MBTA Retirement Fund

A Pension Trust Fund between the Massachusetts Bay Transportation Authority and its Employees

2025 Annual Comprehensive Financial Report

For the years ending December 31, 2025 & 2024
Boston, Massachusetts

Issued by:

John P. Barry
Executive Director

MBTA Retirement Fund

A Pension Trust Fund administering benefits earned by employees of the Massachusetts Bay Transportation Authority

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Years Ended December 31, 2025 and 2024

Prepared by:

The MBTA Retirement Fund Staff

The Massachusetts Bay Transportation Authority Retirement Fund is a private trust created in 1948 by the Metropolitan Transit Authority, the predecessor agency to the Massachusetts Bay Transportation Authority ("MBTA"), and The Boston Carmen's Union, Amalgamated Transit Union Local 589. Our mission then, as now, is to provide retirement benefits to the membership consisting of the transit workers and others employed by the MBTA. To ensure that the pensions earned by active and retired members, and their beneficiaries, remain secure, we are dedicated to managing a strong and diversified investment program.

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INTRODUCTORY SECTION

(Unaudited)

June 22, 2026

To Chairperson Evers, the Trustees of the MBTA Retirement Fund, Participants and Beneficiaries:

On behalf of the Board of Trustees, I am pleased to present the Massachusetts Bay Transportation Authority Retirement Fund's Annual Comprehensive Financial Report (ACFR) for the fiscal year ending December 31, 2025. This report reflects our continued commitment to transparency, accountability, and accurate financial reporting, while maintaining the high standards of service and stewardship expected by our members and stakeholders. The document presented today marks the tenth consecutive ACFR issued by the MBTA Retirement Fund.

Management remains ultimately responsible for the integrity and accuracy of the information contained in this report, as well as the fair presentation of the financial statements in all material respects. The ACFR is intended to provide clear, comprehensive, and reliable information regarding the Fund's investments, financial position, and performance results. The audit for calendar year 2025 was conducted by KPMG LLP, an independent firm of licensed certified public accountants.

The ACFR includes the Management's Discussion and Analysis (MD&A) that follows the Independent Auditor's Report. This analysis is designed to provide an overview of the Fund's financial statements and financial results. The Basic Financial Statements immediately follow the MD&A. The Fund's financial statements were prepared in accordance with Generally Accepted Accounting Principles (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). The Fund's transactions are reported on the accrual basis of accounting. The objective of the internal control framework is to obtain reasonable rather than absolute assurance that the financial statements will be free from material misstatement since the cost of controls should not exceed anticipated benefits to be derived.

Our independent external auditors, KPMG LLP, have conducted an audit of the Basic Financial Statements in accordance with auditing standards generally accepted in the United States, performing tests and procedures as they deem necessary to express opinions on the Basic Financial Statements in their report to the Board. Following the MD&A and Basic Financial Statements (BFS), the financial section of the ACFR includes notes disclosures that explain and enhance the basic financial statements as well as a Required Supplementary Information (RSI) section. The ACFR then presents information in the investment section providing the Fund's investment strategy, policy, holdings and results. The statistical section contains information regarding the financial ratios of the MBTA Retirement Fund.

Profile of the MBTA Retirement Fund

The Fund was established on January 1, 1948, under an agreement and declaration of trust (restated on November 17, 2023 and July 19, 2019) by and among the Massachusetts Bay Transportation Authority (the Authority), and Local 589, Amalgamated Transit Union, Boston Carmen's Union, AFL CIO (collectively, the Union). The Fund is a single employer plan. It was established as a contributory defined benefit retirement plan in accordance with the Pension Agreement; effective July 1, 1970, (restated thereafter) adopted by the Authority and the Union for the purpose of receiving contributions and providing pension benefits for its Members and qualified beneficiaries.

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The MBTA Retirement Fund Board of Trustees (governing board) seeks to utilize its assets under management to the benefit of the membership by strategically and methodically allocating financial resources to a diverse portfolio of investments while applying the knowledge and experience of a broad range of investment managers. An overview of the Investment Policy Statement is included in the Investment Section, on page 102.

The Board determines investment objectives, strategies, and policies of the Fund. The Executive Director of the Fund is accountable for the Fund's general management and operations. In addition, the Executive Director reports to and advises the six-member Board of Trustees. The staff of the Fund work diligently to uphold the original mission of serving Members and their families.

As of December 31, 2025, the Fund had approximately $2,021.8 million in net position restricted for pension benefits compared to $1,801.7 million for the prior calendar year, representing an increase of $220.1 million in net position. The MBTA Retirement Fund Board utilizes the services of a third-party custodian institution to assist with the settlement and accounting for investment and cash transactions.

As of December 31, 2025, the Fund had 6,920 active members compared to 6,565 as of December 31, 2024. As the MBTA continues its efforts to strengthen and expand its workforce, the Fund has experienced corresponding growth in active contributing membership. There were 6,810 retired members, beneficiaries and disabled members receiving a benefit as of year-end 2025 compared to 6,783 on December 31, 2024.

Executive Director Discussion

For the year ending December 31, 2025, the total Fund returned 12.47% gross of fees, representing the third consecutive year in which total Fund returns exceeded the assumed rate of return of 7.25%. This strong performance reflects the Fund's disciplined investment approach, which is focused on achieving long-term actuarial objectives while prudently managing risk through a diversified portfolio strategy.

In 2025, the MBTA continued contributing to regional labor market and economic growth by adding 355 new employees to active Fund membership. We are pleased to welcome these new members to the Fund.

Following approval of the new Pension Agreement in 2023 and implementation of its provisions throughout 2024, 2025 marked the first full year operating under the updated framework and policies. During the year, the Fund continued to build upon the progress achieved during implementation, with many of the agreement's provisions now fully integrated into daily operations, as discussed in greater detail in the organizational section below.

The Fund also continued advancing the MBTA Retirement Fund 2024–2027 Strategic Plan, which was approved by the Board in May 2024. Throughout 2025, meaningful progress was made toward the Plan's strategic initiatives and long-term organizational objectives. I look forward to discussing the goals of the Plan and the progress achieved to date in greater detail throughout this document.

The Board of Trustees and the Fund's Investment Consultant continue to closely monitor the evolving investment environment and make prudent decisions on behalf of the membership. The Fund's investment strategy remains focused on long-term growth and stability through disciplined strategic asset allocation across varying market conditions.

Operational Changes

After the Pension Agreement was signed in 2023, the remainder of the year and 2024 was focused on implementing the provisions of the document. During 2025, the Fund continued to build upon the

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progress achieved during implementation, with many of the agreement's provisions fully integrated into daily operations. The new Pension Agreement made important changes including the creation of a two-tier retirement benefit structure consisting of the Group A Plan and the Group B Plan. A copy of the Pension Agreement is available on the Fund's website along with other helpful materials.

The benefits department is continuously working to enhance the Members' experience and provide easier access to retirement information. Following a lengthy implementation process, in February 2026, the Retirement Fund launched MyPenPay, a self-service website for Retired Members. MyPenPay allows Retired Members to view their payment history, print tax forms, and utilize a federal tax withholding calculator to determine how potential changes to their federal tax withholding elections could affect their net pay. The website is managed by State Street Bank and a help desk is available to Retired Members to answer questions about the platform. MyPenPay complements the PTG Self-Service System which remains available to both Active and Retired Members. In addition, PTG, the provider of the MBTA Retirement Fund's pension benefit software completed updates in 2025 to incorporate Pension Agreement changes into the software system.

As part of the operational changes resulting from the new Pension Agreement, the Fund completed the required transition of 50% of Fund assets to the PRIT Fund effective April 1, 2025, well ahead of the March 31, 2028 deadline. This significant initiative followed the 2024 amendment to the Pension Trust Agreement and execution of a revised Letter Agreement with PRIM, which formally reaffirmed PRIM's fiduciary responsibility in managing Fund assets. The successful and early completion of this complex transition reflects the diligence and effectiveness of Fund staff throughout the implementation process.

As always, the Fund remains committed to providing responsive service and support to our members. We continue to offer walk-in assistance for select services, while appointments remain available for matters requiring additional time and consultation. Operational updates and amendments are regularly posted to the Fund's website and updated as needed to ensure members have access to the most current information.

Objectives and Goals

The Fund has a long-standing history of thoughtful, goal-oriented planning designed to strengthen operations, enhance member services, and position the organization for long-term success. In 2014, the MBTA Retirement Fund launched its first Strategic Plan covering the 2015–2019 period. That foundational plan established a clear mission and strategic priorities that led to meaningful advancements in customer service, financial reporting, staff professional development, technology infrastructure, and ethics training and accountability.

Building upon that success, the Fund implemented its Project 2020 Strategic Plan covering the 2020–2023 period, culminating with the Fund's 75th Anniversary in 2023. Despite the unprecedented operational challenges presented during the pandemic, the Fund successfully achieved many of the Plan's ambitious objectives while maintaining uninterrupted service to members and implementing significant changes associated with the new Pension Agreement.

Following completion of the 2020–2023 Strategic Plan, the Fund commissioned an independent assessment to evaluate progress toward its strategic goals and identify opportunities for continued advancement. The recommendations resulting from that assessment informed the development of the MBTA Retirement Fund's 2024–2027 Strategic Plan. Throughout 2025, the Fund continued to make measurable progress toward the implementation of the Plan's initiatives and priorities, reinforcing the

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organization's commitment to continuous improvement, operational excellence, and responsible stewardship.

The current Strategic Plan is organized around four primary goals:

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.

Goal B: Cultivate a sophisticated, professional and intelligent organization that is dedicated to achieving the organization's goals.

Goal C: Enhance financial technology capabilities to support a secure and high performing environment.

Goal D: Maintain and preserve the long-term sustainability of the pension fund.

Throughout 2025, the Fund made meaningful progress toward achieving these objectives. In support of Goal A, Boston Web Design completed a comprehensive redesign of the MBTARF website to improve communication, increase accessibility to information, modernize navigation, and ensure that services and content are delivered clearly and efficiently to the membership. Additionally, Fund staff developed new standard operating procedures for administering benefits under the Group B Plan and collaborated with PTG, the Fund's software provider, to update benefit administration systems to ensure compatibility with the new plan structure.

In furtherance of Goals B and C, the Fund collaborated with PERAC in early 2025 to host a joint information security seminar focused on cybersecurity and data privacy issues relevant to Chapter 32 retirement systems and the MBTA Retirement Fund. Follow-up discussions were held later in the year with PERAC leadership to evaluate future programming opportunities and strengthen ongoing collaboration in the area of information security and risk management.

The Fund also undertook several significant governance and operational initiatives during 2025. Fund management, in coordination with State Street Bank and with Board approval, completed a comprehensive review and update of the Custody Agreement, Performance and Analytics Agreement, and Benefit Payment Services Agreement. These updated agreements established clear performance expectations, balanced contractual obligations, and enhanced protections for sensitive member information in accordance with evolving industry standards and best practices.

Simultaneously advancing Goals B and D, the Fund updated its Fiduciary Standards and Investment Policy Statement to incorporate the PRIT Directive and reinforce fiduciary accountability under the revised Pension Agreement framework. In addition, the Retirement Board's By-Laws and Indemnity Policy were consolidated and modernized to align with current best practices in governance and organizational oversight.

The Fund remains committed to advancing the objectives outlined in the 2024–2027 Strategic Plan while continuing to provide responsible and efficient stewardship of Fund assets and delivering the retirement benefits promised to members and retirees. Through these ongoing efforts, the MBTA Retirement Fund continues to strengthen long-term retirement security for all participants.

Investment Policy Overview

The Fund maintains a broadly diversified investment portfolio consisting of publicly traded equities and fixed income securities, as well as privately held partnership investments. Given the scale and complexity

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of these assets, the Retirement Fund adopts and maintains a comprehensive Investment Policy Statement (IPS) to establish investment objectives, guide investment oversight, and ensure adherence to prudent fiduciary standards. The IPS is designed to support optimal risk-adjusted returns while ensuring that all investment decisions are made exclusively for the benefit of Fund members and beneficiaries.

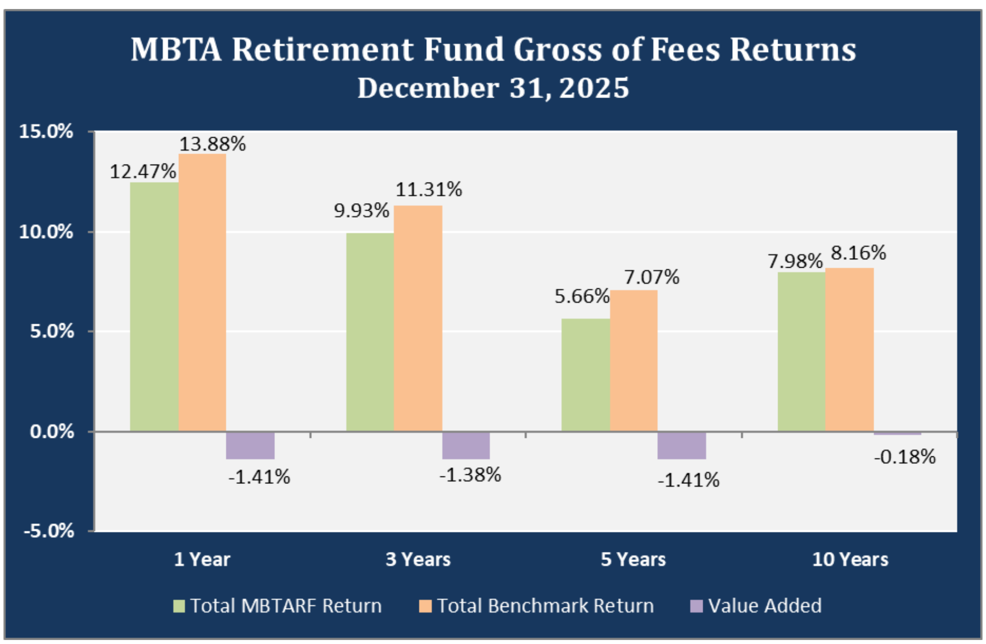
In 2025, the Fund convened its Investment Compliance Working Group to conduct its annual review of the IPS, Investment Selection Process, Investment Management Compliance Policies, and related financial reporting practices. As part of this review, revisions were made to the IPS and related policies to incorporate the PRIM investment mandate and other provisions associated with the updated Pension Agreement. The Board's primary objective remains the long-term financial strength and sustainability of the Fund in order to provide retirement security for its members.

MBTA Retirement Fund Performance

The year ended December 31, 2025, brought continued positive performance for the Fund. Regardless of market conditions or political climate, the Board and management are always focused on long-term performance. As of December 31, 2025, the total Fund return gross of fees was 12.47% and the annualized three, five and ten-year returns were 9.93%, 5.66% and 7.98%, respectively. For more detailed information regarding the Fund's investment policies, guidelines and results please see the Investment Section of this report, starting on page 68.

Year Ended December 31, 2025:

- The Fund's total gross return is 12.47% compared to the total policy benchmark 13.88%.
- The Fund's inception to date gross return is 9.03%.
- The return equates to an investment gain of $220.6 million.
- Net total outflows to pay benefits for the calendar year were approximately $241 million.
- The 1- year, 3-year, 10-year and since inception gross returns outperformed the actuarial rate of return of 7.25%.



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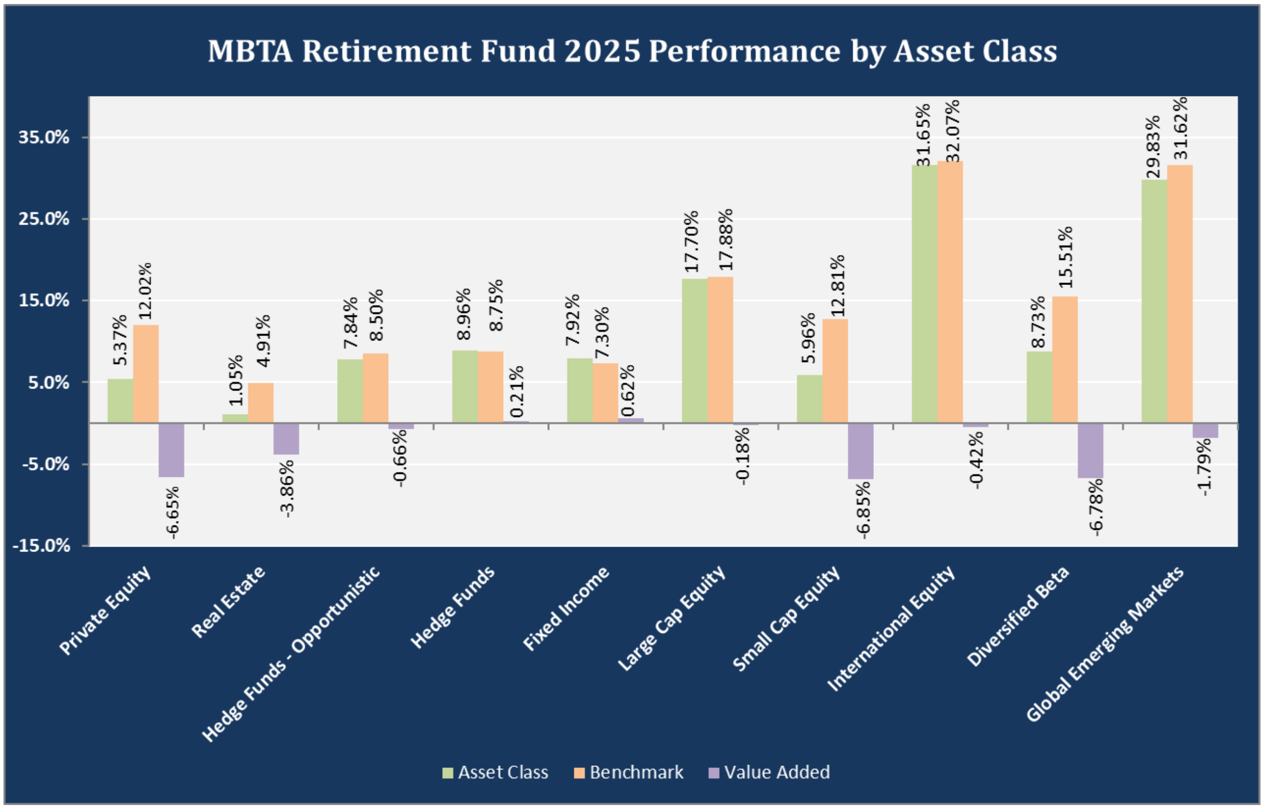
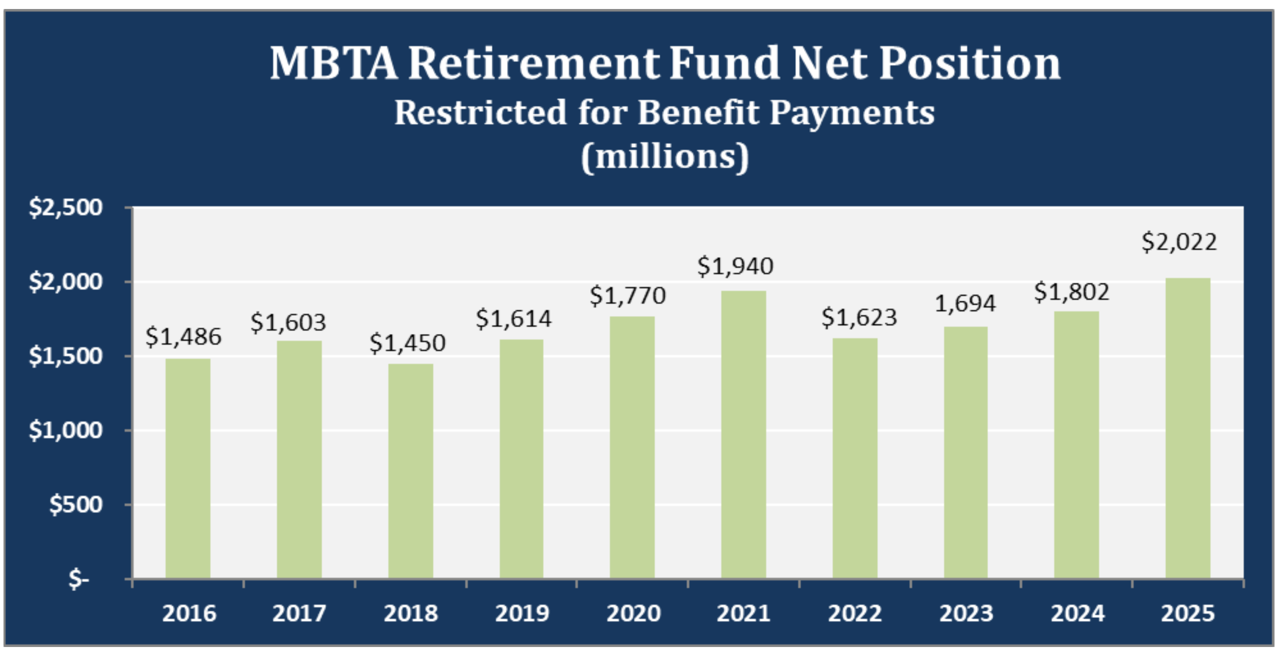

