
 1. The Group A Plan Member elected to join the Group B Plan by delivering written notice to the Fund between June 30, 2023 and March 29, 2024 by completing the Election Form on the Fund’s website or by mailing the Form to the MBTARF (which must have been postmarked by 3/29/24) (the MBTARF received 962 of these election notices); and
 2. The Member must accumulate at least 24 months of creditable service after making the election.
 - **Transferring to Group A.** A Member in the Group B Plan may not transfer (or transfer back) to the Group A Plan after March 29, 2024. Eligible Group A Plan Members who transferred to Group B had a one-time option to transfer back to the Group A Plan by delivering written notice to the Fund revoking their election to Group B, utilizing the form on the Fund’s website, by March 29, 2024 (the MBTARF received 14 of these revocation notices).

Pension Agreement – Benefit Changes

Group A Plan Retirement Benefits - Non-Disability and Non-Vesting

- » **Retirement Eligibility.** Unless otherwise subject to retirement benefits under the Group B Plan:
 - **Normal Retirement.** A Member can retire at age 65 or older on a Normal Retirement.
 - **Early Normal Retirement.** An Early Normal Retirement is available to any Member with 23 years of creditable service if such Member was hired before December 6, 2012. For Members hired on or after December 6, 2012, who became Members of the Fund on or before June 30, 2023, an Early Normal Retirement is available if such Member is age 55 or older and has at least 25 years of creditable service.
 - **Early Reduced Retirement.** For individuals who became Members of the Fund on or before June 30, 2023, an Early Reduced Retirement is available if a Member is age 55 or over and has at least 20 years of creditable service; however, this retirement allowance will be reduced by $\frac{1}{2}$ of 1% for each month between the age at retirement and age 65.
- » **Calculation of Pension Benefits.** Except as provided above, a Member's retirement allowance is calculated using the following formula:
 - the average of the Member's highest 3 years of pensionable earnings;
 - *multiplied by 2.46%;*
 - *multiplied by the Member's years and months of creditable service.*
- » **Maximum Retirement Benefit.** A Retired Member's retirement allowance cannot exceed 80% of the average of the Retired Member's highest 3 years of pensionable earnings.

Pension Agreement – Benefit Changes

Group B Plan Retirement Benefits (Non-Disability and Non-Vesting)

- » **Retirement Eligibility.** A Member with at least 10 years of creditable service who has also reached the age of 55 is eligible to retire with an immediate retirement allowance.
- » **Calculation of Pension Benefits.** A Member's retirement allowance is calculated using the following formula:
 - the average of the Member's highest 3 years of pensionable earnings;
 - *multiplied by* the Age Multiplier, which is determined using the following table:

Age at Retirement	Percentage
61 or over	2.46%
60	2.375%
59	2.25%
58	2.125%
57	2.0%
56	1.875%
55	1.75%

- *multiplied by* the Member's years and months of creditable service.
- » **Maximum Retirement Benefit.** A Retired Member's retirement allowance cannot exceed 80% of the average of the Retired Member's highest 3 years of pensionable earnings.

Pension Agreement – Benefit Changes

Vested Retirement Benefits

» Vesting – Group A Plan.

- **Eligibility Requirements for Vesting Under Group A.** A Member who has at least 10 years of creditable service and does not receive a return of contributions qualifies for a vested retirement benefit if such Member's employment with the Authority ended through no fault of their own. If a Member resigns or is discharged for cause, then the former Member is not eligible for a vested retirement benefit.
- **Vesting Retirement Benefit Under Group A.** A vested Member is eligible to receive a retirement benefit the first of the month following or coincident with such vested Member's 65th birthday. A vested retirement allowance is calculated using the following formula:
 - the average of the Member's highest 3 years of pensionable earnings;
 - *multiplied by 2.46%*;
 - *multiplied by* the Member's years and months of creditable service.

» Vesting – Group B Plan.

- **Eligibility Requirements for Vesting Under Group B.** A Member of the Group B Plan shall have a fully vested deferred retirement allowance if the following conditions are satisfied: (i) the Member has accrued 10 or more years of creditable service; (ii) the Member's service with the Authority was terminated for any reason prior to such Member becoming eligible for a retirement allowance set out in accordance with Article IV(2); and (iii) the Member has not withdrawn their contributions from the Fund.
- **Vesting Retirement Benefit Under Group B.** A vested Member's retirement allowance is calculated using the following formula:
 - the average of the Member's highest 3 years of pensionable earnings;
 - *multiplied by 2.46%*;
 - *multiplied by* the Member's years and months of creditable service.
- **Reduction if Retiring Before Age 65.** However, if a vested Member retires prior to the age of 65, then such vested Member's retirement allowance will be reduced, for such Member's entire retirement, by 6% per year, or $\frac{1}{2}$ of 1% for each month, of retirement before age 65.

Pension Agreement – Benefit Changes

Disability Retirement Allowance

- » **Eligibility for Disability Retirement Allowance.** For Members in either the Group A Plan or Group B Plan, a Member is required to accumulate 4 years of creditable service to be eligible for an occupational disability and required to accumulate 6 years of creditable service to be eligible for a non-occupational disability.
- » **Minimum Disability Retirement Allowance.** For Members in either the Group A Plan or Group B Plan, a Member receiving a disability retirement allowance will receive a minimum of 15% of the average of such Member's highest 3 years of pensionable earnings.
- » **Calculation of Disability Benefit Allowance.**
 - **Group A Plan.** A disability retirement allowance under the Group A Plan is calculated using the following formula:
 - the average of the Member's highest 3 years of pensionable earnings;
 - *multiplied by 2.46%;*
 - *multiplied by the Member's years and months of creditable service.*
 - **Group B Plan.** A disability retirement allowance under the Group B Plan is calculated using the following formula:
 - the average of the Member's highest 3 years of pensionable earnings;
 - *multiplied by the Age Multiplier, which is determined using the following table; provided, however, that the Age Multiplier is based on the Member retiring at the age of 55 or the Member's age at the time of disability retirement if the Member is over the age of 55;*

Age at Retirement	Percentage
61 or over	2.46%
60	2.375%
59	2.25%
58	2.125%
57	2.0%
56	1.875%
55	1.75%

- *multiplied by the Member's years and months of creditable service.*

Pension Agreement – Benefit Changes

Returning and Retaining Member Contributions

- » **Group A Plan Members.** A Group A Plan Member that ceases to be an employee for any cause other than death or retirement may not elect to keep their contributions in the Fund. For a Group A Plan Member to have their creditable service restored, such Member is required to meet the requirements of the service buyback provisions of Article III(3), which require the Member to complete 3 years of creditable service and repay their withdrawn contributions (with interest) to regain their creditable service.
- » **Group B Plan Members.**
 - **Election to Retain Contributions at the Fund.** Members in the Group B Plan who cease to be employed with the Authority may elect, upon written notification to the Fund on the Fund's designated application for return of contributions form, to keep their contributions in the Fund in order to maintain and resume creditable service in the event any such former Member is rehired by the Authority and becomes a Member of the Fund again in the future.
 - **Obtaining a Return of Contributions.** Any former Group B Plan Member who does not make such election to keep their contributions in the Fund and receives a return of their contributions will not have their creditable service restored when such Member becomes a Member of the Fund again unless such Member meets the requirements of the service buyback provisions of Article III(3), which require the Member to complete 3 years of creditable service and repay their withdrawn contributions (with interest) to regain their creditable service.

Pension Agreement – Benefit Changes

Contribution Rates; PRIT Investments; Retired Members

- » **Active Member Contribution Rate.** The changes to the Pension Agreement increased Active Member's individual contributions by 1.25% over the actuarially determined annual contribution rate beginning with the first full pay period after July 1, 2023. This means that the Active Members Contribution rate remained 10.3489% beginning on July 1, 2024.
- » **Authority Contribution Rate.** The changes to the Pension Agreement require the Authority's contributions to be maintained at a minimum floor of 25.8161% of payroll, paying increased amounts if prescribed by the actuarially determined annual contribution rate until the unfunded amount of the plan is less than 20%, as determined by the MBTARF's actuary. This means that the Authority's matching contributions remained 25.9511% beginning on July 1, 2024.
- » **Investment in PRIT.** The changes to the Pension Agreement require the Fund to use its best efforts, subject to the Trustees' exercising their fiduciary and investment obligations, to transfer 50% of the market value of the Fund's portfolio of assets, as of April 30, 2023, to the Pension Reserves Investment Trust (PRIT) within five (5) years of March 31, 2023 (the "**PRIT Directive**"). To satisfy the Board's fiduciary duties and meet the PRIT Directive, the parties amended the Trust Agreement to create an investment exception recognizing the PRIT Directive and a new letter agreement was negotiated in which the PRIM Board acknowledges its fiduciary duty relative to the MBTARF's investments.
- » **Rehiring of Retired Members.** The new Pension Agreement allows the Authority to rehire a maximum of 125 Retired Members for not more than 1200 hours per year without impacting the Retired Member's allowance.

Pension Agreement – Benefit Changes

Cost of Living Adjustments for Retired Members

- » **COLA Raises.** Retired Members or their beneficiaries receiving retirement allowances as of June 30, 2018, who are also still living as of March 31, 2023, received a one-time “ad-hoc” 2% to 5% cost of living adjustment (COLA) to the first \$13,000 of their annual retirement allowances in effect as of June 30, 2018. COLA raises were successfully implemented and retroactive raise payments made on September 15, 2023.
- » **COLA Adjustment Rates.** The COLA adjustments were made based on retirement date, as set out in the table below.

Retirement Date	Percentage Increase on First \$13,000 of Annual Retirement Allowance	Annual Increase on First \$13,000 of Annual Allowance	Monthly Increase on First \$13,000 of Annual Allowance	One-Time Retroactive Payment
Before 1999	5%	\$ 650 yearly	\$ 54.17 monthly	\$3,250
1999 – 2006	4%	\$ 520 yearly	\$ 43.33 monthly	\$2,600
2007 – 2011	3%	\$ 390 yearly	\$ 32.50 monthly	\$1,950
2012 – June 2018	2%	\$ 260 yearly	\$ 21.67 monthly	\$1,300
July 2018 – Present	No increase	No increase	No increase	None

Retirees with annual retirement allowances less than \$13,000 that qualify for a COLA adjustment had their annual retirement allowance multiplied by the percentage in the table above based on their retirement date.

For example, if a retiree has a \$10,000 annual retirement allowance and a retirement date in 2005, then such retiree was subject to a 4% raise (Row 2, 1999 – 2005), which was multiplied by the retiree’s \$10,000 annual retirement allowance for a \$400 annual COLA increase or a \$33.33 monthly COLA increase ($\$400/12 = \33.33).

Pension Agreement – Education and Implementation

Fund Management took the following steps in 2023 and 2024 to educate the MBTARF Membership and to operationally implement the benefit changes required by the changes made under the new Pension Agreement:

- » **Informational Brochure.** Produced brochure and created website FAQs describing changes to Pension Agreement.
- » **Milestones Newsletter.** Publicized changes to Pension Agreement through distribution and web posting of Milestones newsletters.
- » **Membership Mailings.** Mailed several informational notices, (including the Milestones newsletter and Informational Brochure), to the MBTARF membership including, most recently, a summary of the changes made to the Pension Agreement by the Side Letter that was mailed to membership on February 1, 2024.
- » **Website FAQs.** Drafted updates to website FAQs to incorporate changes from new Pension Agreement, including the Group B Plan.
- » **In Person Informational Meetings.** Held in-person meetings with membership explaining the new two-tier pension system (Boston Carmen's Union – 6/20/23; IBEW Local 103 – 6/22/23 and State Transportation Building – 6/23/23). Fund Management is also in the process of developing an online webinar describing modifications to the Pension Agreement.
- » **Forms and Procedures.** Created forms and SOPs to meet requirements of new Pension Agreement (e.g., Group B election forms for Group A members, Group B retirement application materials).
- » **Raises and Retroactive Payments.** Calculated raises (which were effective with benefit payments made in July 2023) and delivered retroactive pay increases on September 15, 2023.
- » **Pension Benefit Software Updates.** PTG, the provider of the MBTARF's pension benefit software, completed updates to incorporate Pension Agreement changes into the software system (*this is discussed in more detail on Slide No. 22*).

MBTARF Strategic Plan (2024-2027) – Development and Progress Report

- » **Strategic Plan Development Working Group (the “Working Group”).** The Working Group was established in early 2023 comprised of Interim Executive. The Working Group’s “kick-off” meeting was held on July 2023.
- » **2024-2027 Strategic Development Project Plan (“Project Plan”).** During 2023, the Working Group developed a Project Plan designed to collect and analyze data about the MBTARF using the following methodologies: SWOT analysis through anonymous staff surveys, MBTARF manager interviews, third-party service provider interviews, peer retirement fund interviews and informational meetings, review/comparison of peer and aspirational retirement fund strategic plans, and feedback received through the Operational Review of the Fund’s implementation of the 2020-2023 Strategic Plan.
 - **SWOT Surveys.** The Working Group developed an online survey for MBTARF staff to deliver input anonymously. The survey prompted staff to conduct individual SWOT analyses to identify the MBTARF’s strengths, weaknesses, opportunities and threats. In addition to increasing staff awareness of organization-wide initiatives, this process provided management with a meaningful opportunity to extract valuable, constructive and honest staff feedback.
 - **Senior Staff Interviews.** The Working Group individually interviewed MBTARF senior staff to extract feedback regarding the MBTARF’s future strategic initiatives and objectives.
 - **Peer Retirement Fund Interviews.** The Working Group conducted interviews of various Chapter 32 public pension systems which were identified as either “peer” or “aspirational” systems.
 - **Service Provider Interviews.** The Working Group interviewed CMIT, its outsourced IT services provider, and gathered specialized input and feedback.
- » **Building the Strategic Plan.** The Working Group used the data collected through surveys, interviews and “best practice” analysis to review and, as appropriate, to develop the strategies, e.g., Goals, Objectives and Initiatives, to build the Strategic Plan for Years 2024-2027.
- » **Adopting the Strategic Plan.** The Working Group presented the 2024-2027 Strategic Plan to the Board for review and comment at the April 19, 2024 Board meeting and the Board approved the plan at the May 17, 2024 meeting.