MBTA Retirement Fund 2025 Performance by Asset Class
35.0%
25.0%
15.0%
5.0%
-5.0%
-15.0%
5.37%
12.02%
-6.65%
1.05%
4.91%
-3.86%
7.84%
8.50%
-0.66%
8.96%
8.75%
0.21%
7.92%
7.30%
0.62%
17.70%
17.88%
-0.18%
5.96%
12.81%
-6.85%
31.65%
32.07%
-0.42%
8.73%
15.51%
-6.78%
29.83%
31.62%
-1.79%
Private Equity
Real Estate
Hedge Funds - Opportunistic
Hedge Funds
Fixed Income
Large Cap Equity
Small Cap Equity
International Equity
Diversified Beta
Global Emerging Markets
Asset Class
Benchmark
Value Added


MBTA Retirement Fund Net Position
Restricted for Benefit Payments
(millions)
$2,500
$2,000
$1,500
$1,000
$500
$-
$1,486
$1,603
$1,450
$1,614
$1,770
$1,940
$1,623
1,694
$1,802
$2,022
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025

(continued)

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A), beginning on page 31, provides an overview and analysis of the Fund's basic financial statements. This letter of transmittal is intended to complement the MD&A, and should be read in conjunction with the MD&A.

Markets and Outlook

Financial markets in 2025 continued to face a mix of opportunities and challenges as the economy adjusted to higher interest rates, moderating inflation, and ongoing uncertainty around the world. Throughout the year, investors closely followed inflation trends, Federal Reserve decisions, and overall economic growth as markets worked through changing conditions.

In the United States, stock markets remained strong overall during 2025, supported by solid company earnings, continued growth in technology and artificial intelligence, and a relatively healthy job market. While markets experienced periods of volatility due to inflation reports, interest rate concerns, and global events, investor confidence generally remained positive throughout the year. International markets saw mixed results. Some developed countries benefited from easing inflation and improving economic conditions, while other regions continued to face slower growth and geopolitical uncertainty. Emerging markets also experienced challenges from currency fluctuations and uneven economic recovery, although some countries benefited from improving global trade and supply chain conditions.

Bond markets continued adjusting to the higher interest rate environment that developed over the last several years. Interest rates remained elevated for much of 2025 as the Federal Reserve continued its efforts to bring inflation under control while supporting economic stability. Although inflation continued to improve during the year, some prices — particularly within service industries — remained higher than desired. As a result, markets remained sensitive to economic data and Federal Reserve announcements.

Hedge fund investments generally performed well in 2025 as managers took advantage of changing market conditions, higher interest rates, and periods of market volatility. Real estate markets continued to face pressure from higher borrowing costs, especially in certain commercial property sectors such as office buildings. However, other areas of real estate, including industrial and residential properties, remained more stable due to continued demand and limited supply in many markets.

Looking ahead to 2026, financial markets are expected to remain focused on inflation, interest rates, economic growth, and global events. While there is optimism that inflation will continue to improve and interest rates may gradually decline over time, uncertainty and market volatility are still expected. The Fund will continue to maintain a disciplined and diversified long-term investment strategy designed to protect the retirement security of our members and retirees through changing market conditions.

Asset Allocation/Investments

The Fund is responsible for implementing an asset allocation with an appropriate balance of risk and return, it is a critical component for formulating investment strategies. Asset-liability modeling (ALM) is conducted in three to five-year intervals. The last ALM Study was completed in November 2023. The project's purpose is to consider alternatives to the current asset mix with the objective of identifying potential opportunities for improved Fund financial results. This approach allows for sufficient flexibility to capture investment opportunities as they may occur yet provide parameters to ensure prudence and care while managing the Fund's assets. On February 16, 2024, the Board approved an updated asset

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allocation that went into effect on April 1, 2024. The Board's primary goal is to maintain a financially sound pension fund to provide financial security for its Members.

The applicable asset allocation for the year 2025 (below) is the result of an asset-liability study conducted by the Fund's actuary, Gallagher Benefit Services, Inc. and investment advisor, Segal Marco Advisors. At year end the Fund's actual asset allocation was within approved target ranges.

Asset Class	Target (%)	Minimum Exposure (%)	Maximum Exposure (%)
Equities	**43**	**38**	**48**
US Equity	27	22	32
International Equity	12	8	16
Emerging Markets Equity	4	2	6
Fixed Income	**26**	**23**	**33**
Fi - Core	10	6	14
FI - Mortgages	3	0	5
FI - Inflation Linked Securities	3	0	5
FI - Bank Loans	3	0	5
FI - Global Multi Sector	7	4	10
Cash	**2**	**0**	**3**
Alternative Investments	**29**	**17**	**36**
Hedge Fund of Funds	4	1	7
Private Equity	8	4	12
Private Credit	2	0	4
Real Estate	9	5	12
Opportunistic - Hedge Funds	2	0	4
Risk Parity / Diversified Beta	4	1	7

Following the execution of the Pension Agreement in 2023, Fund staff undertook the complex process of implementing the PRIM investment mandate, with those efforts continuing through completion on April 1, 2025. The investment highlights below reflect some of the significant work completed to support this transition. As always, the Board of Trustees and Fund Management continue to actively monitor investment manager performance to ensure the Fund utilizes high-quality investment managers aligned with the Fund's long-term objectives.

Some 2025 Investment Highlights include:

- On January 17, 2025 the Board of Trustees voted to terminate Morgan Stanley Eaton Vance International Small Cap Equity portfolio and reallocate the funds to PRIM International Equity Segmentation.
- Following an opportunistic asset class search, the Board allocated $7.5 million to both Hamilton Lane Strategic Opportunities Fund IX and HarbourVest Credit Opportunities Fund III.

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- In February 2025 the Board fully redeemed from Morgan Stanley Eaton Vance Bank Loan Portfolio and allocate the capital to the PRIM Fixed Income Value-Add Segmentation.
- The Board also terminated Aristotle Capital and allocated the assets to PRIM Domestic Equity Segmentation this month.
- Additionally, SSGA EAFE Index Portfolio was redeemed and allocated to PRIM International Equity Segmentation.
- The Investment Policy Statement was reviewed and approved on March 21, 2025.
- In July 2025 the State Street Bank Custody, Retiree Services and Performance & Analytics contracts were executed following a substantial review and re-write by Fund Counsel and staff.
- In July 2025, the Fund redeemed 4% from SSGA Russell 1000 Index and moved the funds to SSGA Russell 1000 Growth Index in an effort to balance the equity portfolio.
- In September 2025, Alliance Capital Management, RBC Global Asset Management and JP Morgan Special Situations Property Trust were placed on the Watch List due to underperformance and concerns from the Investment consultant.
- In October 2025, the MBTA Retirement Fund Board of Director's By-Laws were amended to reflect current policies and procedures.
- During the annual review of private equity, in November 2025, the Trustees committed $10 million to the PRIM Private Equity Vintage Year 2026 Segmentation Program (PEVY 2025) and $10 million to Lexington Middle Market Fund V.
- Following the substantial commitments to various PRIM Segmentations in early 2025, on April 1, 2025, the PRIT Fund was managing 100% of the required amount of Fund assets per the investment mandate.

Administration

The Board of Trustees of the Retirement Fund is the highest authority within the organizational structure. As of December 31, 2025, the date of the Fund's most recent actuarial valuation, the Fund's membership included 6,920 members in active status, 6,810, retirees and beneficiaries receiving benefits and 3 terminated vested members who are not yet receiving benefits. Our pension management software enables the Fund to efficiently track demographics for both active and retired Members as well as facilitate benefit payments via an automated process. In addition, the Fund offers an employee self-service platform for active and retired Members which offers remote access to their personal retirement information. The portal was updated to incorporate the necessary changes or Group B Members allowing them the convenience of running estimates and calculations directly through the secure Member portal. I encourage you to visit the portal at www.mbtarf.com.

Benefits

On March 31, 2023, the Union and the Authority executed a Memorandum of Understanding (MOU) that implemented significant revisions to the Pension Agreement. As part of that resolution, the interest arbitration award issued on August 26, 2022, was vacated in its entirety and no longer has any force or effect. The revised Pension Agreement remains in effect for the period of June 30, 2018, through June 30, 2028. Additional information regarding the updated Pension Agreement is provided in the Membership section below.

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Membership

Membership in the Fund is available to most MBTA employees except for MBTA Police Officers. Employees who are or may become members of the Union are included in the membership of the Fund. Employees who are not members of the Union but who are on the regular payroll of the Authority and Members of the Fund on the date of the execution of the Fund's Pension Agreement are also included in the membership of the Fund.

The new Pension Agreement created a two-tier pension benefit structure. Employees who are or become Members of the Fund on or before June 30, 2023, are in the Group A Plan unless a Member (i) elected to join the Group B Plan by providing written notification to the Fund between July 1, 2023, and March 29, 2024, and (ii) accumulates at least 24 months of creditable service after such election. Employees who are or become Members of the Fund on or after July 1, 2023, are automatically in the Group B Plan.

The retirement age for Group A Plan Members remains unchanged; those whose hire date is on or after December 6, 2012, will be required to complete at least twenty-five (25) years of creditable service and attain age 55 to be eligible for an early normal retirement allowance. For those members whose date of hire is prior to December 6, 2012, completion of at least twenty-three (23) years of creditable service is required to receive compensation under an early normal allowance.

Pension benefits for new hires, Group B, defined as those employees who become Members of the Fund on or after July 1, 2023, have adopted a sliding scale determined by the Member's age at the time of retirement beginning at a rate of 1.75% at 55 years of age progressing to a rate of 2.46% at 61 years of age. Members, however, are fully vested after the Member accrues 10 years of creditable service.

Contributions

Benefits paid to Members are financed by employer contributions, employee contributions and earnings on investments made by the Fund. Per the updated Pension Agreement, Active Members' individual contributions are increased by 1.25% over the actuarial annual required contribution rate beginning with the first full pay period after July 1, 2023. In addition, the Authority contributions will be maintained at a minimum floor of 25.8161% of payroll, paying increased amounts if prescribed by the actuarial annual required contribution rate until the unfunded amount of the plan is less than 20%, as determined by the MBTARF's actuary.

Effective July 1, 2026, the valuation report calculated a Members rate of 8.6239%, and therefore Members are required to contribute at a rate of 9.8739% of their pensionable salary. The Authority contribution rate is 25.8161%, which is due to the actuarial determined rate of 24.5261%, triggering the minimum requirement. The increase to the members' rate and the Authority's minimum requirement was negotiated in the Pension Agreement to pay down the MBTA Retirement Fund's unfunded accrued liability and ultimately provide a more stable financial future for the retirees.

Funding

In setting contribution rates, the Board's principal objective is to set rates so the unfunded actuarial accrued liability (UAAL) will be amortized over a reasonable period from the most recent valuation date and set rates, so they remain relatively level over time. An actuarial valuation is performed annually. Every year the Actuary reviews the assumptions used in the Valuation. In the Spring of 2023, an Experience Study was conducted, and Gallagher proposed updated assumptions for mortality tables, salary increases,

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termination rates and retirement rates. All assumptions were approved by the MBTA Retirement Board in April 2023 for use in the 2022 Valuation Report. Gallagher did not recommend any changes to assumptions for the 2023, 2024 and 2025 Valuation Reports. The investment return assumption of 7.25% and the inflation assumption of 2.75% remain the same. The mortality table, Pri-2012 Blue Collar, continues to be recommended as the best fit based on the makeup of the plan participants.

The most recent actuarial valuation report, dated December 31, 2025, calculated the Fund's unfunded actuarial pension liability at $1,529,216,832. As of December 31, 2025, the funded ratio is 57.05%. The adoption of the most recent asset allocation continues to support a 7.25% discount rate. However, the Board of Trustees are mindful of monitoring this rate to help facilitate financial solvency. In addition, the investment managers' performance is reviewed monthly and, if needed, adjustments to the portfolio are made to help increase and limit decreases to the Fund's overall return.

The actuarial firm, Gallagher Benefit Services, Inc, completed the actuarial reviews and valuations. For more information on the actuarial assumptions of the Fund as part of the December 31, 2025, valuation, please see the Summary of Actuarial Assumptions and Methods found in the Actuarial Section of the ACFR, starting on page 106.

Membership Communications

The MBTA Retirement Fund continues its focus on member communication through Milestones and posting pertinent information to our website at www.mbtarf.com. We place special emphasis on providing quality customer service to which we encourage feedback and welcome new ideas.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Fund for its annual comprehensive financial report for the fiscal year that ended December 31, 2024. To be awarded a Certificate of Achievement, the Fund must publish an easily readable and efficiently organized ACFR, the contents of which conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Fund has received this prestigious award for the last eight years.

A Certificate of Achievement is valid for a period of one year only. We believe our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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Acknowledgements

The compilation of the 2025 ACFR reflects the collaborative efforts of the Fund's staff, Actuary, Investment Advisor, and professional service providers. Our continued goal is to present a thorough, transparent, and accurate report that is both informative and accessible to our members and stakeholders. This report is intended to provide reliable information regarding the Fund's financial position, operations, and investment activities to support sound decision-making and responsible stewardship.

I would also like to express my sincere appreciation to the Board of Trustees, Fund staff, Investment Advisor, Actuary, and the many professionals and members whose dedication and hard work contribute to the continued success of the Fund. In particular, we recognize and value the commitment of our Board of Trustees, who voluntarily provide their time, expertise, and oversight in support of protecting the long-term financial security of our membership.

Yours respectfully,

John P. Barry
Executive Director / Chief Financial Officer

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, 2024

Christopher P. Morrill
Executive Director/CEO

MBTA Retirement Fund Board Trustees

Advisory Committees to the MBTA Retirement Fund Board

Audit and Actuary Committee

James Evers
Board Member

James Bradley
Board Member

Mary Ann O'Hara
Board Member

Paul Todisco
Board Member

Organizational Chart

Effective January 1, 2025

MBTA Retirement Fund Board

Elected	***Appointed***
James Evers, Chair	Mary Ann O'Hara
James Bradley	Chanda Smart
Timothy Long	Paul Todisco

Jacquelyn Carey, Board Secretary

Executive Director
John P. Barry

Fund Staff/Counsel

Administrative

Carolina Assis

- Executive Support
- Maintain Documentation
- Correspondence
- Customer Service

Finance
Jacquelyn Carey

Joseph D'Angelo
Michael Barrio

- Accounting / Reporting
- Monitoring Investments
- Payroll / Contributions
- Investment Compliance

Benefits
Dominique Sye

Sagine Gay
Siobhan Keeney
Margaret Lane

- Benefits Calculations
- Member Services
- Records Management
- Disability Requirements

Counsel
Holland & Knight

- Legal Advice
- Compliance
- Fiduciary Guidance

Info Technology
Robert Biga

- Information Governance
- Technology Oversight
- Cyber Risk Management

Contractors/Service Providers

Consulting
Segal-Marco

- Asset Allocation
- Monitor Performance
- Investment Policy
- Performance Reporting

Investment Managers

- Equity & Fixed Income
- Alternative Investments
- Diversified Beta

Custodian Bank
State Street

- Safekeeping
- Asset Valuations
- Benefit Payments
- Compliance Reporting

Actuary
Gallagher

- Actuarial Assumptions
- Project Financial Needs
- Earnings Assumptions
- Funded Status

Auditors
KPMG

- Audits
- Independent Testing

Please refer to the Investment Section page 100 for the Summary Schedule of Broker Commission and Fees and page 101 for the Schedule of Direct Management Fees.