MBTARF Strategic Plan (2024-2027) – Development and Progress Report – (cont.)

A full report regarding the status of Strategic Plan progress is included in the *2024-2027 Strategic Plan Implementation Progress Report*, a copy of which is appended to this presentation as Schedule 1. A few highlights are described more fully below:

- » **Strategic Initiatives A1.2, A3.2 and A3.3.** Boston Web Design completed a redesign of the MBTARF's website, which was designed improve communication, increase access to information, modernize the site's navigation, and ensure that services and content are efficiently and understandably delivered to the membership.
- » **Strategic Initiatives A2.1-A2.3.** Fund staff developed a new set of standard operating procedures to administer benefits under the Group B Plan and engaged PTG, the Fund's software provider, to update benefit administration software to assure compatibility with the Group B Plan.
- » **Strategic Initiatives B2.4 and C1.5.** The Fund met with PERAC representatives on May 23, 2024. From that meeting, plans are in development for the MBTARF and PERAC to collaborate on a joint information security seminar in early 2025 focused on cybersecurity and data privacy issues of interest to the Chapter 32 systems and the MBTARF.
- » **Strategic Initiative B2.5.** Fund management is in the process of reviewing and updating its Custody Agreement, Performance and Analytics Agreement, and Benefit Payment Services Agreement with State Street Bank.
- » **Strategic Initiatives B3.1 and D3.1.** The MBTARF's Fiduciary Standards have been updated to incorporate the new PRIT Directive and to ensure fiduciary accountability aligned with the PRIT Directive and other changes. The Investment Compliance Working Group (ICWG) has recommended related updates to the Investment Policy Statement (IPS) which are being shared with the Board.

Actuarial Services – Request for Proposals – Gallagher Selection

Following Board review and approval, on July 1, 2024, the MBTARF issued a Request for Proposals (“**RFP**”) for Actuarial Consulting Services to procure the services of a qualified actuarial consulting firm with experience providing actuarial services to public employee pension funds. The procurement schedule proceeded as follows:

- » **Request for Proposals for Actuarial Consulting Services.** Issued July 1, 2024.
- » **Proposer Questions Due.** July 19, 2024.
- » **Proposals Due.** August 15, 2024.
- » **Proposals Received.** Arthur J. Gallagher & Co (formerly Buck); The Segal Group, Inc.; Cheiron and KMS Actuaries, LLC; and Milliman, Inc.
- » **Fund Management and Staff Interviews.** All four proposers were interviewed by Fund Management and staff between September 4-6, 2024 and September 9-11, 2024.
- » **Proposer Presentations to MBTARF Board.** On September 20, 2024, Arthur J. Gallagher & Co (formerly Buck); The Segal Group, Inc.; and Milliman, Inc. presented to the MBTARF Board.
- » **Actuary Selected.** The MBTARF Board selected Arthur J. Gallagher & Co (formerly Buck) and an engagement letter has been executed.

PERAC Self-Reporting

- » **Self-Reporting.** In 2010, the MBTARF began self-reporting and best practice sharing with the Massachusetts Public Employee Retirement Administration Commission (“**PERAC**”) which is responsible for the oversight, guidance, monitoring, and regulation of the 104 Massachusetts Public Pension Systems. See Slide No. 18.
- » **December 2018 Update.** On December 13, 2018, MBTARF management met with, and delivered a report to, PERAC representatives, including both the retiring PERAC Executive Director and the incoming Executive Director.
- » **September 2019 Update.** On September 17, 2019, MBTARF management met with PERAC representatives, including the Executive Director to discuss, among other things, the MBTARF’s Project 2020 and PRIT investment compliance and monitoring issues.
- » **February 2020 Update.** On February 13, 2020, MBTARF management met with PERAC representatives, including the Executive Director, to update PERAC concerning the MBTARF’s progress with Project 2020 (including the MBTARF’s draft strategic plan) and seek advice concerning the MBTARF’s unclaimed property project.
- » **August 2020 Update.** On August 18, 2020, MBTARF management met via Zoom with PERAC representatives, including the Executive Director and Assistant Deputy Director, to update PERAC on the MBTARF’s progress with its Strategic Plan and to discuss, among other things, the MBTARF’s response to COVID-19; the MBTARF’s website updates designed to increase information sharing; and investment performance.
- » **March 2021 Update.** On March 11, 2021, MBTARF management participated in a Zoom meeting with PERAC representatives, including the Executive Director and Assistant Deputy Director, to update PERAC on the MBTARF’s COVID-19 response as well as its progress on its Strategic Plan.
- » **April 2022 Update.** MBTARF management met with PERAC representatives, including the Executive Director and Assistant Deputy Director, on April 28, 2022 to provide an update and obtain feedback on, among other things, the MBTARF’s Benefits SOPs project.
- » **April 2023 Update.** On April 27, 2023, MBTARF management met PERAC representatives, including the Executive Director and Assistant Deputy Director, to report on, and solicit advice about, the MBTARF’s next Strategic Plan and begin planning for the MBTARF’s participation in PERAC’s 2023 Emerging Issues Forum.
- » **September 2023.** On September 21, 2023, Interim Executive Director John Barry and the PERAC Chairman appeared together on a panel at PERAC’s 2023 Emerging Issues Forum.
- » **May 2024.** On May 23, 2024, Interim Executive Director John Barry met with the new Executive Director of PERAC, the PERAC Chairman, and PERAC’s legislative counsel.
- » **October 2024.** On October 23, 2024, MBTARF management and PERAC’s Executive Director and Chairman, as well as two retired PERAC Executive Directors.

PERAC Collaborations – InfoSec Seminar and Emerging Issues Forum

- » **Joint InfoSec Seminar.** PERAC and the MBTARF are collaborating together, along with representatives of Chapter 32 systems, to conduct a seminar scheduled for March 19, 2025 focusing on information security awareness in pension administration, which will likely include topics such as cyber insurance, information security training, data breach response, and information security controls. PERAC and the MBTARF previously developed a survey related to these topics that was completed by representatives of Ch. 32 systems that helped with developing the curriculum for the seminar.
- » **Emerging Issues Forum.** On September 21, 2023, Interim Executive Director John Barry and PERAC Chairman gave a presentation to PERAC's Annual Emerging Issues Forum entitled "An Introduction to the MBTA Retirement Fund – Where it Fits in the Landscape of Massachusetts Public Employees". This presentation is posted to the MBTARF's publicly available website.
 - **Attendance.** Representatives from most, if not all, of the Chapter 32 public pension systems attended the event held at Holy Cross College in Worcester, MA.
 - **Additional Speakers.** Other speakers at the Emerging Issues Forum included Executive Director of PERAC; President of Massachusetts Taxpayers Foundation; Principal Deputy Assistant Secretary of U.S. Department of Labor; and House Chair of Joint Committee on Public Service.