Historical MBTA Retirement Fund Board Members

	Period of Service From	To
(A) Harold Ulrich **	08/48	01/49
(E) Irving F. Murray	08/48	08/49
(E) William A. Roche	08/49	07/56
(A) Thomas A. Dunbar **	08/48	01/59
(A) Charles A. McCarron **	08/48	05/60
(E) Thomas P. Dillon	08/48	03/61
(A) Ernest M. Flint	01/49	01/50
(E) Bartholomew P. Saunders	08/49	08/52
(A) Arthur V. Grimes	07/50	06/52
(A) Augustine Airola	06/52	04/53
(E) James J. Casey	08/52	08/64
(A) Harold Ulrich	04/53	04/57
(E) Michael J. Gormley	07/56	12/63
(A) William V. Ward **	08/57	08/64
(A) John J. Sullivan	01/59	07/59
(A) Willis B. Downey **	06/59	08/62
(A) William E. Ryan	06/60	02/72
(E) Edward S. Russell	03/61	01/62
(E) Matthew F. Ryan	01/62	12/69
(A) Edward F. McLaughlin, Jr.	08/62	03/70
(E) Walter H. Doyle	12/63	12/69
(E) Thomas F. Holland, Jr.	08/64	08/70
(A) Philip Kramer **	08/64	04/68
(A) Richard D. Buck **	04/68	07/79
(E) John J. Sugrue	12/69	12/71
(E) Albert F. Kelley	12/69	12/75
(A) Joseph C. Kelly	03/70	07/70
(A) John R. Launie	07/70	05/83
(E) Albert J. Fitzpatrick	08/70	07/80
(E) Patrick C. Quill	12/71	12/75
(A) Joseph H. Elcock	02/72	07/79
(E) John J. Sugrue	01/76	07/76
(E) Redmond R. Condon	01/76	02/78
(E) Joseph D. Fleming, Jr.	07/76	12/77
(E) Donald R. Abbott	12/77	08/79
(E) James J. Slattery	02/78	08/79
(A) Walter J. Ryan **	07/79	05/83
(A) Richard L. Taylor	07/79	05/83
(E) George P. Adams	08/79	11/79
(E) Richard J. Guiney	08/79	11/79
(E) John J. Gallahue, Jr.	11/79	01/83
(E) John J. O'Leary	03/80	01/93
(E) James T. Norton	07/80	10/90
(E) Paul M. Connolly	01/83	12/86

	Period of Service From	To
(A) Paul E. Means	05/83	01/84
(A) William F. Irvin **	05/83	04/91
(A) James E. Smith, Esq.	05/83	04/91
(A) Melissa A. Tillman	01/84	04/91
(E) Anthony B. Romano **	12/86	02/92
(E) John J. Connolly **	10/90	08/94
(A) Domenic M. Bozzotto	04/91	02/97
(A) Toye L. Brown, Ph.D.	04/91	10/93
(A) James A. Radley	04/91	11/92
(E) James W. Duchaney	02/92	01/93
(A) Michael P. Hogan	11/92	12/93
(E) Richard M. Murphy	01/93	08/96
(E) Edward F. Sheckleton **	01/93	12/01
(A) Oliver C. Mitchell, Jr.	10/93	05/98
(A) Albert Shaw	12/93	10/95
(E) Paul V. Buckley	08/94	04/98
(A) Boyce W. Slayman	10/95	03/00
(E) James E. Lydon	10/96	12/01
(A) Janice Loux**	10/97	03/15
(E) William A. Irvin	04/98	12/05
(A) William A. Mitchell, Jr.	12/98	10/00
(A) Joseph M. Trolla	08/00	10/08
(A) Hon. Baron H. Martin	11/00	10/04
(E) Stephan G. MacDougall	01/02	12/10
(E) John P. Barry	01/02	04/06
(A) Jonathan R. Davis	10/04	05/15
(E) James M. O'Connell	09/07	06/15
(E) Michael F. Mastrocola	07/06	01/12
(A) Darnell L. Williams	01/09	05/15
(E) John J. Lee	01/11	12/13
(E) James M. Evers **	04/12	Present
(E) James M. O'Brien	01/14	12/19
(A) Steven Grossman	06/15	12/19
(A) Betsy Taylor	06/15	04/23
(A) Michael J. Heffernan	06/15	09/17
(E) Craig S. Hughes	07/15	04/23
(A) Steven Kadish	10/17	09/18
(A) Michael Abramo	03/19	04/21
(E) James Bradley	01/20	Present
(A) Mary Ann O'Hara	01/22	Present
(A) Paul Todisco	06/22	Present
(E) Timothy Long	05/23	Present
(A) Chanda Smart	08/23	Present

(E) Employee Representative (A) Authority Representative ** Chairperson

Historical Executive Directors of the MBTA Retirement Fund

	Period of Service From	To
John H. Moran	01/48	11/51
Michael J. Powell	11/51	12/82
John J. "Jack" Gallahue, Jr.	01/83	03/02
Karl E. White	04/02	06/06
Michael H. Mulhern	07/06	08/16
John P. Barry	08/16	Present

Historical MBTA Retirement Fund Alternate Board Members

	Period of Service From	To
(A) Joseph Gannon	08/48	01/49
(A) Richard A. Sullivan	08/48	01/49
(A) Ernie B. Myott	08/48	08/64
(E) Philip E. Doyle	08/48	12/49
(E) John C. Carey	08/48	08/54
(E) Joseph P. Fahey	08/48	04/54
(A) Edward Dana	01/49	02/51
(A) Edward R. Kelly	01/49	07/50
(E) Thomas Freeman	12/49	08/52
(A) Ernest M. Flint	07/50	10/52
(E) Thomas F. Holland, Jr.	08/52	08/64
(A) John J. Sullivan	10/52	01/59
(A) Horace Schmerhorn	04/53	04/56
(E) Edward S. Russell	04/54	03/61
(E) Michael J. Gormley	04/54	07/56
(A) Robert H. Ryan	05/56	08/57
(E) Joseph P. Fahey	07/56	01/58
(A) John J. Graham	08/57	08/64
(E) Thomas J. Rush	01/58	12/69
(A) William J. Fitzsimons	01/59	07/70
(E) Richard R. Rodwell	03/61	01/62
(E) Walter H. Doyle	01/62	12/63
(E) Paul F. Halloran	12/63	12/69
(E) Albert J. Fitzpatrick	08/64	08/70
(A) Frederick J. Sheehan	08/64	03/67
(A) George L. Anderson	08/64	04/68
(A) Vincent M. Banks	03/67	01/74
(A) Forrest I. Neal, Jr.	04/68	01/78
(E) Patrick C. Quill	12/69	12/71
(E) Dennis F. Guiney	12/69	12/73
(A) Joseph A. Emerson	07/70	01/74
(E) Charles H. Ward	08/70	02/77
(E) Paul F. Sullivan	12/71	12/73
(E) Charles F. Cole, Jr.	12/73	12/75
(E) Edward J. Doherty	12/73	12/75
(A) Daniel F. Dullea	01/74	02/76
(A) Francis A. Sullivan	01/74	07/79
(E) Joseph A. Dineen	01/76	12/77
(E) Joseph D. Fleming, Jr.	01/76	07/76
(E) James T. Norton	03/77	07/80
(E) Redmond R. Condon	02/78	01/84
(E) George P. Adams	02/78	08/79
(A) Troy Y. Murray	10/78	07/79
(A) Guido R. Perera, Jr.	10/78	7/79
(A) Paul E. Means	7/79	5/83
(A) John J. McCarthy	7/79	5/83
(A) Guy F. DeBenedetto	7/79	8/81
(E) Frederick W. Burt III	12/79	3/83
(E) Charles E. Smyth	7/80	10/90
(E) Donald J. Quinlan	3/83	7/85
(E) Anthony B. Romano	1/84	12/86
(A) Melba F. Hamilton	5/84	4/91
(A) Judith H. Robbins	6/84	4/91
(E) Stanley V. Stearns	7/85	1/87
(E) Albert Mastrocola	1/87	10/97
(E) Edward F. Sheckleton	1/87	1/93
(E) Paul V. Buckley	10/90	8/94
(A) Michael P. Hogan	6/91	11/92
(A) Gregory C. Flynn, Esq.	10/91	3/92
(A) Arthur D. Shea	11/91	2/92
(A) Wesley G. Wallace, Jr.	2/92	3/94
(A) Esther R. Maletz, Esq.	3/92	3/94
(E) Robert F. Gosnell	1/93	3/96
(A) Carol A. Buckley	3/94	1/96
(A) Francis X. McDonough	3/94	8/96
(A) Clifford H. Straw	3/94	1/96
(E) Robert H. Stearns	8/94	4/98
(A) William A. Mitchell, Jr.	1/96	12/98
(E) Daniel K. Burton	4/96	9/96
(A) Sharna A. Small-Borsellino	4/96	5/00
(E) Francis X. Madden	10/96	1/99
(E) James M. O'Connell	4/98	12/05
(A) Philip Puccia	2/97	3/99
(E) James D. Wyllie	11/97	12/98
(E) Daniel K. Burton	1/99	1/00
(A) Willie J. Davis	12/98	7/00
(A) Michael Mulhern	4/99	4/02
(E) Torrie Austin	5/99	4/00
(E) James D. Wyllie	1/99	11/00
(E) James M. Evers	5/00	9/00
(A) Alice A. Fernandes	5/00	12/06
(A) Jonathan R. Davis	8/00	10/04
(E) Stephan G. MacDougall	10/00	11/00
(E) James M. Evers	11/00	12/01
(E) James Knox	8/01	12/01
(E) James Crowley	01/02	03/03

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(E) Roy L. Chance	02/02	12/02
(A) Wesley G. Wallace, Jr.	05/02	10/06
(E) Robert L. Callahan	03/03	02/06
(E) M. John Burr	03/03	12/03
(E) John S. Murray	01/04	02/05
(A) Brian J. Donohue	10/04	05/09
(E) James M. O'Brien	03/05	12/10
(E) Michael F. Mastrocola	02/06	06/06
(E) Daniel K. Burton	07/06	09/07
(A) Jeanne M. Morrison	10/06	03/15
(E) Lawrence C. Kelly	02/10	04/11
(E) Walter J. Novicki	01/11	12/11
(E) James M. O'Brien	05/11	12/13
(E) John A. Clancy	01/12	12/13
(A) Gerald K. Kelley	06/12	Present
(E) Margaret C. LaPaglia	01/14	02/18
(E) Lawrence C. Kelly	01/14	12/16
(E) Timothy P. Long	07/15	04/23
(E) John D. Hunt	01/17	12/19
(E) Patrick Hogan	04/18	12/21
(A) Paul Brandley	03/18	05/19
(A) Mary Ann O'Hara	12/19	12/21
(A) Patrick Landers	01/22	07/23
(E) Jose Cruz	01/22	02/25
(E) John Mersereau	01/22	Present
(A) David Panagore	06/22	02/24
(E) James Joyce	05/23	Present
(A) Thomas McGee	08/23	12/24
(E) Wayne Peacock	02/25	Present

MBTA Retirement Fund Professional Services

KPMG LLP
Audit services

Segal Marco Advisors
Investment consulting services

Gallagher
Actuarial services

Holland & Knight
Legal Counsel

State Street Bank & Trust Company
Custodian

FINANCIAL SECTION

KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

The Retirement Board and Participants:
Massachusetts Bay Transportation Authority Retirement Fund:

Opinion

We have audited the financial statements of the Massachusetts Bay Transportation Authority Retirement Fund (the Fund), as of and for the year ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Fund'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 of the Fund, as of December 31, 2025 and 2024, and the changes in its fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 U.S. generally accepted accounting principles, 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 Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinions. 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.

(continued)

KPMG LLP
515 Broadway
Albany, NY 12207-2974

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 Fund'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 Fund'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

U.S. generally accepted accounting principles require that the management's discussion and analysis, the schedule of changes in net position liability and related ratios, the schedule of investment returns, and the schedule of contributions 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 GAAS, 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.

KPMG LLP

Albany, New York
June 22, 2026

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
RETIREMENT FUND**
Required Supplementary Information
Management's Discussion and Analysis
December 31, 2025 and 2024
(Unaudited)

This section presents Management's Discussion and Analysis (MD&A) of the Massachusetts Bay Transportation Authority Retirement Fund's (the Fund or MBTARF) financial activity and performance as of and for the years ended December 31, 2025 and 2024 with comparative information presented as of and for the year ended December 31, 2023. The MD&A is unaudited and is intended to serve as an introduction to the Fund's basic financial statements, as well as to offer readers of the Fund's financial statements a narrative view and analysis of MBTARF's financial activities.

Financial Reporting Structure

The financial statements include the statements of fiduciary net position and changes in fiduciary net position. They present the financial position of the Fund as of December 31, 2025, and 2024 and its financial activities for the years then ended. The notes to the financial statements provide further information that is essential to a full understanding of the financial statements. The notes describe the significant accounting policies of the Fund and provide detailed disclosures on certain account balances. The required supplementary information includes the schedules of changes in net pension liability and related ratios, investment returns, contributions and related notes as prescribed by the Governmental Accounting Standards Board (GASB).

The Fund's financial statements are prepared on an accrual basis of accounting. This method of accounting requires recognizing and recording financial transactions when they occur and not just in conjunction with the inflows and outflows of cash.

The total assets managed by the Fund are held in the trust for the payment of pension and related benefits to its members. The Fund's Board of Trustees, in its fiduciary capacity, with assistance from its consultants established the Fund's investment policies and oversees their implementation.

Financial Highlights

Year ended December 31, 2025

The net position of the Fund increased $220.1 million, or 12.2%, from $1,801.7 million as of December 31, 2024 to $2,021.8 million as of December 31, 2025.

Net investment income increased $92.8 million, or 72.6%, from $127.8 million for the year ended December 31, 2024 to $220.6 million for the year ended December 31, 2025. The Fund had a 12.5.% rate of return for the year ended December 2025 compared to a 8.0% rate of return for the year ended December 31, 2024. The returns identified in the MD&A are gross of fees.

The total contributions received during the year ended December 31, 2025 were $248.5 million compared to total contributions received during the year ended December 31, 2024 of $226.8 million.

Employer contributions during the year ended December 31, 2025 increased $16.3 million or 10.0% to $178.5 million from $162.2 million during the year ended December 31, 2024.

Member contributions were $70.0 million during the year ended December 2025, an increase of $5.4 million or 8.4% over year ended December 31, 2024 member contributions of $64.6 million.

Benefits paid during the year ended December 31, 2025 were $241.0 million, an increase of $3.0 million or 1.3% over year ended December 31, 2024, when benefits paid were $238.0 million.

Year ended December 31, 2024

The net position of the Fund increased $107.3 million, or 6.33%, from $1,694.4 million as of December 31, 2023 to $1,801.7 million as of December 31, 2024.

(continued)

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
RETIREMENT FUND
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Management's Discussion and Analysis
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(Unaudited)

Net investment income decreased $14.9 million, or 10.4%, from $142.7 million for the year ended December 31, 2023 to $127.8 million for the year ended December 31, 2024. The Fund had a 8.0.% rate of return for the year ended December 2024 compared to a 9.4% rate of return for the year ended December 31, 2023. The returns identified in the MD&A are gross of fees.

The total contributions received during the year ended December 31, 2024 were $226.8 million compared to total contributions received during the year ended December 31, 2023 of $186.0 million.

Employer contributions during the year ended December 31, 2024 increased $27.0 million or 20.0% to $162.2 million from $135.2 million during the year ended December 31, 2023.

Member contributions were $64.6 million during the year ended December 2024, an increase of $13.9 million or 27.4% over year ended December 31, 2023 member contributions of $50.7 million.

Benefits paid during the year ended December 31, 2024 were $238.0 million, a decrease of ($9.2 million) or (3.7%) over year ended December 31, 2023, when benefits paid were $247.2 million. The decrease in benefits is due to one-time retroactive payments being made to members in 2023, as per the March 2023 Pension Agreement. These payments were not made in 2024.

Financial Analysis

The following schedules report the condensed comparative fiduciary net position and activities for the Fund as of and for the three years ended December 31, 2025, 2024 and 2023.

Condensed Comparative Fiduciary Net Position

(Dollar values expressed in millions)

	December 31		
	2025	**2024**	**2023**
Cash	$ 1.6	2.0	1.6
Receivables	17.7	14.9	15.7
Investments	2,006.7	1,788.1	1,681.3
Cash collateral on securities lending	37.2	11.4	22.4
Right-of-use asset net of accumulated amort.	1.7	0.5	0.9
Total assets	2,064.9	1,816.9	1,721.9
Cash collateral on securities lending	37.2	11.4	22.4
Accounts payable and accrued expenses	2.0	2.5	2.5
Payable for investments purchased	1.8	0.6	1.5
Lease Liability	2.1	0.7	1.1
Total liabilities	43.1	15.2	27.5
Net position – restricted for pension benefits	$ 2,021.8	1,801.7	1,694.4

Total assets at fair value were $2,064.9 million as of December 31, 2025, an increase of 248.0 million or 13.6%, over the year ended December 31, 2024, which were $1,816.9 million, which represented an increase of $95.0 million or 5.5% over the period ending December 31, 2023, where total assets were $1,721.9 million. At December 31, 2025, investments totaled $2,006.7 million. This was an increase of $218.6 million or 12.2% from the period ending December 31, 2024, which had investments at fair value were $1,788.1 million, an increase of $106.8 million, or 6.3%, over the year ended December 31, 2023, which were valued at $1,681.3 million. This investment increase in 2025 is due to the continuation of the positive gains shown in 2025. Even the Funds real estate investments showed

(continued)

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
RETIREMENT FUND
Required Supplementary Information
Management's Discussion and Analysis
December 31, 2025 and 2024
(Unaudited)

a moderate positive recovery after several difficult years. Fixed-income markets in 2025 experienced a strong, positive year, even as the inflation continued to rise and create high pricing pressures over the course of the year. Short-term rates were relaxed. The Federal Reserve cut interest rates three times in 2025.

As of December 31, 2025 cash collateral on securities lending increased by $25.8 million or 226.3% over the year ended December 31, 2024. The cash collateral on securities lending decreased by ($11.0) million or (49.1%) between December 31, 2023, and December 31, 2024. 2024. Fund receivables increased by $2.8 million, or 18.8%, over the prior calendar year. Between December 31, 2023 and December 31, 2024 receivables decreased by ($0.8) million, or (5.1%). GASB No. 87 Statement, *Leases*, (GASB 87) was implemented in 2023 and resulted in a right-to-use asset, net of accumulated amortization of $1.7 million for the year ended December 31, 2025 as compared to $0.5 million for the year ended December 31, 2024. This increase is due to the Sixth Lease Modification Agreement effective January 1, 2025. The right-to-use asset net of accumulated amortization in 2023 was $0.9 million.

Total liabilities as of December 31, 2025 increased by $27.9 million, or 183.6% over the calendar year 2025, and decreased by ($12.3) million, or (44.7%) during calendar year 2024. Cash collateral on securities lending increased by $25.8 million or 226.3% over the year ended December 31, 2024. The cash collateral on securities lending decreased by ($11.0) million or (49.1)%, between December 31, 2023, and December 31, 2024. From December 31, 2024 through December 31, 2025, payable for investments purchased increased by $1.2 million, or 200%. From December 31, 2023 through December 31, 2024, payable for investments purchased decreased by ($0.9) million, or (60.0%). GASB Statement No. 87, which the Fund implemented in 2023 produced a lease liability of $2.1 million. This was an increase of $1.4 million or 200% over 2024, when the lease liability was reported as $0.7 million, a decrease of ($0.4) million or (36.3%) from the lease liability reported in 2023 of $1.1 million. This increase is due to the Sixth Lease Modification Agreement effective January 1, 2025.

(continued)

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
RETIREMENT FUND
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Management's Discussion and Analysis
December 31, 2025 and 2024
(Unaudited)

Condensed Comparative Statement of Changes in Fiduciary Net Position

(Dollar values expressed in millions)

		December 31		
		2025	**2024**	**2023**
Additions:				
Employer contributions	$	178.5	162.2	135.2
Member contributions		70.0	64.6	50.7
Income from investments		220.6	127.8	142.8
Total additions		469.1	354.6	328.7
Deductions:				
Retirement benefits		241.0	238.0	247.2
Refunds of contributions		3.7	5.0	5.0
Administrative expense		4.3	4.3	4.4
Total deductions		249.0	247.3	256.6
Total changes in fiduciary net position	$	220.1	107.3	72.1
Net position restricted for pension benefits				
Beginning of Year		1,801.7	1,694.4	1,622.5
Adjustment for adoption of GASB 87		0.0	0.0	(0.2)
End of year	$	2,021.8	1,801.7	1,694.4

Additions to Plan Fiduciary Position

For the calendar year ended December 31, 2025, employer contributions increased by $16.3 million and member contributions increased by $5.4 million. For the calendar year ended December 31, 2024, employer contributions increased by $27.0 million and member contributions increased by $13.9 million. From January 1, 2025 through June 30, 2025, the contribution rates (employee and employer) were 10.3489% and 25.9511% respectively, On July 1, 2025, the employee contribution rate changed from 10.3489% to 9.9389%. This rate includes the provision from the Pension Agreement effective March 2023 requiring members to pay 125 basis points over the actuarial required contribution rate. In addition, on July 1, 2025, the employer contribution rate was changed from 25.9511% to 25.8161%, representing the minimum contribution rate as documented in the negotiated Pension Agreement. Contributions are required to provide benefits and meet administrative expenses and are made jointly by the Massachusetts Bay Transportation Authority (the Authority) and members.