PERAC Self-Reporting (cont.) – Emerging Issues Forum

MBTARF Meetings with PERAC – 2010 through 2024

- » May 6, 2010
- » October 21, 2010
- » February 16, 2011
- » June 10, 2011
(Meeting at PERAC)
- » November 3, 2011
- » September 27, 2012
- » February 6, 2014
- » May 7, 2015
- » August 27, 2015
- » December 15, 2016
- » March 30, 2017
- » December 4, 2017
- » May 24, 2018
- » December 13, 2018
- » September 17, 2019
- » February 13, 2020
- » August 18, 2020
- » March 11, 2021
- » April 28, 2022
- » April 27, 2023
- » September 21, 2023
– Forum
- » May 23, 2024
- » October 23, 2024



In-Service Training

- » **2024 Annual In-Service Training.** The 2024 Annual In-Service Training (12th Ed.) was held on November 26, 2024 and covered the following topics:
 - **MBTARF Policies.** Refresher on, and changes to, the following MBTARF policies:
 - The Employee Handbook;
 - The Acceptable Use Policy;
 - The Written Information Security Program;
 - The Records Management Program;
 - The Incident Response Plan; and
 - The Policy for the Elimination of Unlawful Harassment and Discrimination.
 - **Fiduciary Training.** The Annual In-Service Training included training on the components of the recently revised Fiduciary Standards that are applicable to employees.
 - **Phishing Email and Cyber Security Awareness Training.** The MBTARF understands that phishing attacks are one of the most common cyberattacks for criminals to employ. Accordingly, the Annual In-Service Training included employee training on how to spot and report suspected phishing emails in order to better protect the MBTARF from cybercriminals, hackers, and other bad actors.
- » **Intern Training.** Intern training for the MBTARF's 2024 interns was conducted on May 13, 2024.

PRIM/PRIT Investment Initiative – “PRIT Directive”

- » **August 1, 2017** – Section 23 of the 2018 Budget Bill added the private MBTARF as a “system” under G.L. c. 32 allowing, not compelling, the MBTARF to invest in PRIT (Retirement Board has fiduciary obligations to the MBTARF).
- » **June 16, 2017 – June 21, 2019** – The Board convened a “PRIM Investment Feasibility Group” (the “**Group**”) in 2017 staff to study the issue. The Group performed significant factual and legal due diligence over a two (2) year period leading to the MBTARF’s “*Roadmap to PRIT Fund Investment*,” a copy of which is in your Board Member Handbook.
- » **June 17, 2019 – July 19, 2019** – Local 589 and the MBTA, together the settlors of the 1980 Trust Agreement (the “**Trust**”), voted to amend the Trust to add PRIM as an investment manager pursuant to Section 7, thereby authorizing MBTARF investments in PRIT.
- » **August 19, 2019 – September 20, 2019** – PRIM representatives met with the MBTARF in August to discuss investment options available to “Purchasing Systems”.
- » **April 30, 2023** – The new Pension Agreement directed the Fund to transfer 50% of the Fund’s portfolio as of April 30, 2023 (\$834,752,518) to PRIT within five (5) years (the “**PRIT Directive**”). The Trust was amended a second time to acknowledge and incorporate the PRIT Directive.
- » **July 19, 2024** – The MBTARF and PRIM entered into a revised Letter Agreement confirming that PRIM serves in a fiduciary capacity when managing the MBTARF’s investments.
- » **PRIT Investments.** The Retirement Board has made or authorized investments in PRIT making substantial progress toward achieving the PRIT Directive. As further detailed in the table on this slide, the MBTARF has committed 68% of the funds required to meet the PRIT Directive (and to date the PRIT Directive is approximately 73% fulfilled when factoring in market value of PRIT Investments):

Investment	Amount Committed	Date
Hedge Fund Segmentation	\$ 20,000,000	10/1/2019
PEVY 2020 - Private Equity Vintage Year 2020	\$ 25,000,000	1/1/2020
Emerging Markets Equity Segmentation	\$ 30,000,000	8/3/2020
PEVY 2021 - Private Equity Vintage Year 2021	\$ 17,500,000	1/1/2021
Real Estate Segmentation	\$ 15,000,000	1/1/2021
Hedge Fund Segmentation	\$ 10,000,000	7/1/2021
Hedge Fund Segmentation	\$ 10,000,000	7/1/2021
PEVY 2022 - Private Equity Vintage Year 2022	\$ 10,000,000	10/1/2021
Hedge Fund Segmentation	\$ 25,000,000	1/1/2022
PEVY 2023 - Private Equity Vintage Year 2023	\$ 15,000,000	1/1/2023
Emerging Markets Equity Segmentation	\$ 10,000,000	12/1/2023
PEVY 2024 - Private Equity Vintage Year 2024	\$ 12,500,000	1/1/2024
Fixed Income - Core Segmentation	\$ 17,000,000	3/1/2024
Fixed Income - Value Added Segmentation	\$ 17,000,000	3/1/2024
International Equity Segmentation	\$ 100,000,000	3/1/2024
Domestic Equity Segmentation	\$ 105,000,000	10/1/2024
Real Estate Segmentation	\$ 30,000,000	10/1/2024
International Equity Segmentation	\$ 40,000,000	10/1/2024
PEVY 2025	\$ 20,000,000	1/1/2025
Fixed Income - Value Added Segmentation	\$ 10,000,000	1/1/2025
International Equity Segmentation	\$ 30,000,000	2/1/2025
Total	\$ 569,000,000	68% of PRIT Directive

Lease Extension; MBTARF Staff and Executive Plan Review

» Lease Extension.

- MBTARF Management recently negotiated a 5-year lease extension for the MBTARF's office space.
- The negotiated lease extension includes a rent concession (7 months of free rent) within the new lease term as well as a \$45/SF improvement allowance that can be utilized as a credit against base rent.
- The negotiated lease extension also includes a rent reduction in the current lease term from \$52.00/SF to \$47.00/SF; this rent will continue during the term of the lease extension subject to an annual escalator of \$1/SF.

» MBTARF Staff and Executive Plan Review. Given the changes to the Pension Agreement, in 2023 MBTARF Management engaged Holland & Knight to review the MBTARF Staff Retirement Plan and the MBTARF Executive Retirement Plan for legally mandated updates and updates to be consistent, to the extent applicable, with the Pension Agreement. That review included the following:

- Reviewed and analyzed the modifications and updates to the Pension Agreement;
- Compared the Pension Agreement to the MBTARF Staff Plan to determine whether the modifications and updates to the Pension Agreement could apply to MBTARF Staff Plan;
- Analyzed whether the Pension Agreement changes were ERISA compliant;
- Reviewed and analyzed the existing MBTARF Staff Plan structure and benefits in preparation for restatement of the MBTARF Staff Plan;
- Revised and restated the MBTARF Staff Plan to reflect applicable Pension Agreement changes (including harmonizing terms, to the extent applicable);
- Reviewed required law changes since the last restatement of MBTARF Staff Plan and determined the applicability of any changes in the law;
- Reviewed the MBTARF Staff Plan document for required law changes and included in restatement of MBTARF Staff Plan;
- Revised the Executive Plan to permit lump sum distribution of benefits upon termination, clarified that the “interim” executive director participates in the plan, and “rolled over” and distributed retirement benefits of the previous Executive Director; and
- Updated the Executive Plan for required law changes.