There was a net investment gain in 2025 of $220.6 million which was substantially greater than the net investment gain in 2024 of $127.8 million. Comparatively the investment gain in 2023 was $142.8 million. The gains in 2025 were due to improved market conditions in both the equity and fixed income markets, even in the wake of some sustained market volatility.

Deductions from Fiduciary Net Position

Benefits paid increased by $3.0 million or 1.3% over the year ended December 31, 2025. Between December 31, 2023, and December 31, 2024, the benefits paid decreased by ($9.2) million, or (3.7%). The decrease in 2024 is attributable to not paying the one-time retroactive payment for members, which was accounted for and paid

(continued)

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
RETIREMENT FUND
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in 2023. Typical increases are primarily due to the rising final average compensation and lengthening life span. Administrative expenses in 2025 saw no change from 2024 and remained at $4.3 million. This represents a decrease of ($0.1) million or (2.2%) over year 2023.

Net Pension Liability (NPL)

The Fund retains an independent actuarial firm, Gallagher Benefit Services, LLC, formerly known as Buck, LLC to conduct annual actuarial valuations to monitor the net pension liability.

As of December 31, 2025, and 2024, the fiduciary net position as a percentage of the total pension liability was 57.05% and 52.67%, respectively.

Investment Performance 2025

The Fund began the calendar year 2025 with a net position of $1,801.7 million and ended the calendar year with a net position of $2,021.8 million, representing a 12.2% increase. The Fund invests strategically to achieve the actuarial rate of return, while controlling risk through diversification of asset class exposure. The primary determinant of long-term investment performance is the strategic asset allocation policy.

US equity 28.1%, international equity 13.8%, emerging markets equity 3.7%, fixed income 24.0%, and cash equivalents 2.5% comprise approximately 72.1% of total investments as of December 31, 2025. The remaining 27.9% of assets are invested in real estate 8.0%, and alternative investments 19.9%, which include private equity, private credit, opportunistic investments, hedge funds, and diversified beta. These assets are expected to earn enhanced returns and manage risk through further diversification.

Investment performance results are measured by the relationship of the Fund's portfolio returns for equity and fixed income investment against widely accepted market indices. For the calendar year ended December 31, 2025, the MBTA Retirement Fund's total fund return was 12.5% compared to 8.0% for the calendar year ended December 31, 2024.

The domestic large cap equity returned 17.7% compared to the S&P 500 Index of 17.9%. The domestic small cap equity returned 6.0% compared to the Russell 2000 Growth Index of 13.0% and the Russell 2000 Value Index of 12.6%. The global equity and emerging markets returned 29.8% compared to MSCI All Country World Index of 31.6%. The international equity portfolio returned 31.7% compared to the PRIM Custom International Equity Index of 32.1%. Fixed Income returned 7.9% compared to the Bloomberg Aggregate of 7.3%.

The total fund performance of 12.5% for calendar year 2025 trailed the total fund custom index (a blended composition of major market indices in proportion to the Fund's asset allocation) by 140 basis points, which returned 13.9%.

Additionally, for the year ended December 31, 2025, the real estate portfolio returned 1.0% compared to the NCREIF Property Index of 4.9%. The hedge fund portfolio returned 9.0% compared to the Total Hedge Fund Custom Index of 8.8%. The opportunistic portfolio returned 7.8% compared to Bank of America/Merrill Lynch High Yield Custom Benchmark return of 8.5%. The private equity portfolio returned 5.4% compared to State Street's Private Equity benchmark return of 12.0%. The private credit portfolio returned 7.0% compared to State Street's Private Credit benchmark return of 8.8%. Diversified Beta returned 8.7% compared to the 60% MSCI World Eq / 40% Barclays Aggregate Bond return of 15.5%.

(continued)

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Investment Performance 2024

The Fund began the calendar year 2024 with a net position of $1,694.4 million and ended the calendar year with a net position of $1,801.7 million, representing a 6.3% increase. The Fund invests strategically to achieve the actuarial rate of return, while controlling risk through diversification of asset class exposure. The primary determinant of long-term investment performance is the strategic asset allocation policy.

Domestic equity 28.9%, international equity 14.8%, fixed income investments 24.4%, and cash equivalents 3.0% comprise approximately 71.1% of total investments as of December 31, 2024. The remaining 28.9% of assets are invested in real estate 8.8%, and alternative investments 20.1%, which include private equity, absolute return, and diversified beta. These assets are expected to earn enhanced returns and manage risk through further diversification.

Investment performance results are measured by the relationship of the Fund's portfolio returns for equity and fixed income investment against widely accepted market indices. For the calendar year ended December 31, 2024, the MBTA Retirement Fund's total fund return was 8.0% compared to 9.4% for the calendar year ended December 31, 2023.

The domestic large cap equity returned 20.0% compared to the S&P 500 Index of 25.0%. The domestic small cap equity returned 11.5% compared to the Russell 2000 Growth Index of 15.2% and the Russell 2000 Value Index of 8.1%. The global equity and emerging markets returned 6.8% compared to MSCI All Country World Index of 17.5%. The international equity portfolio returned 2.9% compared to the MSCI EAFE Index of 3.8%. Fixed Income returned 3.9% compared to the Bloomberg Aggregate of 1.3%.

The total fund performance of 8.0% for calendar year 2024 trailed the total fund custom index (a blended composition of major market indices in proportion to the Fund's asset allocation) by 60 basis points, which returned 8.6%.

Additionally, for the year ended December 31, 2024, the real estate portfolio returned (6.3%) compared to the NCREIF Property Index of 0.4%. The hedge fund portfolio returned 15.0% compared to the CSFB/Tremont Hedge Fund Index of 9.8%. The opportunistic portfolio returned 7.2% compared to Bank of America/Merrill Lynch High Yield Benchmark return of 8.2%. The private equity portfolio returned 6.4% compared to State Street's Private Equity benchmark return of 6.9%. The private credit portfolio returned 2.9% compared to State Street's Private Credit benchmark return of 8.5%. Diversified Beta returned 5.1% compared to the 60% MSCI World Eq / 40% Barclays Aggregate Bond return of 11.5%.

Contacting the MBTARF

This financial report is designed to provide a general overview of the Fund's investment results and financial condition of the Fund for the years ended December 31, 2025 and 2024. Please contact the MBTARF Office by emailing invest@mbtarf.com or by phone to 617-316-3800 for additional financial information or questions related to this report.

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
RETIREMENT FUND
Statements of Fiduciary Net Position
December 31, 2025 and 2024

	2025	2024
Assets:		
Investments, at fair value:		
Domestic:		
Cash and cash equivalents	$ 49,692,478	52,847,693
Fixed income	473,931,663	431,650,361
Common stock and equity funds	563,534,198	517,128,264
Real estate funds	161,636,646	158,021,097
Alternative investments and hedge funds	397,907,205	358,726,024
	1,646,702,190	1,518,373,439
International:		
Cash and cash equivalents	255,304	152,662
Fixed income	7,229,717	4,402,510
Common stock and equity funds	352,520,860	265,188,533
	360,005,881	269,743,705
Total investments	2,006,708,071	1,788,117,144
Cash and cash equivalents	1,603,916	1,927,997
Contribution receivable from Massachusetts Bay Transportation Authority	12,517,252	11,090,020
Cash collateral on securities lending, invested	37,184,024	11,379,503
Receivable for investments sold	5,144,253	3,835,078
Right-to-use asset, net of accumulated amortization	1,746,396	547,387
Total assets	2,064,903,912	1,816,897,129
Liabilities:		
Cash collateral on securities lending, due to borrowers	37,184,024	11,379,503
Accounts payable and accrued expenses	1,992,099	2,487,436
Payable for investments purchased	1,849,621	620,077
Lease liability	2,110,509	666,429
Total liabilities	43,136,253	15,153,445
Net position – restricted for pension benefits	$ 2,021,767,659	1,801,743,684

See accompanying notes to financial statements.

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
RETIREMENT FUND
Statements of Changes in Fiduciary Net Position
For the years ended December 31, 2025 and 2024

	2025	2024
Additions:		
Contributions by Massachusetts Bay Transportation Authority	$ 178,535,557	162,153,826
Contributions by members	69,904,837	64,660,810
Total contributions	248,440,394	226,814,636
Investment income:		
Income from investments	26,406,342	31,346,609
Less investment expenses, other than from securities lending	(3,139,833)	(4,039,636)
Net appreciation in fair value of investments	197,279,506	100,425,879
Net investment gain	220,546,015	127,732,852
Securities lending activity:		
Securities lending income	883,850	1,344,123
Less borrower rebates and fees	(836,651)	(1,271,749)
Net income from securities lending activities	47,199	72,374
Total net investment income	220,593,214	127,805,226
Total additions	469,033,608	354,619,862
Deductions:		
Retirement benefits	241,035,093	238,023,662
Refunds of members' contributions	3,705,510	4,982,166
Administrative expenses	4,269,030	4,271,610
Total deductions	249,009,633	247,277,438
Change in fiduciary net position	220,023,975	107,342,424
Net position restricted for pension benefits:		
Beginning of year	1,801,743,684	1,694,401,260
End of year	$ 2,021,767,659	1,801,743,684

See accompanying notes to financial statements.

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
RETIREMENT FUND
Notes to Financial Statements
December 31, 2025 and 2024

(1) Description of the Fund

(a) General

The following description of the Massachusetts Bay Transportation Authority Retirement Fund (the Fund), a single employer defined benefit pension plan, provides only general information. Employees (members) should refer to the Pension Agreement for a more complete description of the Fund's provisions.

The Fund was established on January 1, 1948, under an agreement and declaration of trust (restated on November 17, 2023, July 19, 2019 and October 28, 1980) by and among the Massachusetts Bay Transportation Authority (the Authority), Local 589, Amalgamated Transit Union, Boston Carmen's Union, and AFL CIO (collectively, the Union). The Fund was established as a contributory defined benefit retirement plan in accordance with the Pension Agreement, effective July 1, 1970, adopted by the Authority and the Union for the purpose of receiving contributions and providing pension benefits for its members and qualified beneficiaries.

The general administration and responsibility for the operation of the Fund are vested in a seven-member Retirement Board. The Board consists of three members appointed by the Authority (at least one of whom must be a member of the Authority's Board of Directors), two members appointed by the Boston Carmen's Union, Local Union 589 of the Amalgamated Transit Union, AFL-CIO, one member elected by vote conducted by the Authority for a term of three years by members of the Fund who are not members of the Boston Carmen's Union, Local Union 589 of the Amalgamated Transit Union, AFL-CIO, and one member, who has no vote and is known as the honorary member, who is elected, for such period as the Retirement Board may determine, by the other six members of the Retirement Board.

(b) Membership

The Fund covers all employees of the Authority except the MBTA Police, who are covered separately, and certain executives who elect coverage under an alternate plan. At December 31, 2025 and 2024, Fund membership consisted of:

		2025		2024	
Retired members or beneficiaries currently receiving benefits	$	6,788	(1)	6,757	(2)
Active members		6,920		6,565	
Active members not presently earning service credit		518		498	
Total membership	$	14,226		13,820	

(1) Includes 6,635 retirees and beneficiaries and 153 individuals receiving payments under Qualified Domestic Relation Orders (QDROs)

(2) Includes 6,607 retirees and beneficiaries and 150 individuals receiving payments under Qualified Domestic Relation Orders (QDROs)

(c) Funding Policy

Contributions required to provide benefits and meet administrative expenses are made jointly by the Authority and members. As of July 1, 2025, member contributions decreased from 10.3489% to 9.9389%, which is the negotiated 1.25% over the actuarial annual required contribution rate of 8.6889%. The Authority contribution rate decreased from 25.9511% to 25.8161% which is the minimum requirement per the Pension Agreement over the actuarial annual required contribution rate of 24.7211% as determined by the 2024 Valuation of plan benefits and the executed Pension Agreement effective March 2023. On July 1, 2026, member contributions will decrease from 9.9389% to 9.8739% which is the negotiated 1.25%

(continued)

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
RETIREMENT FUND
Notes to Financial Statements
December 31, 2025 and 2024

over the actuarial annual required contribution rate of 8.6239%. The Authority contribution rate will be 25.8161% which is the minimum requirement contribution rate per the Pension Agreement, differing from the actuarial annual required contribution rate of 24.5261%. The terms of the Fund's obligations are part of the Pension Agreement contained in the annual report of the Fund. Only parties to the Pension Agreement can amend the terms. The contributions by members and the Authority have been developed to provide normal contributions, interest on the unfunded accrued liability, and administrative expenses.

(d) Benefits

The Fund provides for retirement, disability and death benefits in accordance with the Pension Agreement, as amended.

On March 31, 2023, the parties to the Pension Agreement, Local 589, Amalgamated Transit Union, AFL-CIO (Union) and the Massachusetts Bay Transportation Authority (MBTA) reached agreement on a new Pension Agreement, which will run through June 30, 2028. The new Pension Agreement creates a two-tier benefit structure for new employees who become Members of the Fund after June 30, 2023 or existing employees who are otherwise eligible to switch into the new system. All other Members and retirees will remain subject to the preexisting benefit structure. Other changes to the Pension Agreement, which is published to the Fund's website, included a cost-of-living adjustment (COLA) increase for eligible retired Members, contribution increases for active Members and the MBTA, changes in disability retirement calculations and the return of Member contributions, and Fund investments in the Pension Reserves Investment Trust (PRIT).

Summary of Changes

- A one-time COLA increase, paid in 2023, was provided to select retirees and beneficiaries.
- The maximum pensionable earnings percentage was increased from 75% to 80%.
- A two-tier benefit structure consisting of the Group A Plan and the Group B Plan was adopted.

(continued)

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
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Notes to Financial Statements
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A summary of benefits is as follows:

(i) Normal Retirement Allowance for Group A Plan Members

Condition for Allowance
Any member may retire at age 65. A member may remain in service after the stated retirement date.

Amount of Allowance
The normal retirement allowance equals 2.46% of 3-year average annual compensation multiplied by the years of service, such allowance not to exceed 80% of such average annual compensation.

(ii) Normal Retirement Allowance for Group B Plan members

Condition for Allowance
Any member may retire beginning at age 55 with at least 10 years of creditable service.

Amount of Allowance
The normal retirement allowance equals the average of the Member's highest 3 years of pensionable earnings multiplied by the Age Multiplier multiplied by the years of service.

The Age Multiplier is determined using the following table:

Age at Retirement	Percentage
55	1.750%
56	1.875%
57	2.000%
58	2.125%
59	2.250%
60	2.375%
61+	2.460%

A Retired Member's retirement allowance cannot exceed 80% of the average of the Retired Member's highest 3 years of pensionable earnings.

(iii) Early Normal Retirement Allowance for Group A Plan members

Condition for Allowance
Any member hired prior December 6, 2012 and has completed at least 23 years of service may retire on an early normal retirement allowance.

Any member hired on or after December 6, 2012 and has attained age 55 and completed at least 25 years of service may retire on an early normal retirement allowance.

Amount of Allowance
The early normal retirement allowance is computed in the same manner as a normal retirement allowance on the basis of the compensation and service to the time of retirement.

(continued)

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(iv) Early Reduced Retirement Allowance for Group A Plan members

Condition for Allowance
A member who has attained age 55 and has completed at least 20 years of service may be retired on an early reduced retirement allowance.

Amount of Allowance
The early reduced retirement allowance is an immediate allowance, commencing at the date of retirement, and is computed in the same manner as a normal retirement allowance on the basis of compensation and service to the time of early retirement, but reduced by ½ of 1% for each month of retirement prior to normal retirement date.

(v) Disability Retirement Allowance for Group A Plan members

Condition for Allowance
Any member who has completed 4 years of service in case of disablement due to an occupational accident or sickness, or who has completed 6 years of service in case of disablement due to any other cause, and who has become totally and permanently incapacitated, mentally or physically, for the further performance of duty may be retired.

Amount of Allowance
Upon disability retirement, a member receives an allowance commencing immediately, which is computed as a normal retirement allowance on the basis of the compensation and service to the time of disability retirement and is not less than 15% of the member's 3-year average annual compensation.

(vi) Disability Retirement Allowance for Group B Plan members

Condition for Allowance
Any member who has completed 4 years of service in case of disablement due to an occupational accident or sickness, or who has completed 6 years of service in case of disablement due to any other cause, and who has become totally and permanently incapacitated, mentally or physically, for the further performance of duty may be retired.

Amount of Allowance
Upon disability retirement, a member receives an allowance commencing immediately, which is computed as a normal retirement allowance on the basis of the compensation and service to the time of disability retirement and is not less than 15% of the member's 3-year average annual compensation. 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 (referenced on the Age Multiplier chart above) if the member is over the age of 55.

(vii) Vested Retirement Allowance for Group A Plan members

Condition for Allowance
Any member who has completed 10 years of service and does not receive a refund of his contributions with interest, in the event his employment terminates for reasons other than voluntary quit or discharge for cause.

Amount of Allowance
The vested retirement allowance is a deferred allowance commencing on the member's normal retirement date and equal to the amount computed as a normal retirement allowance on the basis of the compensation and service to the time of termination.

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(viii) Vested Retirement Allowance for Group B Plan members

Condition for Allowance
Any member shall have a fully vested deferred retirement allowance if the member has accrued 10 or more years of service and has not withdrawn their contributions from the Fund.

Amount of Allowance
The vested retirement allowance is computed as the average of the member's highest 3 years of pensionable earnings multiplied by 2.46% multiplied by the years of service; provided, however, that if a vested member retires prior to the age of 65, then the vested member's retirement allowance will be reduced for their entire retirement by 6% per year, or one-half percent each month, of retirement before age 65.

(ix) Survivor Benefit

Condition for Benefit
Upon the death of a member who has completed 10 years of service and who is survived by a spouse and/or dependent children designated to receive the deceased member's contributions with interest, a benefit may be elected by such survivor in lieu of the payment of the contributions with interest.

Amount of Benefit
If the deceased member had completed at least 10 but fewer than 23 years of service, the survivor's benefit, payable for life, is equal to the amount which would have become payable if the member had retired as of the date of his death and elected a 50% joint and survivor option in effect as of the date of death with the survivor as the designated person under the option. There is no reduction for early commencement.

If the deceased member had completed at least 23 years of service, the survivor's benefit, payable for life, is equal to the amount which would have become payable if the member had retired as of the date of his death and elected a 100% joint and survivor option in effect as of the date of death with the survivor as the designated person under the option. There is no reduction for early commencement.

(x) Accidental Death Benefit

Condition for Benefit
Upon the death of a member in service whose death results solely from an injury or injuries sustained in the performance of duty, and who is survived by a spouse designated to receive the deceased member's contribution with interest, an allowance shall be payable to said spouse.

Amount of Benefit
The accidental death benefit, payable for life, is equal to the amount which would have become payable to the member if the member had retired as of the date of his death on a disability retirement allowance. If there should be insufficient creditable service, the surviving spouse receives the minimum allowance available under the disability retirement provision.

(xi) Return of Contributions

On Account of Termination of Service
In the event of a Group A Plan member's termination of employment for any reason other than death or retirement or a Group B Plan member's nonvested termination, he is paid the amount of his contributions, with interest. Group A Plan members may not elect to keep their contributions in the Fund. Group B Plan members may elect to keep their contributions in the Fund to maintain and resume creditable service in the event they become an employee again in the future.

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On Account of Death Prior to Retirement
Upon the death of a member or retired member before his retirement allowance has become effective, the amount of his contributions, with interest, is paid to his beneficiary or estate, unless a survivor benefit is payable.

On Account of Death after Retirement
Upon the death of a retired member, or the survivor of a retired member and his designated beneficiary under an optional benefit, any excess of his contributions at retirement, with interest, over the sum of all retirement allowance payments made is paid to the member's beneficiary or to the survivor's estate.

Our valuation does not include return of contributions on account of death after retirement for current retirees due to negligible impact on the Fund's liabilities.

Optional Benefits in Lieu of Regular Benefits
At retirement, or on his normal retirement date if prior thereto, any member may elect to convert his allowance into an optional benefit of equivalent actuarial value permitted by the Rules and Regulations.

Reinstatement of Creditable Service
If a member's service is interrupted by reason of resignation or dismissal, he has the opportunity upon the completion of 3 years of service after he has been rehired to repay to the Fund all amounts he has withdrawn together with an amount equal to their reasonable earnings. Upon such repayment, the member is to be credited with service for the periods before and after the interruption as though they had been a single period of service.

(2) Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB).

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of additions and deductions during the reporting periods. Actual results could differ from estimates.

(c) Cash and Cash Equivalents

Cash and cash equivalents generally consist of cash on deposit with banks and financial institutions and highly liquid short-term investments, which have original maturities of three months or less. The Fund maintains its cash deposits with financial institutions, which management considers being of high credit quality and, by policy, limits the allocation of funds to any single major financial institution to minimize the Fund's amount of credit exposure.

(d) Revenue Recognition

Contributions are recognized pursuant to the contractual requirements of the Pension Agreement. Investment income is recognized as it is earned. Net appreciation (depreciation) in the fair value of investments is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the financial statements.

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MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
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(e) Retirement Benefits and Refunds

Retirement benefits and refunds are recognized when they become due and payable.

(f) Investments

Investments are stated at fair value. Securities traded on national security exchanges are valued on the basis of the closing price as of the last business day of the reporting period. Securities traded in the over-the-counter market are normally valued at the mean of the closing bid and ask prices. Securities listed or traded on certain foreign exchanges whose operations are similar to the U.S. over-the-counter market are valued at the price within the limits of the latest available current bid and ask prices deemed best to reflect current value. Gains and losses on sales of investments are determined on the basis of average cost.

Investments in real estate represent the Fund's percent ownership in private real estate funds. The Fund's investments are valued based on estimates by the Fund's management as a result of their review of financial information of the underlying real estate investment assets and standards established by the real estate industry, generally using the net asset value of the underlying investment as a practical expedient.

Investments in alternative investments and hedge funds include the Fund's percent ownership in venture capital, leveraged buyouts, private placements, hedge fund-of-funds, and other investments where the structure, risk profile, and return potential differ from traditional equity and fixed income investments. These investments are included in the statement of fiduciary net position at estimated values determined in good faith by the Fund's management, generally using the net asset value of the underlying investment as a practical expedient.

Purchase and sales of investments are accounted for on a trade-date basis.

(g) Derivatives

A derivative is an investment agreement or security with a value that depends on, or is derived from, the value of an underlying asset, reference rate, or financial index. The Fund has classified its investment in forward exchange contracts as investment in derivative instruments. A forward exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The Fund utilizes forward foreign exchange contracts to minimize the effect of fluctuating foreign currencies. Risk associated with such contracts includes movement in the value of a foreign currency relative to the U.S. dollar. Realized gain or loss on forward exchange contracts is the difference between the original contract and the closing value of such contract and is included in the statement of changes in fiduciary net position. At December 31, 2025 and 2024, the Fund held open forward exchange contracts of varying amounts and currencies. Unrealized gains and losses are not significant to the financial statements.

(h) Currency Translation

As a result of having assets and liabilities denominated in foreign currencies, the Fund is exposed to the effect of foreign exchange rate fluctuations. Assets and liabilities denominated in foreign currencies and commitments under forward foreign exchange contracts and currency options are translated into U.S. dollars at the mean of the quoted bid and ask prices of such currencies against the U.S. dollar. Changes in foreign exchanges are reflected directly in income. Purchases and sales of portfolio securities are translated at the rates of exchange prevailing when such securities were acquired or sold. Income and expenses are translated at rates of exchange prevailing when accrued. It is not practical to isolate that portion of the results of operations arising as a result of changes in the foreign exchange rates from the fluctuations arising from changes in the market price of securities during the period. Net realized gains on foreign currency transactions represent net foreign exchange gains from holding foreign currencies, currency gains or losses realized between the trade and settlement dates on security transactions, and

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MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
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the difference between the amounts of dividends, interest, and foreign taxes recorded on the Fund's books and the U.S. dollar equivalent amounts actually received or paid.

(i) Income Taxes

The Fund is considered a qualified governmental plan under Internal Revenue Code Section 414(d) and, is generally exempt from federal and state income tax under the Internal Revenue Code Section 115.

(j) Leases (Lessee)

The Fund is a lessee for a noncancellable lease of space and recognizes a lease liability and an intangible right-to-use lease asset.

The Fund initially measured the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability. Subsequently, the lease asset is amortized into administration expense on a straight-line basis over the lease term.

On January 1, 2025, the lease maturity and payments terms were amended, extending the lease term by five years. This modification did not qualify as a separate contract. As of the amendment date, the Fund remeasured the lease liability using a revised discount rate of 4.38%. This resulted in a net increase of $1,510,625 to the right-to-use asset, $1,391,583 increase to the related operating lease liability, and a gain on lease remeasurement of $119,402.

The amended lease term expires in July 2031. Effective January 1, 2025, the discount rate used for the calculation of the amended lease liability is 4.38%. Interest Expense from this lease totaled $90,808 and $22,084 for the years ended December 31, 2025 and 2024, respectively.

Future annual lease payments are as follows:

Year ending December 31:	Principal	Interest	Total
2026	$ 302,254	$ 82,627	$ 384,881
2027	324,330	68,668	392,998
2028	347,414	53,701	401,115
2029	371,550	37,682	409,232
2030	396,789	20,560	417,349
2031	242,588	3,628	246,216
Total	**$ 1,984,925**	**$ 266,866**	**$ 2,251,791**

(k) Subscription Based Information Technology Agreements (SBITAs)

The Fund evaluated all subscription-based Information Technology platforms and determined that all subscription agreements are of a short term (less than 12 months) nature and would not require an adjustment to record a right-to-use asset or related liability for the years ended December 31, 2025 and 2024, in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), which establishes accounting and financial reporting requirements for SBITAs.

GASB 96 provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Any subscription payments for short-term SBITAs are recognized as outflows of resources as of December 31, 2025 and 2024.

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MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
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(3) Cash Deposits, Investments, and Securities Lending

The Fund, in accordance with the declaration of trust agreement, is authorized to make deposits into checking and savings accounts and to invest in any form or type of investment, financial instrument, or financial transaction deemed prudent in the informed opinion of the Retirement Board. State Street Bank & Trust Company serves as the master custodian for the Fund's assets.

For the years ended December 31, 2025 and 2024, the Fund's essential risk information about deposits and investments is presented on the following tables.

(a) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of a depository financial institution, the Fund's deposits may not be returned. The Fund maintains its cash and cash equivalent deposits with various financial institutions, which management considers being of high quality. The Fund limits the allocation of its cash and cash equivalent deposits to any single financial institution to minimize the Fund's exposure. The Fund's Board has not adopted a formal custodial credit risk policy.

The Fund's cash and cash equivalent deposits that are not collateralized are subject to the Federal Deposit Insurance Corporation (FDIC) insurance limits. The Fund held no un-collateralized cash or cash equivalents in excess of the FDIC insurance limit as of December 31, 2025. As of December 31, 2024, $69,378 of the Fund's cash and cash equivalent deposits were in excess of the FDIC insurance limit.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Fund and are held by either the depository financial institution or the depository financial institution's trust department or agent but not in the Fund's name.

All of the Fund's investments are held by the Fund's custodian in the Fund's name, except for investments in hedge funds, real estate and alternative investments, which by their nature are not required to be categorized.

(b) Investment Policy

The Fund's investment objective is to achieve consistent positive real returns and to maximize long-term total returns within prudent levels of risk through a combination of income and capital appreciation. The Fund's goal is to meet or exceed the Fund's actuarial target rate of return in order to maintain and improve upon its funded status.

The Fund is currently invested in stocks (domestic and foreign), fixed income securities (domestic), real estate, private equity, private credit and hedge funds.

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The following was the target asset allocation as of December 31, 2024 as voted by the Board of Trustees in February 2024 and the target asset allocation policy as December 31, 2025:

Asset class	2025	2024
Domestic equity	27 %	27 %
International equity	12	12
Global/emerging markets	4	4
Fixed income	26	26
Real estate	9	9
Private equity	8	8
Private credit	2	2
Hedge funds	4	4
Hedge funds – opportunistic	2	2
Risk parity/diversified beta	4	4
Cash	2	2
Total	100 %	100 %

(c) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The following is a listing of the Fund's fixed income investments and related maturity schedule (in years) as of December 31, 2025 and 2024:

	2025				
Investment type	**Fair value**	**Less than 1**	**1-5**	**6-10**	**More than 10**
Agency debt	$ 7,409,530	128,337	1,876,654	3,985,597	1,418,942
U.S. Treasury notes & bonds	102,766,341	406,443	62,349,125	19,341,586	20,669,187
Domestic corporate	293,258,405	1,460,321	53,375,672	171,585,519	66,836,893
International corporate	7,229,717	1,968,919	1,826,488	492,604	2,941,706
Asset Backed:					
CMOs	12,557,947	—	46,244	473,896	12,037,807
Mortgage backed	33,296,718	—	176,139	2,491,813	30,628,766
Other	24,642,722	—	3,800,535	4,876,692	15,965,495
	$ 481,161,380	3,964,020	123,450,857	203,247,707	150,498,796

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	2024				
Investment type	**Fair value**	**Less than 1**	**1-5**	**6-10**	**More than 10**
Agency debt	$ 7,554,697	—	629,313	4,516,629	2,408,755
U.S. Treasury notes & bonds	103,928,202	5,282,488	51,488,168	28,363,056	18,794,490
Domestic corporate	251,221,680	3,106,665	98,202,427	116,146,148	33,766,440
International corporate	4,402,510	754,974	2,071,712	1,242,959	332,865
Asset Backed:					
CMOs	9,505,538	—	149,707	447,129	8,908,702
Mortgage backed	33,524,509	—	—	736,692	32,787,817
Other	25,915,735	—	2,357,830	5,335,413	18,222,492
	$ 436,052,871	9,144,127	154,899,157	156,788,026	115,221,561

The Fund's guidelines limit its effective exposure to interest rate risk by benchmarking the separately managed fixed income investment accounts to an intermediate duration benchmark with a weighted average duration of four to five years. The Fund further constrains its actively managed fixed income portfolios to maintain a duration that shall not exceed 1.5 times the benchmark duration.

Fixed income managers are also expected to report risk statistics and give a description of portfolio characteristics, including quality, duration, allocation by security type, and yield to maturity.

The collateralized mortgage obligations (CMOs) held by the Fund at December 31, 2025 and 2024 are and continue to be highly sensitive to changes in interest rates.

(d) Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations.

The Fund's Board does not have a formal investment policy governing credit risk; each fixed income securities investment manager is given a specific set of guidelines to invest within based on the mandate for which it was hired. The Fund expects all investment managers to perform their fiduciary duties as prudent people would and conform to all state and federal statutes governing the investment of the funds. Managers are to adhere to the philosophy and style that was articulated to the Retirement Board at the time of hire. The fixed income investment managers have full discretion to invest in fixed income securities in order to exceed their strategy specific benchmarks.

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The Fund's fixed income investments as of December 31, 2025 and 2024 were rated by Standard and Poor's and/or an equivalent national rating organization, and the ratings are presented below using the Standard & Poor's rating scale:

Investment type	2025 Fair value	AAA	AA	A	BBB	BB	B	CCC**	Not Rated
Agency debt	7,409,530	—	843,219	1,670,508	1,224,855	693,801	885,116	—	2,092,031
Domestic corporate	293,258,405	43,616,049	56,665,997	17,146,563	64,309,673	11,957,808	94,744,607	1,554,910	3,262,798
International	7,229,717	—	—	119,221	1,525,833	2,487,021	—	—	3,097,642
Asset backed:									
CMOs	12,557,947	3,150,400	239,373	28,776	87,532	32,469	—	—	9,019,397
Mortgage backed	33,296,718	—	—	—	—	—	—	—	33,296,718
Other	24,642,722	3,644,067	168,330	3,064,130	5,710,609	—	68,394	—	11,987,192
Total credit securities risk	378,395,039	50,410,516	57,916,919	22,029,198	72,858,502	15,171,099	95,698,117	1,554,910	62,755,778
U.S. Treasury notes & bonds*	102,766,341								
Total fixed income securities	$ 481,161,380								

Investment type	2024 Fair value	AAA	AA	A	BBB	BB	B	CCC**	Not Rated
Agency debt	7,554,697	—	2,244,492	461,630	781,870	1,973,066	290,985	—	1,802,654
Domestic corporate	251,221,680	50,844,515	19,464,865	18,723,058	73,611,967	30,184,688	53,839,537	2,152,844	2,400,206
International	4,402,510	656,975	—	105,774	—	1,381,442	—	—	2,258,319
Asset backed:									
CMOs	9,505,538	1,968,983	236,512	119,186	86,332	73,858	—	—	7,020,667
Mortgage backed	33,524,509	—	—	—	—	—	—	—	33,524,509
Other	25,915,735	4,663,648	83,238	1,370,864	5,299,729	168,837	83,852	—	14,245,567
Total credit securities risk	332,124,669	58,134,121	22,029,107	20,780,512	79,779,898	33,781,891	54,214,374	2,152,844	61,251,922
U.S. Treasury notes & bonds*	103,928,202								
Total fixed income securities	$ 436,052,871								

* Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

** The rating associated with this investment grade can be between C to CCC.

(e) Concentration Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The Fund places a 5% limit on the individual exposure to any single issuer at the time of purchase. The Fund has no investments with the exception of commingled funds, at fair value, that exceed 5% of the Fund's total investments as of December 31, 2025 and 2024. The Fund does have investments in individual commingled funds and trusts that represent more than 5% of the Fund's assets, but in each case, these investments are in institutional commingled funds that are invested in diversified portfolios.

(f) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Fund's exposure to foreign currency risk is attributable to its investments in separately managed and commingled international equity mutual funds and trusts that are invested in diversified portfolios of international stocks that are denominated in foreign currencies. The Fund's combined policy target allocation to all non-U.S. securities is currently 19.0% of the Fund's total assets. Currency hedging is permitted for defensive purposes. Currency hedging shall be effected through the use of forward currency contracts, which are described more fully in note 2.

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Risk of loss arises from changes in currency exchange rates. The Fund's exposure to foreign currency risk as of December 31, 2025 and 2024 are presented on the following tables:

		2025			
Currency		Short-Term	Fixed Income	Equity	Total
Brazilian Real (BRL)	$	—	492,258	—	492,258
Candadian Dollar (CAD)		255,304	—	—	255,304
Euro Currency (EUR)		—	1,056,012	—	1,056,012
Hungarian Forint (HUF)		—	708,227	—	708,227
Mexican Peso (MXN)		—	1,033,230	—	1,033,230
South African Rand (ZAR)		—	1,908,477	—	1,908,477
Turkish Lira (TRL)		—	1,260,692	—	1,260,692
Uruguyan Peso (UYU)		—	770,821	—	770,821
International equity pooled funds (various currencies)		—	—	352,520,860	352,520,860
Total securities subject to foreign currency risk		255,304	7,229,717	352,520,860	360,005,881
United States dollars (securities held by international investment managers)		—	—	203,014	203,014
Total international investment securities	$	255,304	7,229,717	352,723,874	360,208,895

		2024			
Currency		Short-Term	Fixed Income	Equity	Total
Canadian Dollar (CAD)	$	152,662	656,975	—	809,637
Euro (EUR)		—	618,922	—	618,922
Indonesian Rupiah (IDR)		—	1,067,556	—	1,067,556
Pound Sterling (GBP)		—	1,190,763	—	1,190,763
South African Rand (ZAR)		—	868,294	—	868,294
International equity pooled funds (various currencies)		—	—	265,188,533	265,188,533
Total securities subject to foreign currency risk		152,662	4,402,510	265,188,533	269,743,705
United States dollars (securities held by international investment managers)		—	—	137,840	137,840
Total international investment securities	$	152,662	4,402,510	265,326,373	269,881,545

(g) Securities Lending Transactions

The Fund participates in the State Street Bank and Trust Company securities lending program by lending securities to borrowers (subject to borrower limits and program guidelines) and earning additional income, which is included in net investment income in the statement of changes in fiduciary net position. The lending program loans domestic and international equities, real estate investment trusts and fixed income

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securities for collateral with a concurrent agreement to return the collateral for the same securities in the future.

The Fund did not incur any losses on loaned securities during the year ended December 31, 2025 and 2024. The securities are monitored and valued on a daily basis by the custodian to ensure that the loans are properly collateralized. The collateral value is required to be at least 102% of the fair value of loaned domestic investments and a collateral value of at least 105% of the fair value on loaned international investments. Collateral can consist of both cash and securities. Should the collateral percentage levels fall below the stated figures, the borrowers are required to provide additional collateral to proper levels. The indemnification that State Street Bank provides the Fund in regard to loan risk is that should a borrower default on returning a security from loan, the collateral held is used to buy the security to be returned to the Fund. Any shortfall of proceeds to purchase the securities is taken on by State Street Bank. Since loans are terminable at will, loan durations do not generally match the duration of the investments made with the cash collateral.

Loaned securities are included in the statement of fiduciary net position since the Fund maintains ownership. For loans collateralized by cash, the value of the collateral is recorded as a liability offsetting the cash collateral recorded as an asset. The cash collateral as of December 31, 2025 and 2024 was $37,184,024 and $11,379,503 respectively. For loans having collateral other than cash, the related collateral securities are not recorded as assets in the statement of fiduciary net position, and a corresponding liability is not recorded, since the Fund cannot pledge or sell the collateral securities, except in the event of a borrower's default.