Information Governance – Technology Upgrades

- » **The MBTARF's IG Group.** The MBTARF's Information Governance (“IG”) Group is led by the MBTARF's Data Security Coordinator and includes the Interim Executive Director and a representative from CMIT, the MBTARF's technology consultant, and Fund counsel from Holland & Knight. The IG Group has conducted strategic meetings with its technology consultant, CMIT, that coincide with the IG Group's quarterly meetings. These meetings have occurred each quarter since early 2021 and are designed to better protect the MBTARF against new information security and cyber security threats.
- » **Technology Upgrades.** The IG Group has implemented the following technology upgrades:
 - **PTG PensionPro Updates.** The MBTARF replaced its previous pension benefit software with PTG's PensionPro, a state of the art pension management software system designed to enhance both customer service and MBTARF efficiency. The MBTARF has processed monthly benefit payments with PTG PensionPro since April 2019 and has not been made aware of any errors in the processing of monthly benefit payments since April 2019. In 2024, MBTARF began updating the PTG PensionPro software with necessary changes for the Group B Plan. These changes are now live and Members have the ability to run Group B estimates and calculations in the Member Self-Service Portal.
 - **Website Refresh and Redesign.** Boston Web Design has completed the refresh and redesign of the MBTARF's website, which modernized the website and better ensured that services and content are efficiently and understandably delivered to the membership. The redesigned website is available to the public and the legacy website has been shut down and archived.
 - **Hardware Refresh.** Microsoft announced that Windows 10 will reach end of support on October 14, 2025. The MBTARF has begun replacing Windows 10 workstations with Windows 11 workstations to ensure that workstations will continue to receive security patches and quality updates past October 2025. As of February 2025, approximately 50% of all Windows 10 workstations have been replaced.
 - **Information Security Enhancements; SIEM.** The MBTARF deployed a Security Information and Event Management (SIEM) platform at the end of 2024. This security tool allows the MBTARF to collect log data from connected devices, use AI to detect threats, and automatically respond to suspicious activity. The SIEM solution will supplement the MBTARF's AI based SentinelOne XDR platform, Webroot antivirus protection, and quarterly vulnerability scans (among with other technologies and infosec best practices). Additionally, the MBTARF is planning to replace its FTP Server and perform additional disaster recovery testing, both in 2025.

Finance and Investment – GFOA Certificates

- » **Government Accounting Standards Board (“GASB”).** The MBTARF completed, and the Board approved, the 2023 GASB 67 and 68 Reports at the May 17, 2024 Board meeting. The MBTARF also continues to complete and incorporate the required GASB 72 procedure for 2023 as a part of the 2023 Audit (this procedure measures and records the MBTARF’s investments using fair value measurement guidelines established by generally accepted accounting principles).
- » **Audit and Annual Report.** The 2023 Audit and Annual Comprehensive Financial Report (“**ACFR**”) was approved by the Board at the June 21, 2024 meeting.
- » **GFOA Certificate of Achievement.** For the last eight years (beginning with the MBTARF’s ACFR for the fiscal year ended December 31, 2016 and continuing through the the MBTARF’s ACFR for the fiscal year ended December 31, 2023), the MBTARF received the GFOA Certificate of Achievement for Excellence in Financial Reporting for its ACFR. The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (“**Financial Reporting Program**”) in 1945 to encourage agencies to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure and then to recognize agencies that succeed in achieving that goal. Reports submitted to the Financial Reporting Program are reviewed by selected members of the GFOA professional staff and the GFOA Special Review Committee, which is comprised of individuals with expertise in public sector financial reporting and includes financial statement preparers, independent auditors, academics, and other finance professionals. The MBTARF will submit the 2024 ACFR for review to the GFOA.

Finance and Investment – GFOA Certificate (cont.)

2016 Award



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**MBTA Retirement Fund
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill
Executive Director/CEO

2017 Award



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**MBTA Retirement Fund
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill
Executive Director/CEO

2018 Award



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**MBTA Retirement Fund
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill
Executive Director/CEO

2019 Award



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**MBTA Retirement Fund
Massachusetts**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill
Executive Director/CEO

2020 Award



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**MBTA Retirement Fund
Massachusetts**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill
Executive Director/CEO

2021 Award



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**MBTA Retirement Fund
Massachusetts**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill
Executive Director/CEO

2022 Award



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**MBTA Retirement Fund
Massachusetts**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill
Executive Director/CEO

2023 Award



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**MBTA Retirement Fund
Massachusetts**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morill
Executive Director/CEO

Finance and Investment – ICWG – Updates and Action Items

» The Investment Policy Statement.

- **IPS.** The MBTARF's Investment Compliance Working Group ("**ICWG**"), comprised of John Barry, the MBTARF's finance department staff, investment advisor (Segal Marco) and investment counsel, is tasked to develop & update a comprehensive and user-friendly Investment Policy Statement ("**IPS**") to be reviewed annually by the Board, and posted to the MBTARF's website.
- **IPS Updates.** The ICWG met twice in 2024 and last met on January 21, 2025, pursuant to which the ICWG is recommending revisions to both the IPS and the Selection of Investment Managers policy (drafts of which were shared with the Retirement Board prior to this meeting) to:
 - reflect and incorporate the PRIT Directive (see Slide No. 10) and related information regarding PRIM and PRIT;
 - incorporate the revised asset allocation as adopted by the Retirement Board in February of 2024 (which followed the Retirement Board's review of the asset/Liability Modeling Study by Gallagher/Buck and Capital Market Assumptions of Segal Marco);
 - update the attached Fiduciary Standards to reflect the Retirement Board approved version (reflecting the PRIT Directive);
 - update the Benchmarks;
 - reference the Letter Agreement and PRIM Trust Agreement (which governs all investments with PRIM of the MBTARF); and
 - Include a revised Annual Compliance Questionnaire.

» Investment Manager Meetings.

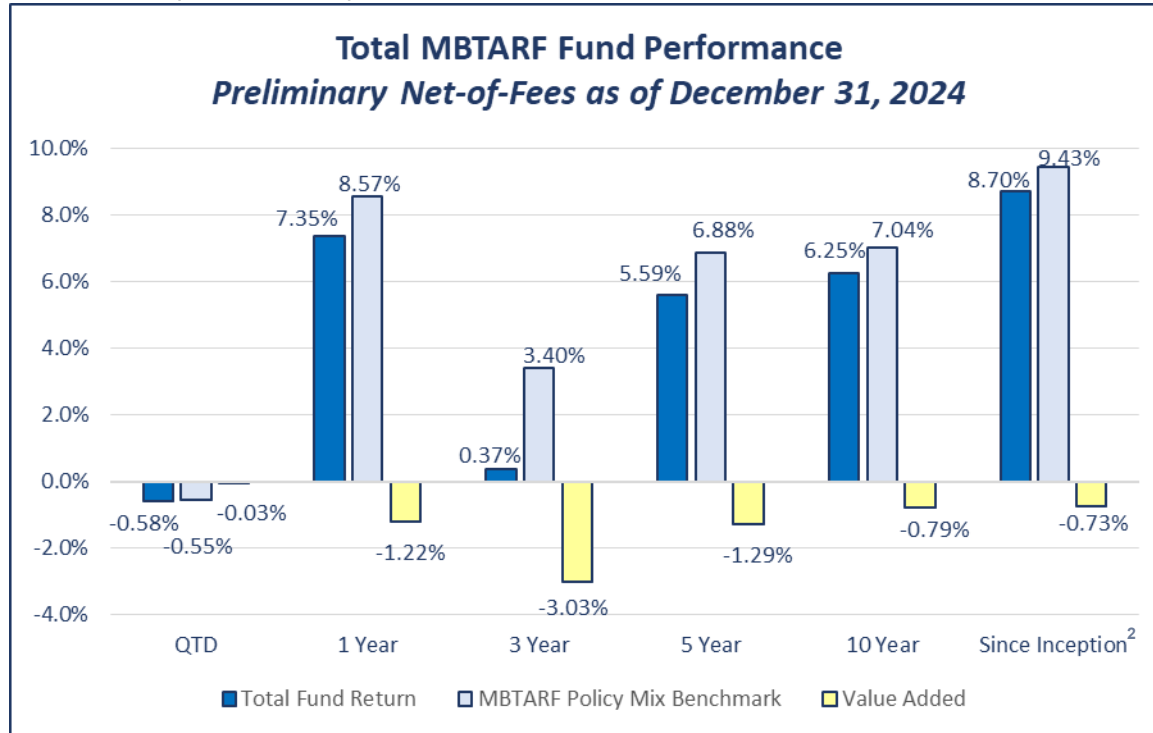
The Retirement Board completed all the 2024 meetings with Investment Managers as required by Sec. 9.3 of the IPS.

» Additional Finance Policy Updates.

- **Finance Department Procedures.** During 2022 the ICWG reviewed the the Finance Department Procedures ("**FDP**"), a document describing how the MBTARF conducts its accounting and valuation of assets and reports that information to the Retirement Board. The ICWG revised the FDP in 2022 to: (i) provide better understanding of the structure and governance of the MBTARF, and (ii) reflect changes in technologies and processes utilized by the MBTARF. The revised FDP was presented to the Retirement Board at its October 2022 meeting. The ICWG plans to review the FDPs once again after revisions to the IPS are completed.
- **Investment Manager Selection Process.** The IPS references and incorporates an Investment Manager Selection Process ("**IMS**") document. ICWG approved a revised Selection of Investment Managers policy, which is included in the Board Package for the Retirement Board's regular meeting in February.

Finance and Investment – Investment Returns as of December 31, 2024

» MBTARF (Total Plan) Rate of Returns - Net of Fees¹:



- » The Retirement Board recognizes that asset allocation decisions generally account for 90% of investment return. See IPS, p. 7.
- » Over the 1, 5, 10-year and since inception periods the MBTARF is closely tracking its Policy Mix Benchmark.³
- » The 5 and 10-Year net returns of 5.59% and 6.25% ranked in the 93rd and 81st percentiles, respectively, among the InvMetrics \$1 Billion Plus Public Defined Benefit Funds Universe.⁴

¹ Expenses and fees are not treated uniformly in the rate of return calculations over the periods covered.

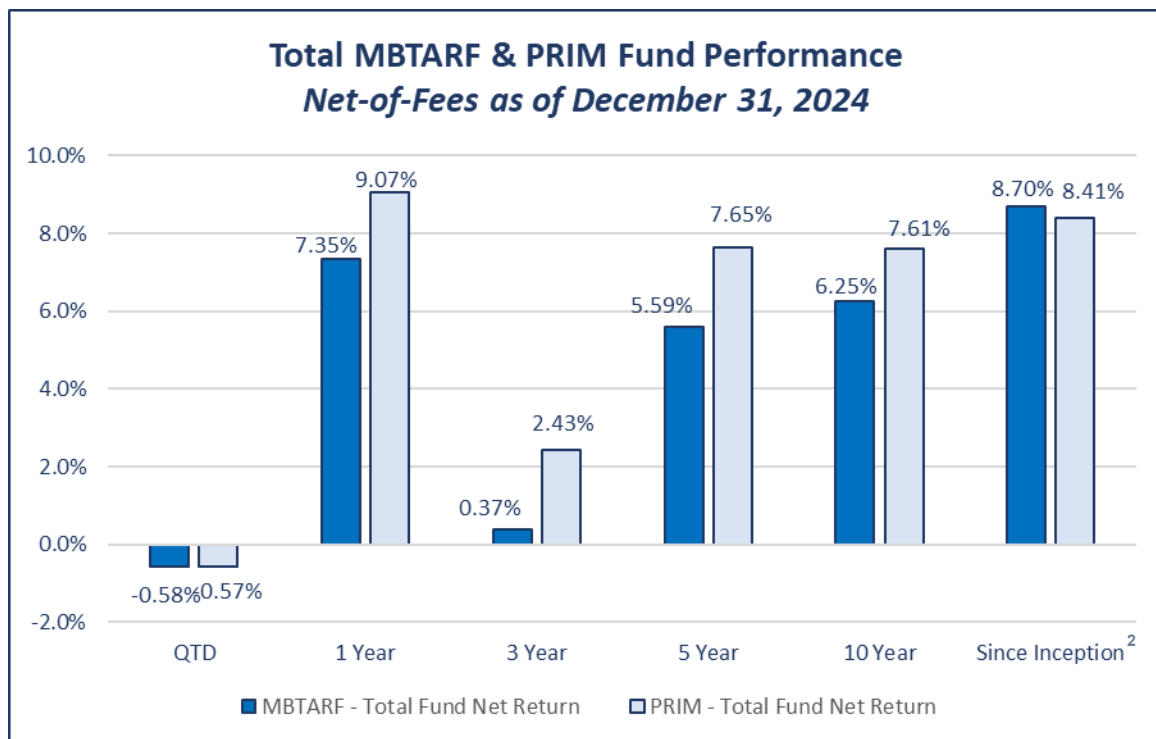
² The inception to date return begins January 1982.

³ The Policy Index replicates the return if the MBTARF were passively invested in assets strictly adhering to the asset allocation targets.

⁴ For periods profiled, peer group percentile rankings may change modestly, as additional plan sponsor data is made available.

Finance and Investment – Investment Performance Comparison to PRIM

» Rate of Returns. MBTARF & PRIM (Total Plan) - Net of Fees¹



» **Total Fund Value.** As of December 31, 2024, the MBTARF's total asset value was **\$1,801,743,684** which is an increase of **\$107,342,424** from the MBTARF's December 31, 2023 asset value.

¹ Expenses and fees are treated uniformly in the rate of return calculations over the periods covered.

² The inception to date return begins January 1982.

Benefits Department – Status Report

- » **Implementation of New Pension Agreement.** The Benefits Department continues to take pro-active steps to manage retirement applications based on changes to the Pension Agreement (see Slides No. 3-11), including creating and posting a fillable form on the website for Members to complete when requesting an appointment for retirement and making other forms required for retirement available online. These steps are designed to make appointments to retire more efficient by reducing the time to complete a retirement application in-person.
- » **Meetings.** Between January 1, 2024 and December 31, 2024, Benefits staff met directly (either in-person or via Teams) with 471 active and retired Members.
- » **Member Self-Service Portal.** The MBTARF's pension management software includes a Member Self-Service Portal that provides Members and Retired Members with information on their MBTARF benefits via a self-service web-based platform. As of February 13th, 2025, 3,618 users have registered for the Member Self-Service Portal. Of those registered users, 2,301 are Members and 1,317 are Retired Members.
- » **Membership.** Between January 1, 2024 and December 31, 2024 6,335 members actively contributed to the MBTARF including 1,175 new employees.