At December 31, 2025 and 2024, the fair value of loaned securities outstanding, included in investments, was approximately $36,194,952 and $11,118,866 respectively.

(h) Commitments

At December 31, 2025 and 2024, the Fund had contractual commitments, inclusive of PRIT commitments, to provide approximately $112.6 and $131.6 million, respectively, of additional funding for alternative investments, including private equity, private credit, and real estate.

(i) Money-Weighted Rate of Return

The annual money-weighted rate of return on the Fund's investments calculated as the internal rate of return on the pension fund net of investment expenses for the years ended December 31, 2025 and 2024 was 11.80% and 7.36%, respectively. A money weighted return expresses investment performance net of pension plan investment expense, adjusted for the changing amounts actually invested.

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(4) Fair Value Measurements

The Fund measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. The fair value gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). These levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets
- Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities. Level 2 inputs include the following:
  - Quoted prices for similar assets and liabilities in active markets
  - Quoted prices for identical or similar assets or liabilities in markets that are not active
  - Inputs other than quoted prices that are observable for the asset or liability, such as:
    (1) Interest rates and yield curves observable at commonly quoted intervals
    (2) Implied volatilities
    (3) Credit spreads
- Level 3 – Unobservable inputs for the asset or liability (i.e., supported by little or no market activity). Level 3 inputs include management's assumptions.

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The following tables' set forth by fair value hierarchy level, the Fund's assets carried at fair value on December 31, 2025 and 2024:

		Fair value measurements using:		
	Total at December 31, 2025	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash equivalents:				
Active cash	$ 6,653,933	6,653,933	-	-
International cash and equivalents	255,304	255,304	-	-
STIF-type instrument	43,038,545	43,038,545	-	-
Total cash equivalents	49,947,782	49,947,782	-	-
U.S. equities:				
Common stock	162,379,284	162,379,284	-	-
Depository receipts	1,688,039	1,688,039	-	-
Mutual funds	191,788,793	191,788,793	-	-
Preferred stock	56,640	56,640	-	-
Real estate investment trust	442,086	442,086	-	-
Total U.S. equities	356,354,842	356,354,842	-	-
Fixed income:				
Agency debt	7,409,530	-	7,409,530	-
U.S. treasury notes and bonds	102,766,341	-	102,766,341	-
Domestic corporate	149,042,932	-	149,042,932	-
Asset backed:				
CMO	12,557,947	-	12,557,947	-
Mortgage-backed	33,296,718	-	33,296,718	-
Other asset backed	24,642,722	-	24,642,722	-
Total U.S. fixed income	329,716,190	-	329,716,190	-
International fixed income - bonds	7,229,717	-	7,229,717	-
Total investments by fair value level	743,248,531	406,302,624	336,945,907	-
Total investments measured at net asset value (NAV):				
Hedge fund of funds	104,706,122			
Private equity funds	125,264,812			
Private real estate funds	104,050,271			
Total investments measured at NAV	334,021,205			
Other investments at fair value:				
PRIT domestic equity - common stock	207,179,356			
PRIT international equities - common stock	352,520,860			
PRIT fixed income - domestic corporate	144,215,473			
PRIT hedge funds	102,509,675			
PRIT private equity funds	65,426,596			
PRIT real estate funds	57,586,375			
Other investments at fair value:	929,438,335			
Total investments	$ 2,006,708,071			

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		Fair value measurements using:		
	Total at December 31, 2024	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash equivalents:				
Active cash	$ 7,567,229	7,567,229	-	-
International cash and equivalents	152,662	152,662	-	-
STIF-type instrument	45,280,464	45,280,464	-	-
Treasury bill	-	-	-	-
Total cash equivalents	53,000,355	53,000,355	-	-
U.S. equities:				
Common stock	209,212,588	209,212,588	-	-
Depository receipts	6,753,739	6,753,739	-	-
Mutual funds	192,079,327	192,079,327	-	-
Preferred stock	41,108	41,108	-	-
Real estate investment trust	1,400,017	1,400,017	-	-
Total U.S. equities	409,486,779	409,486,779	-	-
International equities - common stock	76,272,716	76,272,716	-	-
Fixed income:				
Agency debt	7,554,697	-	7,554,697	-
U.S. treasury notes and bonds	103,928,202	-	103,928,202	-
Domestic corporate	215,779,075	-	215,779,075	-
Asset backed:				
CMO	9,505,538	-	9,505,538	-
Mortgage-backed	33,524,509	-	33,524,509	-
Other asset backed	25,915,735	-	25,915,735	-
Total U.S. fixed income	396,207,756	-	396,207,756	-
International fixed income - bonds	4,402,510	-	4,402,510	-
Total investments by fair value level	939,370,116	538,759,850	400,610,266	-
Investments measured at net asset value (NAV):				
Hedge fund of funds	86,882,310			
Private equity funds	134,993,445			
Private real estate funds	111,488,126			
Investments measured at NAV	333,363,881			
Other investments at fair value:				
PRIT domestic equity - common stock	107,641,485			
PRIT international equities - common stock	188,915,817			
PRIT fixed income - domestic corporate	35,442,605			
PRIT hedge funds	84,122,661			
PRIT private equity funds	52,727,608			
PRIT real estate funds	46,532,971			
Other investments at fair value:	515,383,147			
Total investments	$ 1,788,117,144			

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Commingled funds are typically structured as an investment vehicle created by the Investment Manager to execute a specific investment strategy. Some investment strategies are only pursued by commingled accounts. Mutual funds and/or other types of commingled investment vehicles, including, but not limited to, Alternative Investments, may provide lower costs and better diversification than can be obtained with a separate account that pursues the same investment objectives. The fair value of the hedge fund of funds, private equity funds and real estate funds are not rated funds. The fair values of these funds are based on net asset value calculated in accordance with the general partner's fair valuation policy as of the measurement date and are annually audited separately.

The PRIT domestic equity, international equity, domestic corporate, hedge, real estate and private equity funds are external investment pools that are not registered with the Securities and Exchange Commission, but are subject to oversight by the Pension Reserves Investment Management Board (the PRIM Board). The PRIM Board was created by legislation to provide general supervision of the investments and management of PRIT. The PRIT domestic equity, international equity, domestic corporate, hedge, real estate, and private equity funds are not rated funds. The fair value of the PRIT domestic equity, international equity, domestic corporate, hedge, real estate, and private equity funds are based on unit value as reported by management of the PRIT funds. The PRIT funds issue separately available audited financial statements with a year end of June 30. The Fund is required to provide a 72-hour redemption notice for the PRIT domestic equity, international equity, domestic corporate and real estate segmentations, which are paid out on the first business day of each month. The PRIT Private Equity fund is not redeemable until notified by the PRIM Board. The PRIT hedge fund provides quarterly liquidity with 30 - 90-day notice.

The following represents the significant investment strategies and terms on which the Fund may redeem investments for those investments measured at the NAV (or its equivalent) as a practical expedient:

	Fair Value December 31, 2025	Fair Value December 31, 2024	Total Unfunded Commitments as of December 31, 2025	Redemption Frequency if Currently Eligible	Redemption Notice Period
Hedge fund of funds					
Diversified beta[1]	$ 68,263,394	$ 54,381,993	$ -	monthly	15-30 days
Fund of hedge fund[2]	102,509,675	84,122,661	$ -	quarterly	30-90 days
Opportunistic hedge fund[3]	36,442,728	32,500,317	$ 23,446,173	N/A	N/A
Private equity funds[4]	190,691,408	187,721,053	$ 89,144,822	N/A	N/A
Private real estate funds					
Open-ended real estate funds[5]	155,512,205	147,124,106	$ -	quarterly	30 days - 1 year
Closed-end real esate funds[6]	6,124,441	10,896,991	$ -	N/A	N/A
Total investments measured at NAV	**$ 559,543,851**	**$ 516,747,122**	**$ 112,590,995**		

1 This category includes one diversified beta investment manager who utilizes a risk premium capture strategy that seeks to generate returns by investing in equity, bond and commodity markets using a risk-balanced investment process. The manager provides monthly liquidity with 15 - 30-day notification.

2 This category includes one fund of hedge funds manager that pools capital to invest in a portfolio of various underlying hedge funds rather than individual securities. It provides diversification across strategies and managers aiming to reduce risk.

3 This category includes two opportunistic hedge fund managers who are not subject to redemption and is normally returned through distributions as a result of the liquidation of the underlying assets over a period of approximately three to seven years.

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[4] This type includes private equity funds that invest in nonmarketable securities of private companies, which ultimately may become public in the future and whose strategies include buyout, growth equity, venture, mezzanine debt, distressed debt, secondary fund of funds or special situations. Generally, each fund in this category may not be subject to redemption and is normally returned through distributions as a result of liquidation of the underlying assets over a weighted average period of approximately nine years.

[5] This category includes six open-ended real estate funds that invest directly in real estate and real estate related assets, including retail, industrial, office, residential and hotels. Investments in this category can be redeemed quarterly upon 30 days to one-year notice.

[6] This category includes funds that invest directly in real estate and real estate related assets, including retail, industrial, office, residential and hotels. Generally, investment in each fund in this category may not be subject to redemption and is normally returned through distributions as a result of the liquidation of the underlying assets over a weighted average period of approximately seven or more years.

(5) Related-Party Transactions

The Fund invests certain cash in a money market fund, the State Street Bank and Trust Company Short Term Investment Fund, which is sponsored by the Fund's custodial bank. The total value of the funds held at December 31, 2025 and 2024 was $43,038,545 and $45,280,464 respectively.

The Fund invests in the AFL-CIO Housing Investment Trust and the AFL-CIO Building Investment Trust, two for-profit investment programs of the AFL-CIO. The total value of AFL-CIO Housing Investment Trust at December 31, 2025 and 2024 was $43,004,570 and $49,854,262 respectively. The total value of AFL-CIO Building Investment Trust at December 31, 2025 and 2024 was $10,337,547 and $9,928,551 respectively.

(6) Net Pension Liability

The components of the net pension liabilities of the Fund as of December 31, 2025 and 2024 are shown as follows (amounts in thousands):

		2025	2024
Total pension liability	$	3,543,666	3,422,653
Plan fiduciary net position		(2,021,768)	(1,801,744)
Fund's net pension liability	$	1,521,898	1,620,909
Plan fiduciary net position as a percentage of total pension liability		57.05 %	52.64 %

Actuarial Assumptions
The total pension liability was determined by an actuarial valuation as of December 31, 2025 and 2024, using the following actuarial assumptions:

- As of December 31, 2025, a table of increases based on years of service, with rates of increase declining from 14% per year for the newly hired to 2.75% per year with 15 or more years of service
- Investment rate of return compounded annually in 2025 and 2024 of 7.25% per annum
- Inflation rate of 2.75%

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The PRI-2012 Amount Weighted Blue Collar Mortality Tables with fully generational projection using Scale MP-2021 are used for all active participants. 101.1% of the PRI-2012 Amount Weighted Blue Collar Post Commencement Tables with fully generational projection using Scale MP-2021 are used for all retirees and beneficiaries preceding their related member's death. 98.3% of the PRI-2012 Amount Weighted Blue Collar Contingent Survivor Tables with fully generational projection using Scale MP-2021 are used for all beneficiaries following the death of their related member. The PRI-2012 Amount Weighted Total Dataset Disability Tables with fully generational projection using Scale MP-2021 are used for the period after disability retirement. Among pre-retirement deaths, 7.50% are assumed to qualify for accidental death benefits.

The actuarial assumptions used in the December 31, 2025 valuation were based on the results of an actuarial experience study conducted in 2023 for the period from January 1, 2018, through December 31, 2022. Actuarial valuations attempt to estimate costs associated with the pension fund based on a number of demographic, economic and retirement experience assumptions. Experience studies are required by statute to be conducted every five years to review experience in comparison to these assumptions and to provide recommended changes to assumptions. The long-term expected rate of return on Fund investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Fund investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long-term arithmetic rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2025, are summarized in the following table:

	Target asset allocation		Long-term expected real rate of return	
Asset class	2025	2024	2025	2024
Equity				
US Equity	27 %	27 %	6.48 %	6.19 %
Non-US Equity				
Emerging Markets Equity	4 %	4 %	8.73 %	9.10 %
Developed International Equity	12 %	12 %	5.87 %	6.43 %
Total Equity	43 %	43 %		
Fixed Income				
Global Aggregate	10 %	10 %	2.26 %	2.38 %
Mortgage-Backed Securities	3 %	3 %	2.42 %	2.43 %
Global Multi Sector	7 %	7 %	1.17 %	1.07 %
US TIPS	3 %	3 %	2.12 %	2.49 %
Bank Loans	3 %	3 %	6.53 %	6.36 %
Total Fixed Income	26 %	26 %		
Alternatives				
Private Equity	8 %	8 %	9.52 %	9.36 %
Private Credit	2 %	2 %	6.76 %	5.85 %
Real Estate	9 %	9 %	4.30 %	4.14 %
Multi Asset Class	4 %	4 %	3.10 %	3.18 %
Hedge Funds FOF & Hedged Equity	6 %	6 %	3.10 %	3.18 %
Total Alternatives	29 %	29 %		
Cash	2 %	2 %	0.69 %	0.59 %

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 2.36%.

(continued)

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
RETIREMENT FUND
Notes to Financial Statements
December 31, 2025 and 2024

(a) Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current Fund members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 67 and is based on an expected long-term rate of return on Fund assets of 7.25%. We believe these assumptions do not significantly differ from what we deem reasonable for the purposes of the measurements required by GASB 67.

(b) Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the Fund's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate: (amounts in thousands):

		1% Decrease (6.25%)	Current discount rate (7.25%)	1% Increase (8.25%)
2025 Net pension liability	$	1,882,849	1,521,898	1,214,776
2024 Net pension liability	$	1,967,754	1,620,909	1,325,642

(7) Subsequent Events

There have been no other subsequent events through June 22, 2026 the date that the Fund’s financial statements were available to be issued, that require recognition or disclosure.

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
RETIREMENT FUND
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	84,672,782	71,380,694	62,188,799	55,162,629	55,417,684	52,008,968	47,942,711	46,101,006	31,850,127	31,896,560
Interest	245,564,462	236,014,159	225,168,408	220,640,668	217,508,956	214,772,564	214,112,586	207,497,686	204,779,603	195,768,057
Differences between expected and actual experience	35,517,205	54,899,405	65,179,233	66,601,348	1,811,509	(7,346,171)	(3,179,975)	11,599,381	44,627,096	90,067,566
Changes of assumptions	-	-	35,546,454	(45,499,300)	(3,389,843)	-	69,299,287	43,926,927	128,688,470	-
Benefit Payments	(244,740,603)	(243,005,828)	(252,189,933)	(231,138,239)	(224,767,671)	(225,422,340)	(223,864,973)	(221,710,054)	(212,814,757)	(197,561,539)
Net change in total pension liability	121,013,846	119,288,430	135,892,961	65,767,106	46,580,635	34,013,021	104,309,636	87,414,946	197,130,539	120,170,644
Total pension liability-beginning of year	3,422,652,512	3,303,364,082	3,167,471,121	3,101,704,015	3,055,123,380	3,021,110,359	2,916,800,723	2,829,385,777	2,632,255,238	2,512,084,594
Total pension liability-ending (a)	3,543,666,358	3,422,652,512	3,303,364,082	3,167,471,121	3,101,704,015	3,055,123,380	3,021,110,359	2,916,800,723	2,829,385,777	2,632,255,238
Change in fiduciary net position:										
Contributions - employer	178,535,557	162,153,826	135,226,433	129,973,295	123,493,762	116,285,928	103,263,763	92,013,124	83,382,882	77,239,279
Contributions - employee	69,904,837	64,660,810	50,735,073	45,511,253	43,224,002	40,774,027	36,366,108	32,606,337	29,775,344	27,791,543
Net investment (loss) income	220,593,214	127,805,226	142,700,465	(257,254,990)	232,417,541	228,670,823	253,730,990	(52,072,879)	221,690,618	86,782,343
Benefit payments	(244,740,603)	(243,005,828)	(252,189,933)	(231,138,239)	(224,767,671)	(225,422,340)	(223,864,973)	(221,710,054)	(212,814,757)	(197,561,539)
Administrative expenses	(4,269,030)	(4,271,610)	(4,619,756)	(4,484,766)	(4,366,485)	(4,511,375)	(5,046,775)	(4,317,624)	(4,463,775)	(6,493,777)
Net change in fiduciary net position	220,023,975	107,342,424	71,852,282	(317,393,447)	170,001,149	155,797,063	164,449,113	(153,481,096)	117,570,312	(12,242,151)
Fund fiduciary net position-beginning of year	1,801,743,684	1,694,401,260	1,622,548,978	1,939,942,425	1,769,941,276	1,614,144,213	1,449,695,100	1,603,176,196	1,485,605,884	1,497,848,035
Fund fiduciary net position - end of year (b)	2,021,767,659	1,801,743,684	1,694,401,260	1,622,548,978	1,939,942,425	1,769,941,276	1,614,144,213	1,449,695,100	1,603,176,196	1,485,605,884
Fund's net pension liability-ending (a)-(b)	1,521,898,699	1,620,908,828	1,608,962,822	1,544,922,143	1,161,761,590	1,285,182,104	1,406,966,146	1,467,105,623	1,226,209,581	1,146,649,354
Fund fiduciary net position as a percentage of the total pension liability	57.05%	52.64%	51.29%	51.23%	62.54%	57.93%	53.43%	49.70%	56.66%	56.44%
Covered payroll	723,477,213	661,958,698	560,824,908	496,467,531	458,857,189	460,921,559	436,828,077	425,862,201	428,830,122	446,740,427
Net pension liability as a percentage of covered payroll	210.36%	244.87%	286.89%	311.18%	253.19%	278.83%	322.09%	344.50%	285.94%	256.67%

See accompanying independent auditors' report.

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
RETIREMENT FUND
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
(Unaudited)

Change of Assumptions:

2025: No change of assumptions

2024: No change of assumptions.

2023: No change of assumptions.

2022: Assumption changes to the salary scale, mortality rates, termination rates, and retirement rates were made according to the experience study completed in 2023. This decreased the total pension liability by $45.5 million.

2021: Participants who have been receiving Workers' Compensation benefits for five or more years are assumed to never receive a Massachusetts Bay Transportation Authority Retirement Fund pension benefit. This decreased the actuarial accrued liability by $2.76 million.

Participants who are active, but did not contribute to the plan in 2021, are assumed to remain non-contributing to the remainder of their employment and to receive only a refund of their contributions to the Fund with interest. This decreased the actuarial accrued liability by $0.63 million.

2020: No change of assumptions.

2019: Discount rate decreased from 7.50% to 7.25% resulting in an increased net pension liability totaling $69.3 million.

2018: Salary scale decreased the net pension liability by $(59.6) million, mortality rates increased the net pension liability by $6.0 million, termination rates increased the net pension liability by $9.4 million, and retirement rates increased the net pension liability by $88.1 million, resulting in increased net pension liability totaling $43.9 million.

2017: Discount rate decreased from 7.75% to 7.50% resulting in an increased net pension liability totaling $128.7 million.

See accompanying independent auditor's report.