Benefits Department – Status Report

» Disability Examinations.

- **SCOPE Medical.** The MBTARF outsources disability examinations and reexaminations to SCOPE Medical, the provider also used by the MBTA. The limited information the MBTARF receives in connection with these examinations and reexaminations is not subject to HIPAA as per an opinion from MBTARF counsel.
- **Disability Reexaminations.** As of December 31, 2024, 74% of payees in the disability pool have been retested. The disability pool refers to payees who (i) receive a Disability Retirement Allowance; (ii) have received a minimum of 24 payments; and (iii) have not met their normal retirement date (the first day of the month coincident with or next following the sixty-fifth anniversary of the payee's date of birth).

» Member Benefits - Legal Claims. As of this date, there are no legal cases pending against the MBTARF involving members or retirees.

» CTHRU. The Comptroller's CTHRU initiative replaced the Commonwealth's "Open Checkbook" website. The MBTARF delivers member and retiree information to the MBTA on an annual basis to supply to the Comptroller. This information includes: Retiree Number, Employee Number, First and Last Name, Monthly Benefit, Annual Benefit, Compensation Offset or Court Order, Date of Retirement and Age at Retirement. The Comptroller has implemented this initiative under its powers and initiatives set out in M.G.L. c. 7A.



Questions?

Questions?

Schedule 1 (2024-2027 Strategic Plan Implementation Progress Report) – Goal A

Goal A Continue to improve and enhance processes, technology, and capabilities to ensure excellence in delivery of services to members, retired members, and their beneficiaries.		
Objective	Strategic Initiative	Implementation Status
A1: Engage membership through communication, education, and other means.	A1.1: Expand education strategy to educate membership about the benefits offered by the Retirement Fund to assist membership planning for retirement.	<ul style="list-style-type: none"> <i>Planning.</i>
	A1.2: Implement technological improvements and upgrades designed to increase access to information about the Retirement Fund's retirement benefits.	<ul style="list-style-type: none"> <i>Planning.</i> Implementation of SSB's MyPenPay functionality. <i>Complete.</i> Boston Web Design redesigned and modernized the MBTARF's website.
	A1.3: Educate users on the Retirement Fund's new and upgraded financial technology offerings.	<ul style="list-style-type: none"> <i>Planning.</i>
A2: Develop and implement processes and procedures to administer benefits effectively under the new Group B Plan.	A2.1: Provide timely and accurate communications to membership about the Group B Plan.	<ul style="list-style-type: none"> <i>Complete.</i> Drafted brochure describing differences in two-tier pension benefit system from new Pension Agreement. <i>Complete.</i> Drafted updates to website FAQs to incorporate changes from new Pension Agreement, including the Group B Plan. <i>Complete.</i> Provided members with written receipt of their election to Group B or their revocation of such election. <i>Complete.</i> Provided <i>Milestones</i> newsletter with Group B Plan summary information to membership. <i>Complete.</i> Held in-person meetings with membership explaining the new two-tier pension system (Boston Carmen's Union – 6/20/23; IBEW Local 103 – 6/22/23 and State Transportation Building – 6/23/23).
	A2.2: Develop and implement new processes, procedures, and standardized documentation to facilitate the administration of benefits under the Group B Plan.	<ul style="list-style-type: none"> <i>In progress.</i> Developing procedures for administration of benefits under the Group B Plan and memorializing such procedures in Benefits SOPs. <i>Complete.</i> Developed new, required forms for requirements from new Pension Agreement (e.g., Group B election form for Group A members, Group B election form to keep contributions at Fund upon termination, Group B retirement application documents).
	A2.3: Update pension benefit administration software to be compatible with Group B Plan.	<ul style="list-style-type: none"> <i>In progress.</i>

Schedule 1 (2024-2027 Strategic Plan Implementation Progress Report) – Goal A (cont.)

Goal A | Continue to improve and enhance processes, technology, and capabilities to ensure excellence in delivery of services to members, retired members, and their beneficiaries.

Objective	Strategic Initiative	Implementation Status
A3: Continue to achieve excellence in the delivery of services to membership.	A3.1: Continue to pay retirement allowances in an accurate and timely manner.	<ul style="list-style-type: none"> <i>Ongoing.</i>
	A3.2: Continuously improve processes and procedures to ensure accurate, efficient, and effective delivery of services to membership.	<ul style="list-style-type: none"> <i>Planning.</i> Implementation of SSB's MyPenPay functionality. <i>Complete.</i> Boston Web Design redesigned and modernized the MBTARF's website.
	A3.3: Ensure that content provided to membership is easily understandable and accessible.	<ul style="list-style-type: none"> <i>Complete.</i> Boston Web Design redesigned and modernized the MBTARF's website.

Schedule 1 (2024-2027 Strategic Plan Implementation Progress Report) – Goal B

Goal B | Cultivate a sophisticated, professional, intelligent organization that is dedicated to achieving the organization’s goals.

Objective	Strategic Initiative	Implementation Status
B1: Develop and retain a highly competent, professional staff.	B1.1: Support and empower employees to effectively and efficiently perform their job responsibilities.	<ul style="list-style-type: none"> • <i>Ongoing.</i> • <i>In progress.</i> Staff workstation hardware refresh is in progress.
	B1.2: Continue to support learning and development opportunities for staff.	<ul style="list-style-type: none"> • <i>Ongoing.</i>
	B1.3: Promote a staff culture dedicated to continuous improvement in order to enhance operational efficiencies, improve team member engagement, and foster the development of leadership competencies.	<ul style="list-style-type: none"> • <i>Complete.</i> The MBTARF’s Manager of Information Technology completed Certified Information Systems Security Professional (CISSP) certification.
B2: Maintain a dynamic organization focused on continuous improvement.	B2.1: Review and update (as needed) the organizational structure and succession plan to address staff retention, development, and retirements.	<ul style="list-style-type: none"> • <i>Planning.</i>
	B2.2: Identify organizational opportunities for improved productivity and efficiencies.	<ul style="list-style-type: none"> • <i>Planning.</i>
	B2.3: Convene “agenda-driven” monthly staff meetings to promote internal synergy and organization while increasing accountability.	<ul style="list-style-type: none"> • <i>Ongoing.</i> Monthly staff meetings scheduled and held beginning September 2019 and continuing each month.
	B2.4: Continue to develop and implement a culture of “best practices” sharing with leadership from PERAC and other retirement systems to discuss emerging issues relevant to pension benefit administration and investment.	<ul style="list-style-type: none"> • <i>In progress.</i> Developing information security seminar in collaboration with PERAC (and others). • <i>Complete.</i> The Retirement Fund and PERAC meeting held on May 24, 2024. • <i>Complete.</i> The Retirement Fund and PERAC meeting held on October 23, 2024.
	B2.5: Implement a standardized review structure to ensure organizational practices and procedures and agreements with service providers are regularly reviewed and updated (as needed) to ensure that they conform to industry best practices.	<ul style="list-style-type: none"> • <i>In progress.</i> Reviewing and updating State Street Bank’s template forms of Custody Agreement, Performance and Analytics Agreement and Benefit Payment Services Agreement. • <i>In progress.</i> Reviewing and updating agreement with Scope Medical.

Schedule 1 (2024-2027 Strategic Plan Implementation Progress Report) – Goal B (cont.)

Goal B Cultivate a sophisticated, professional, intelligent organization that is dedicated to achieving the organization's goals.		
Objective	Strategic Initiative	Implementation Status
B3: Promote a culture of excellence in Retirement Board governance and administration.	B3.1: Achieve a level of Retirement Board ethics and fiduciary accountability that meets or exceeds industry standards.	<ul style="list-style-type: none"> • <i>Ongoing.</i> • <i>Complete.</i> Fiduciary Standards updated for PRIT investment mandate.
	B3.2: Foster engaged Retirement Board trustees that are focused on strategy, risk management, performance, and the membership (e.g., including through soliciting trustee feedback on strategies for Retirement Fund management to assist trustees exercise informed decision-making).	<ul style="list-style-type: none"> • <i>Ongoing.</i>
	B3.3: Ensure appropriate level of transparency, consistent with applicable law and best practices, into Retirement Board meetings and decisions.	<ul style="list-style-type: none"> • <i>Ongoing.</i> Board meeting minutes (from open session) and monthly investment returns are posted on the Retirement Fund's website are posted each month after Board meetings.

Schedule 1 (2024-2027 Strategic Plan Implementation Progress Report) – Goal C

Goal C Enhance financial technology capabilities to support a secure and high performing environment.		
Objective	Strategic Initiative	Implementation Status
C1: Maintain a comprehensive cybersecurity governance, risk and compliance program designed to ensure the security of information technology and confidential information.	C1.1: Maintain a cybersecurity program that is designed to proactively evaluate and mitigate external threats and vulnerabilities.	<ul style="list-style-type: none"> <i>Ongoing.</i>
	C1.2: Foster an organizational culture that is trained to identify and mitigate cybersecurity threats and risks.	<ul style="list-style-type: none"> <i>Ongoing.</i> Performing KnowBe4 phishing awareness training and education. <i>Ongoing.</i> Quarterly meetings (beginning on 4/13/2021) with CMIT to discuss new strategic IT initiatives, technology best practices, and information security initiatives.
	C1.3: Enhance and upgrade technology to better ensure the detection and mitigation of cybersecurity threats and risks.	<ul style="list-style-type: none"> <i>Ongoing.</i> <i>Complete.</i> Implemented and deployed a security information and event management (SIEM) solution.
	C1.4: Maintain and enhance information security policies, procedures, and practices in a manner designed to reduce cybersecurity risks.	<ul style="list-style-type: none"> <i>Planning.</i> Developing information security seminar with PERAC (and other third parties). <i>Complete.</i> 2024 annual review of the WISP.
	C1.5: Continue to utilize external resources (e.g., the Retirement Fund’s managed service provider) to learn about emerging technology, trends, and cybersecurity threats.	<ul style="list-style-type: none"> <i>Ongoing.</i> Quarterly meetings (beginning on 4/13/2021) with CMIT to discuss new strategic IT initiatives, technology best practices, and information security initiatives.
C2: Utilize technology as a strategic means of improving operational efficiencies and as a convenient delivery of services to membership.	C2.1: Explore and evaluate new and updated technology that is designed to increase business agility and operational efficiency, including external-facing technologies that may enhance the overall membership experience and improve overall customer service.	<ul style="list-style-type: none"> <i>Planning.</i>
	C2.2: Evaluate the feasibility of incorporating artificial intelligence technology into processes and procedures, and, if feasible, implement such artificial intelligence technology.	<ul style="list-style-type: none"> <i>Planning.</i> <i>In progress.</i> Developing an AI policy to provide employees with guidance on the use of AI with MBTARF resources and information.
	C2.3: Ensure business continuity through management of technology through its end of life and obsolescence.	<ul style="list-style-type: none"> <i>Planning.</i> <i>In progress.</i> Staff workstation hardware refresh.

Schedule 1 (2024-2027 Strategic Plan Implementation Progress Report) – Goal D

Goal D Maintain and preserve the long-term sustainability of the pension fund.		
Objective	Strategic Initiative	Implementation Status
D1: Prudently invest assets in a well-diversified manner designed to optimize returns while controlling risk.	D1.1: Implement processes, procedures, and strategies to deliver risk-adjusted investment returns that meet or exceed the expected rate of return while meeting the Pension Reserves Investment Trust (PRIT) investment mandate of new Pension Agreement.	<ul style="list-style-type: none"> <i>In progress.</i> ICWG met on February 28, 2024, October 2, 2024, and January 21, 2025 to determine scope of review and to revise policies and procedures (IPS, Investment Manager Selection, Finance Department Procedures).
	D1.2: Review the strategic asset allocation on a regular basis to optimize earnings, manage risk, and ensure sufficient liquidity.	<ul style="list-style-type: none"> <i>In progress.</i>
	D1.3: Regularly evaluate and assess investment management providers and activities across the Retirement Fund's portfolio.	<ul style="list-style-type: none"> <i>Ongoing.</i>
D2: Enhance transparency and accountability through effective financial reporting.	D2.1: Produce an Annual Comprehensive Financial Report (ACFR) each year that is compliant with applicable Government Accounting Standards Board (GASB) standards.	<ul style="list-style-type: none"> <i>In progress.</i>
	D2.2: Strive to receive the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting annually.	<ul style="list-style-type: none"> <i>Complete.</i> MBTARF received the GFOA's Certificate of Achievement for Excellence in Financial Reporting for its 2023 ACFR.
	D2.3: Continue to make ACFRs and monthly, quarterly, one-, three-, five-, and ten-year investment returns publicly available via the Retirement Fund's website.	<ul style="list-style-type: none"> <i>Ongoing.</i> This information is continuously posted on the Retirement Fund's website following Board meetings.
	D2.4: Ensure that membership is provided regular updates on the Retirement Fund's investment returns.	<ul style="list-style-type: none"> <i>Ongoing.</i>
D3: Regularly review and continuously improve Finance Department procedures.	D3.1: Develop and maintain policies and procedures to implement and monitor the PRIT investment mandate of new Pension Agreement.	<ul style="list-style-type: none"> <i>In progress.</i> ICWG met on February 28, 2024, October 2, 2024, and January 21, 2025 to determine scope of review and to revise policies and procedures (IPS, Investment Manager Selection, Finance Department Procedures). <i>Complete.</i> Finance Department developed an Excel tracker to monitor the MBTARF's progress in achieving the PRIT investment mandate.
	D3.2: Regularly convene the Investment Compliance Working Group (ICWG) to review and monitor the financial department processes and procedures.	<ul style="list-style-type: none"> <i>In progress.</i> ICWG met on February 28, 2024, October 2, 2024, and January 21, 2025 to determine scope of review and to revise policies and procedures (IPS, Investment Manager Selection, Finance Department Procedures).
	D3.3: Conduct internal reviews (utilizing the ICWG) of the Finance department policies and procedures and determine feasibility of conducting external agreed audits of the Finance department policies and procedures.	<ul style="list-style-type: none"> <i>In progress.</i> ICWG met on February 28, 2024, October 2, 2024, and January 21, 2025 to determine scope of review and to revise policies and procedures (IPS, Investment Manager Selection, Finance Department Procedures).