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
RETIREMENT FUND
Required Supplementary Information
Schedule of Investment Returns
(Unaudited)

Annual money-weighted rate of return, net of investment expense

Year	Money-Weighted Rate of Return	
2025	11.80	%
2024	7.36	
2023	8.73	
2022	(9.26)	
2021	13.23	
2020	14.22	
2019	17.67	
2018	(3.37)	
2017	17.79	
2016	5.88	

See accompanying independent auditors' report.

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
RETIREMENT FUND

Required Supplementary Information

Schedule of Contributions

(Unaudited)

Year	Actuarially determined contribution	Actual contribution in relation to actuarially determined contribution	Percentage of actuarially required contributions		Covered-payroll	Contribution as a percentage of covered-payroll	
2025	$178,535,557	$178,535,557	100.00	%	$723,477,213	24.68	%
2024	162,153,826	162,153,826	100.00		661,958,698	24.50	
2023	131,307,539	131,307,539	100.00		560,824,908	24.11	
2022	126,389,486	129,973,295	102.84		496,467,531	26.18	
2021	122,034,414	123,493,762	101.20		458,857,189	26.91	
2020	116,285,928	116,285,928	100.00		460,921,559	25.23	
2019	103,263,763	103,263,763	100.00		436,828,077	23.64	
2018	92,013,124	92,013,124	100.00		425,862,201	21.61	
2017	83,382,882	83,382,882	100.00		428,830,122	19.44	
2016	77,239,279	77,239,279	100.00		446,740,427	17.29	

See accompanying independent auditors' report.

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
RETIREMENT FUND
Notes to Required Supplementary Information
(Unaudited)

Actuarial Assumption and Methods Used to Determine Contribution Rates

- Actuarially determined contributions are calculated as of the December 31 preceding by six months the start of the fiscal year in which contributions are made. For example, the contribution calculated in the December 31, 2025 actuarial valuation are to be made during the period from July 1, 2026, to June 30, 2027.
- The methods and assumptions used to calculate the actuarially determined contribution in the December 31, 2025 actuarial valuation are shown in Section III. For funding purpose, an allowance of 1.00% of annual compensation of active members below normal retirement age is included in the total required contribution to cover expenses.
- Salary – A table of increases based on years of service, with rates of increase declining from 14% per year for the newly hired to 2.75% per year with 15 or more years of service.
- Actuarial cost method – Entry Age Normal, Level Percentage of Pay
- Amortization method – Closed period (specified below); installments increase at the rate of 4% per year
- Remaining amortization period – 13 years (2025 valuation), 14 years (2024 valuation)
- Asset Valuation method – Five-year phase-in smoothing method
- Investment rate of return – 7.25% net of pension plan investment expense.
- Retirement Age – Probabilities of retirement are based on table that reflects both age and service
- Mortality - The PRI-2012 Amount Weighted Blue Collar Mortality Tables with fully generational projection using Scale MP-2021 are used for all active participants. 101.1% of the PRI-2012 Amount Weighted Blue Collar Post Commencement Tables with fully generational projection using Scale MP-2021 are used for all retirees and beneficiaries preceding their related member's death. 98.3% of the PRI-2012 Amount Weighted Blue Collar Contingent Survivor Tables with fully generational projection using Scale MP-2021 are used for all beneficiaries following the death of their related member. The PRI-2012 Amount Weighted Total Dataset Disability Tables with fully generational projection using Scale MP-2021 are used for the period after disability retirement. Among pre-retirement deaths, 7.50% are assumed to qualify for accidental death benefits.

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
RETIREMENT FUND
Schedule of Administrative Expenses
(Unaudited)

Schedule of Administrative Expenses

As of December 31,		2025	2024
Wages and Benefits			
Staff Salaries *	$	1,236,359	1,235,833
Retiree Payroll		112,670	115,074
Benefits		398,349	384,208
Total Personnel Services	**$**	**1,747,379**	**1,735,114**

*Interim Executive Director Salary = $196,000

Professional Services			
Actuarial	$	90,604	143,265
Audit		164,992	158,653
Legal Counsel		967,090	1,053,797
Disability Medical Exams		71,900	94,025
Total Professional Services	**$**	**1,294,586**	**1,449,740**
Communication			
Newsletter / Annual Report	$	19,873	20,268
Postage		7,439	11,231
Education and Training		42,962	49,438
Manager Meetings		3,147	12,154
Member Services		9,214	8,299
Total Communication	**$**	**82,635**	**101,390**
Miscellaneous			
General and Administrative	$	40,584	38,203
Business Insurance		285,589	262,713
Rent & GASB 87 Adoption		464,180	429,593
Technological Support		354,078	308,797
Other		0	(53,940)
Total Miscellaneous	**$**	**1,144,430**	**985,366**
Total Administrative Expenses	**$**	**4,269,030**	**4,271,610**

See accompanying Independent Auditors' Report

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
RETIREMENT FUND
Schedule of Investment Expenses and Payments to Consultants
(Unaudited)

Schedule of Investment Expenses and Payments to Consultants

As of December 31,		2025	2024
Schedule of Investment Expenses			
Investment Management Fees	$	2,059,959	2,911,897
Investment Consultant Fees		344,000	344,000
Communications / Governmental Services		157,085	155,790
Custodial Fees		578,789	627,949
Total Investment Expenses	**$**	**3,139,833**	**4,039,636**
Schedule of Payments to Consultants*			
Independent Auditors	$	164,992	158,653
Actuary		90,604	143,265
Legal		967,090	1,053,797
Total Payments to Consultants	**$**	**1,222,686**	**1,355,715**

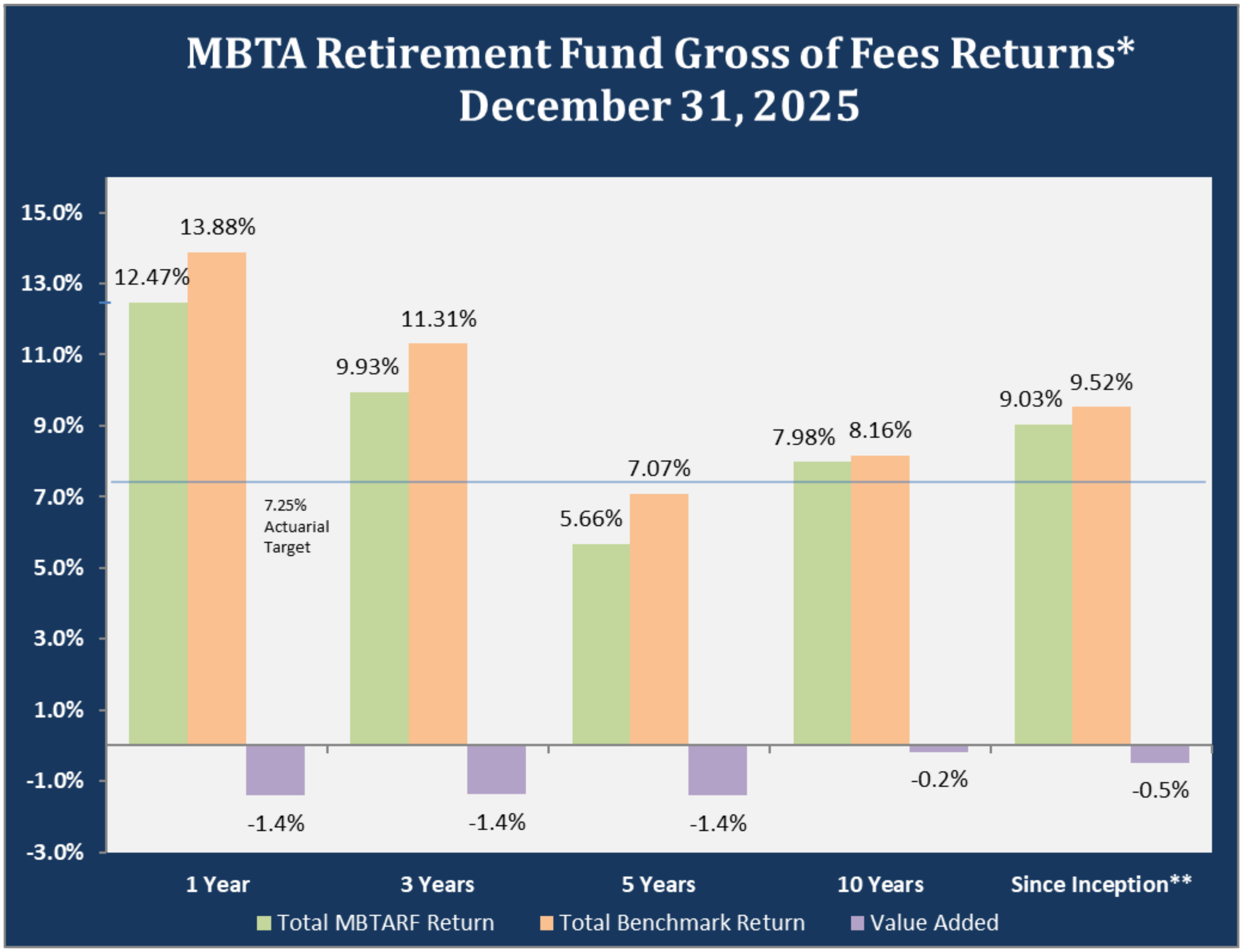
*These payments are presented for analytical purposes; each amount is already included in schedules of administrative or investment expenses

See accompanying Independent Auditors' Report

INVESTMENT SECTION

(Unaudited)

2025 Investment Results



** Performance inception date of January 1, 1982

Report on Investment Activity

The Massachusetts Bay Transportation Authority Retirement Fund (the "Fund" or "MBTARF") was created to provide retirement benefits for certain employees of the Massachusetts Bay Transportation Authority (the "Authority"). The Fund was established in 1948 pursuant to a Trust Agreement between local 589 ATU AFL-CIO (the "Union") and the Authority, that is governed by the terms of a separately negotiated Pension Agreement between the Authority and the Union. The MBTA Retirement Board is responsible for the general oversight of the MBTA Retirement Fund. The primary goal of the Fund's investment program is to meet or exceed the Fund's actuarial target rate of return to maintain and improve upon its funded status. The Board of the Fund seeks to maximize return on investments through a diverse group of investment managers with an acceptable level of risk.

The Investment Section was prepared by the Finance Staff of the MBTA Retirement Fund with assistance of the Fund's consultant, Segal Marco Advisors. The Fund's investment portfolios are presented at fair value, which is the appropriate industry standard. The accompanying financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Fund adheres to the reporting requirements established by the Governmental Accounting Standards Board (GASB).

The investment performance information provided in this section of the Annual Comprehensive Financial Report was calculated by the Fund's custodian, State Street Bank & Trust Company, using a time-weighted rate of return based on the fair value of assets.

As of December 31, 2025, the Board employed 8 public markets investment managers, 14 private equity market managers, 4 private credit managers, 8 real estate managers, 1 hedge fund-of-funds manager, 2 opportunistic hedge fund manager and 1 risk parity/diversified beta manager. The Fund had approximately $2,006.7 million in assets under management as of December 31, 2025. Each investment manager operates within guidelines that are established by the Board and consultant and are outlined in detailed investment management or partnership agreements.

The Investment Policy statement adopted by the Fund Board requires that the Board and the Executive Director review the asset allocation at least quarterly to determine if the asset allocation is consistent with the exposure ranges described. A change in the Fund's liability structure, funded status or long-term investment prospects may also trigger a revision of the asset allocation. The Executive Director will direct investment managers to transfer funds to rebalance the asset allocation as necessary and shall use appropriate judgment and care when rebalancing portfolios.

Current Allocation

As of December 31, 2025

Asset Class	12/31/2025 Allocation (%)	Target (%)
Equities	**45.6**	**43**
US Equity	28.1	27
International Equity	13.8	12
Emerging Markets Equity	3.7	4
Fixed Income	**24.0**	**26**
TIPS	2.4	3
Core Fixed Income	9.8	10
Bank Loans*	0.0	3
Global Multi Sector	9.7	7
Mortgages	2.1	3
Alternative Investments	**27.9**	**29**
Multi-Asset Class Solutions (MACS)	3.5	4
Private Equity	7.9	8
Private Credit	1.6	2
Hedge Fund of Funds	5.1	4
Real Estate - Core	6.7	6
Real Estate - Value Add	1.3	3
Opportunistic	1.8	2
Cash**	2.5	2

*Bank Loans are invested through PRIM Value-Add Fixed Income, which is now allocated through the Global Multi Sector sleeve

**Investment manager's cash holdings are reported in cash and cash equivalents

The Year in Review—The World Markets

Fiscal Year 2025 Global Markets Overview

First Quarter 2025

U.S. GDP contracted at a higher-than-expected annualized rate, driven largely by a surge in imports and a decline in government spending. The economy continued to face several challenges, including sustained higher interest rates despite initial Federal Reserve rate cuts in late 2024, ongoing geopolitical tensions, moderating but persistent inflation, and increasing uncertainty surrounding global trade tariffs. Despite these headwinds, early indicators pointed to continued economic resilience entering the second quarter, supported by a healthy labor market and steady consumer activity. The unemployment rate increased modestly, while non-farm payroll growth remained stronger than expected. Consumer confidence declined for a fourth consecutive month as concerns over economic growth, interest rates, and tariff uncertainty weighed on sentiment, though retail sales continued to demonstrate resilience.

In the first quarter of 2025, U.S. equities declined (-4.7%) as investor sentiment weakened amid concerns regarding trade policy uncertainty and slowing economic growth. Mid cap stocks (-3.4%) led the U.S. market over large cap (-4.5%) and small cap (-9.5%) stocks. Value outperformed growth in both large and small caps, with the Russell 1000 value (+2.1%) posting the only positive returns versus the Russell 1000 growth (-10%). International developed equities (+6.9%) increased during the quarter, supported by a weaker U.S. dollar, stronger performance in Europe, and additional European Central Bank interest rate reductions. Emerging market equities (+2.9%) also posted positive returns, driven by strength in Latin America and Europe, as well as the benefits of a weaker U.S. dollar despite ongoing trade tensions and slower global growth.

U.S. fixed income (+2.8%) generated positive returns during the quarter as Treasury yields declined across much of the curve, offsetting wider credit spreads. International fixed income (+2.3%) also posted positive returns, aided by currency movements from a weaker U.S. dollar despite rising yields in many global markets. Commodities remained volatile, though positive overall, with particularly strong performance in precious metals and energy-related sectors. Hedge funds (-0.4%) were modestly negative overall, as equity hedge and event-driven strategies lagged, while emerging markets (+2.8%) strategies performed more favorably. Real estate (+1.1%) returns were positive as income generation helped offset slowing write-downs and continued muted transaction activity. Private equity (+1.2%) remained positive over trailing periods, though fundraising activity and distributions continued to face headwinds relative to historical norms.

Second Quarter 2025

U.S. GDP growth rebounded during the second quarter of 2025 as consumer spending and business investment stabilized following first quarter weakness tied to trade disruptions and elevated imports. The economy continued to navigate several challenges, including persistent inflationary pressures, uncertainty surrounding global tariff policies, and slowing international growth. However, improving labor market conditions and resilient consumer spending supported overall economic activity. Inflation moderated gradually during the quarter, while the Federal Reserve maintained a cautious approach toward additional interest rate cuts as policymakers monitored economic data and inflation trends.

In the second quarter of 2025, U.S. equities (+11%) recovered from first quarter declines as investor sentiment improved amid stronger corporate earnings and optimism surrounding artificial intelligence-

(continued)

related investments. Large cap equities (+11.1%) outperformed mid (+8.5%) and small cap stocks (+8.5%), while growth (+17.8% and +12% for Russell 1000 and 2000 Growth) continued to outperform value (+3.8% and +5% for Russell 1000 and 2000 value) across most market capitalizations. International developed equities (+11.8%) generated positive returns, supported by additional monetary easing measures abroad and a weaker U.S. dollar. Emerging market equities (+12%) also advanced, aided by improving economic conditions in select Asian and Latin American markets despite ongoing geopolitical tensions and trade uncertainty.

U.S. fixed income (+1.2%) posted modestly positive returns as Treasury yields stabilized and credit spreads narrowed during the quarter. International fixed income (+7.4%) was mixed as divergent global monetary policies and currency volatility continued to impact returns. Hedge funds (+3.2%) were modestly positive overall, led by relative value and macro strategies. Real estate returns (+1%) improved slightly as transaction activity stabilized, and write-down pressures continued to ease. Private equity (+3%) performance remained positive over trailing periods, although fundraising and liquidity conditions continued to remain below historical averages.

Third Quarter 2025

U.S. GDP growth expanded at a moderate pace during the third quarter of 2025, supported by continued consumer spending, improving manufacturing activity, and resilient labor market conditions. Economic uncertainty remained elevated due to ongoing geopolitical conflicts, tariff negotiations, and concerns regarding slowing global growth. Inflation continued to trend lower throughout the quarter, allowing markets to increasingly anticipate additional Federal Reserve rate reductions later in the year.

In the third quarter of 2025, U.S. equities (+8.2%) generated positive returns as improving inflation data and expectations for additional monetary easing boosted investor confidence. Small (+12.4%) and large caps (+8.1%) equities outperformed mid-cap (+5.3%), largely driven by falling interest rates and momentum in high-beta small cap technology companies. Value stocks outperformed growth across several market segments, reversing trends observed over prior quarters. International developed equities (+4.8%) also advanced, supported by a weaker U.S. dollar and improving economic activity in Europe and parts of Asia. Emerging market equities (+10.6%) outperformed developed markets as easing monetary policy conditions and improving commodity demand supported returns.

U.S. fixed income (+2%) generated positive returns as Treasury yields declined in anticipation of future interest rate cuts. Credit-sensitive sectors also performed well as spreads narrowed, and investor risk appetite improved. International fixed income(-0.8%) trailed as yields rose in several countries compared to lower yields in the US. Hedge funds (+4.2%) remained positive overall, supported by equity hedge and macro strategies. Real estate (+0.7%) returns improved modestly as financing conditions stabilized and transaction volumes began to recover. Private equity (+2.9%) returns remained positive, with buyout strategies continuing to contribute significantly despite slower exit activity and continued fundraising challenges.

Fourth Quarter 2025

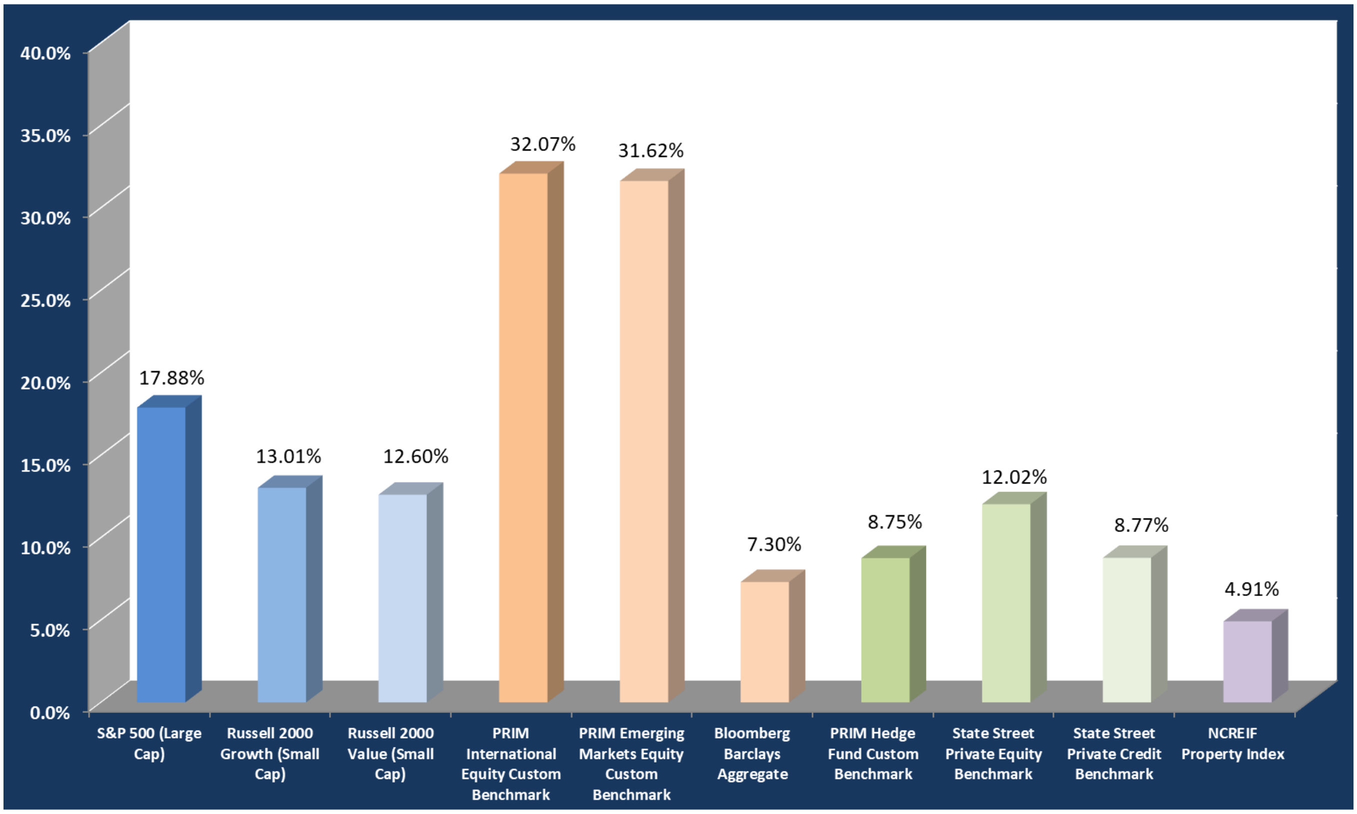
U.S. GDP growth moderated during the fourth quarter of 2025 as higher borrowing costs, softer business investment, and ongoing geopolitical uncertainty weighed on economic activity. Inflation continued to moderate, though concerns regarding trade policy, global economic growth, and fiscal policy uncertainty persisted heading into 2026. The labor market remained relatively healthy despite signs of slowing hiring activity, while consumer spending remained resilient overall.

(continued)

In the fourth quarter of 2025, U.S. equities (+2.4%) posted mixed results as investors balanced moderating inflation trends with concerns over slowing economic growth and policy uncertainty. Large cap (+2.4%) technology-oriented companies continued to support broader market performance, while small cap (+2.2%) and mid cap (+0.2%) equities lagged during the quarter. International developed (+4.9%) and emerging market equities (+4.7%) experienced increased volatility due to fluctuating currency markets, geopolitical developments, and varying central bank policies globally.

U.S. fixed income (+1.1%) generated mixed returns as Treasury yields fluctuated amid changing expectations surrounding future Federal Reserve policy actions. International fixed income (-0.5%) performance was similarly mixed as global yields and currency movements remained volatile. Hedge funds (+3.3%) were modestly positive overall, with event-driven and macro-oriented strategies producing the strongest results. Real estate (+0.9%) returns remained positive as property valuations stabilized and income generation continued to support performance despite ongoing transaction challenges. Private equity returns remained positive for the year, though fundraising activity and distributions continued to trail historical norms as market participants remained cautious in a higher-rate environment.

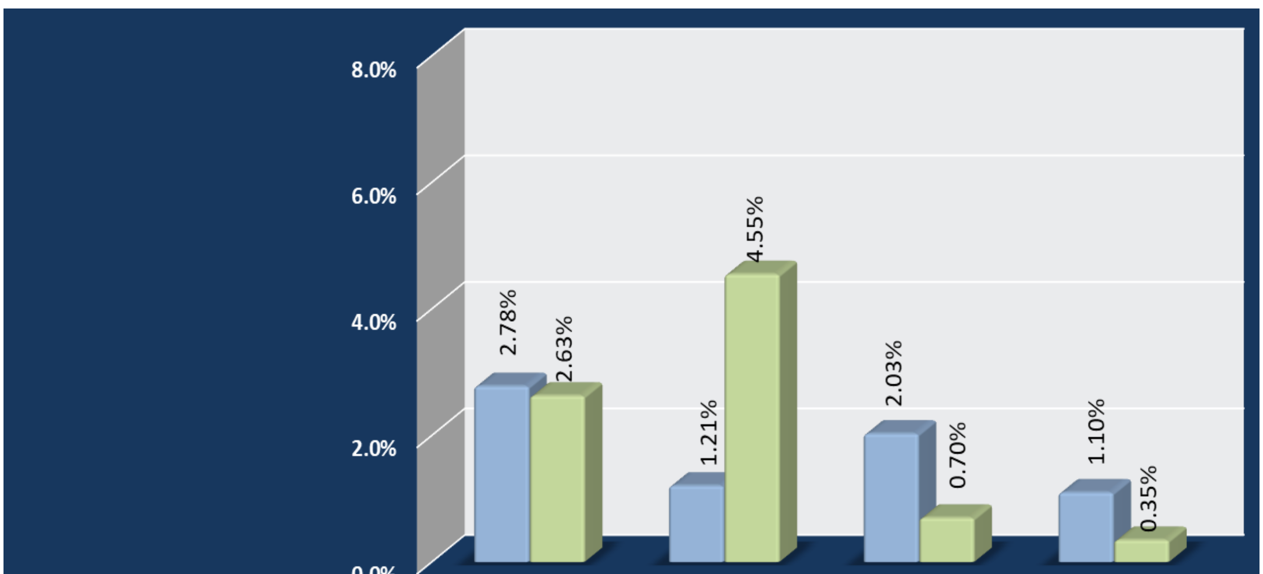
Fiscal Year 2025 Market Indices Returns



Fiscal Year 2025 Equity Indices by Quarter

	3/31/2025 1st Qtr	6/30/2025 2nd Qtr	9/30/2025 3rd Qtr	12/31/2025 4th Qtr
S&P 500 (Large Cap)	-4.27%	10.94%	8.13%	2.66%
Russell 2000 Growth (Small Cap)	-11.12%	11.97%	12.19%	1.22%
Russell 2000 Value (Small Cap)	-7.74%	4.97%	12.60%	3.26%
PRIM International Equity Custom Benchmark	5.81%	12.71%	5.55%	4.93%

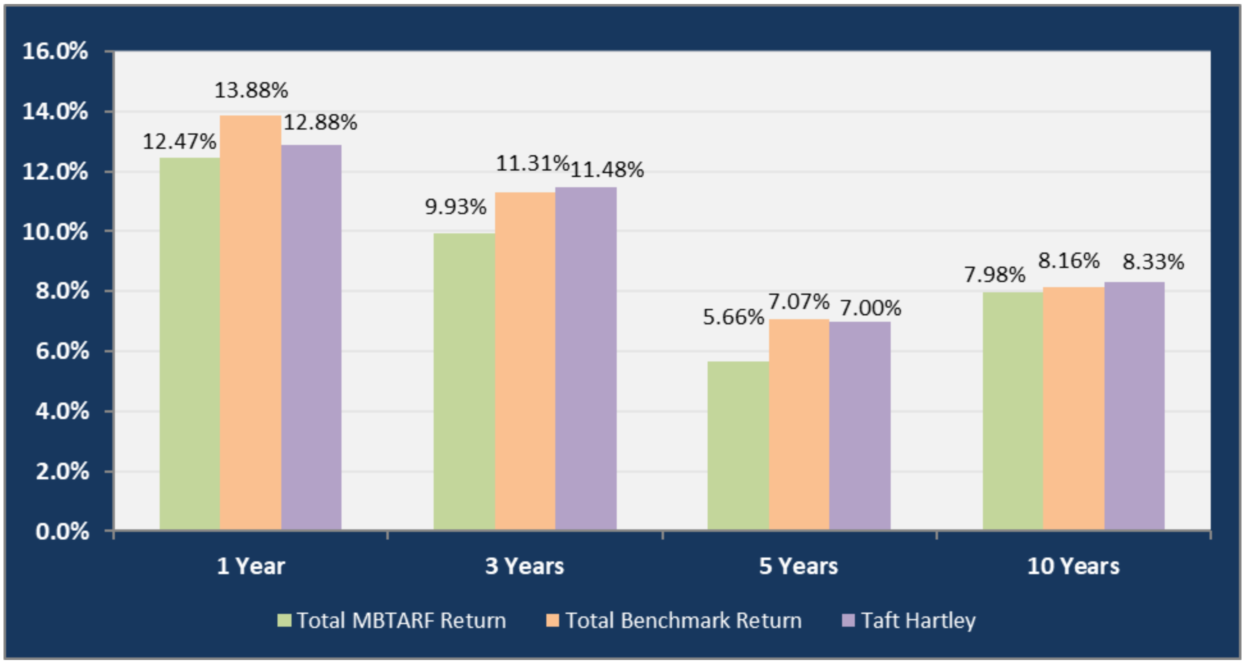
Fiscal Year 2025 Fixed Income Indices by Quarter



	3/31/2025 1st Qtr	6/30/2025 2nd Qtr	9/30/2025 3rd Qtr	12/31/2025 4th Qtr
Bloomberg Barclays Aggregate	2.78%	1.21%	2.03%	1.10%
Bloomberg Multiverse Index (Global)	2.63%	4.55%	0.70%	0.35%

MBTA Retirement Fund Core Performance
Fiscal Year 2025

Returns are calculated based on a time-weighted rate of return methodology. The chart below depicts the Fund's returns (gross of fees) and benchmarks for the periods ended December 31, 2025:



During the 2025 fiscal year, the Fund returned 12.47%, underperforming the Policy Benchmark of 13.88% by 141 basis points. The MBTA Retirement Fund began the 2025 fiscal year with a net position of $1,801.7 million and ended with a net position of $2,021.8 million. On a gross basis, the Fund increased by $220.1 million. Additionally, $241 million in net retirement benefits were dispersed to members of the Fund.

The quarterly returns of the Fund in fiscal year 2025 were as follows:

	MBTARF Return	Policy Benchmark Return
1st Quarter	-0.12%	0.32%
2nd Quarter	3.43%	6.25%
3rd Quarter	4.93%	4.56%
4th Quarter	3.76%	2.19%

(continued)

Following continued market strength in 2024, financial markets maintained positive momentum throughout fiscal year 2025, with most major asset classes generating favorable returns despite periods of volatility. The Federal Reserve continued its easing cycle into 2025 after beginning rate cuts in late 2024, supporting investor sentiment and contributing to strong equity market performance. The U.S. economy ended the fiscal year with steady growth, resilient consumer spending, and relatively low unemployment, although inflationary pressures and geopolitical uncertainty remained areas of focus for investors.

Equities drove results in 2025 with mixed performance across regions and size segments. Domestic large cap equity returned 17.70%, roughly in line with its benchmarks, the S&P 500 at 17.88% and the Russell 1000 at 17.37%. Domestic small cap equity lagged, returning 5.96% versus 13.01% for the Russell 2000 Growth and 12.60% for the Russell 2000 Value. International equities were a bright spot gaining 31.65%, slightly edging the MSCI EAFE at 31.22% and closely tracking the PRIM International Equity Custom Benchmark at 32.07%. Global emerging markets also advanced strongly, up 29.83% compared to 32.39% for MSCI All Country World and 31.62% for the PRIM Emerging Markets Custom Benchmark. Diversified beta returned 8.73% against the 60/40 benchmark's 15.51%. Real estate was modest, returning 1.05% versus the NCREIF Property Index at 4.91%. Private markets were mixed: private equity returned 5.37% against the State Street Private Equity Benchmark at 12.02%, while private credit gained 7.04% compared to the State Street Private Credit Benchmark at 8.77%.

Despite the MBTA Retirement Fund generating a gross positive return of 12.47% in 2025, it ranked in the 73rd percentile of the All-Public Plans greater than $1 Billion Gross Return Universe. The Fund well outperformed its long-term investment objective of 7.25% for the one-year, three-year, ten-year and since inception periods. The annualized return since inception is 8.77% and the Fund's gross annualized return over the ten-year period ending December 2025 was 7.98% and ranked in the 78th percentile of the All-Public Plans Greater Than $1 Billion Gross Return Universe.

The MBTA Retirement Board authorized the following actions in 2025, among others, to position the Fund for long-term risk-adjusted returns, while addressing the Fund's policy framework, PRIT objective, and cost effectiveness:

- Allocated $10 million to the PRIM Value-Add Fixed Income portfolio in January
- Eaton Vance International Small Cap Equity was fully redeemed in January and allocated $30 million to the PRIM International Equity portfolio and $10 million to the PRIM Value-Add Fixed Income portfolio
- $7.5 million was allocated in January to the Fund's Opportunistic portfolio in Hamilton Lane Strategic Opportunities Fund IX
- $7.5 million was allocated in January to the Fund's Opportunistic portfolio in HarbourVest Credit Opportunities Fund III
- Aristotle Capital, Eaton Vance Senior Loan and SSGA MSCI EAFE Index fund were fully redeemed in February
- Allocated $45 million to PRIM International Equity, $15 million to PRIM Value-Add Fixed Income, $35 million to PRIM Core Fixed Income, and $70 million to PRIM Domestic Equity portfolios in March
- Partially redeemed $10 million from AFL-CIO Housing Investment Trust in April
- Allocated $10 million to the PRIM Hedge Fund portfolio and $40 million to the PRIM Value-Add Fixed Income portfolio in April

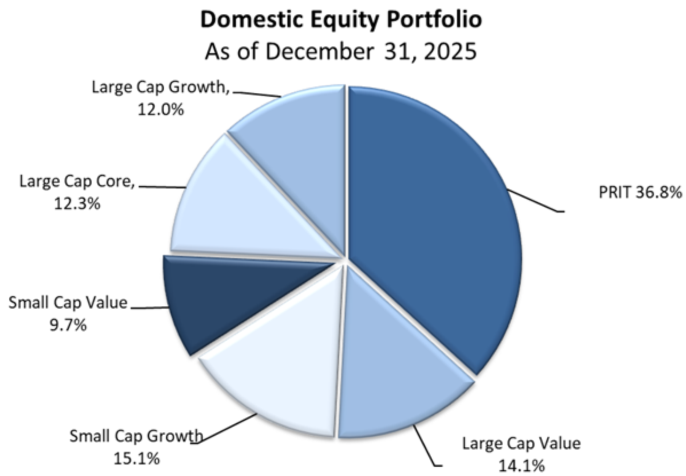
(continued)

- Rebalanced the equity portfolio in July by redeeming 4% from the SSGA Russell 1000 Index fund and allocating to the Russell 1000 Growth Index fund
- $10 million was committed to the PRIT Private Equity Vintage Year 2026 in November
- $10 million was committed to Lexington Middle Market Fund V in November
- $10 million was allocated to the PRIM Real Estate Segmentation portfolio in December

Investment Summary by Type

Domestic Equity Portfolio

As of December 31, 2025, the domestic equity portfolio had $563.5 million in net positions, which represented 28.08% of the Fund portfolio. Approximately 38.3% of the domestic equity portfolio is invested in a large capitalization equity strategy (large cap), 24.9% in a small capitalization equity strategy (small cap), and 36.8% in PRIM's Domestic Equity Segmentation. The Fund's domestic equity portfolio is largely actively managed in an effort to outperform a diverse set of indices. Each investment manager's performance is measured against an assigned index based on the stated investment strategy.



On a three, five, and ten-year basis through December 31, 2025, the domestic equity portfolio returned 17.72%, 11.01%, and 12.82% compared to the S&P 500 benchmark, which returned 23.01%, 14.43%, and 14.82% respectively.

Portfolio Composition—The Board intends to manage risk and diversify the Fund's portfolio through the selection of money managers with different investment styles and complementary characteristics within each asset class.

Portfolio Risks—Although the performance of equity securities has historically exceeded that of other market assets over an extended period of time, these assets, as all investments, carry the risk of loss of principal and are subject to changing market conditions. The value of equities is not only determined by external market conditions, but by the performance of the firms for which these assets legally represent.

Portfolio Returns—During the fiscal year, the domestic equity portfolio produced a return of 14.45% compared to the S&P 500 benchmark of 17.88%. Large cap equity managers returned 17.70%, slightly outperforming the Russell 1000 benchmark by 0.34%. Small cap equity managers returned 5.96%, underperforming the Russell 2000 benchmark by 6.85%. PRIM domestic equity segmentation returned 16.98%, slightly underperforming their custom benchmark by 0.29%. In 2025, the Fund continued investing in the PRIM Domestic Equity Segmentation, which covers multi-asset classes in the domestic equity market. In addition, the Fund had one large cap core indexed manager, one small cap value indexed manager, and one large cap growth indexed manager. The Fund's lone large cap value manager, Boston Partners, outperformed their benchmark in 2025. Both of the two small cap growth managers, RBC Global Asset Management and Alliance Capital, underperformed their benchmarks in 2025.

(continued)

The top ten holdings in the domestic equity portfolio on December 31, 2025 are illustrated below. A complete listing of holdings are available upon request.

	Shares	Stock	Fair Value ($000's)	% of fair value
1	11,284	JPMORGAN CHASE + CO	$ 3,636	0.65 %
2	9,640	AMAZON.COM INC	2,225	0.39
3	66,774	KINROSS GOLD CORP	1,880	0.33
4	14,666	CRH PLC	1,830	0.32
5	5,912	MICRON TECHNOLOGY INC	1,687	0.30
6	4,051	AMERICAN EXPRESS CO	1,499	0.27
7	15,876	WELLS FARGO + CO	1,480	0.26
8	4,282	CENCORA INC	1,446	0.26
9	18,744	US FOODS HOLDING CORP	1,412	0.25
10	7,060	HONEYWELL INTERNATIONAL INC	1,377	0.24
		Total Top Ten	**$ 18,472**	**3.27%**

(continued)

The MBTA Retirement Fund's domestic equity managers on December 31, 2025 are presented in the following table:

Manager	Investment Mandate	Portfolio Fair Value @ 12-31-2025
Alliance Bernstein	Small Cap Growth	$ 36,646,624
Boston Partners	Large Cap Value	79,272,389
Pension Reserves Investment Management-Domestic Equity	PRIT	207,179,356
RBC Global Asset Management	Small Cap Growth	48,590,395
State Street Global Advisors	Small Cap Value	54,893,045
State Street Global Advisors	Large Cap Core	69,419,267
State Street Global Advisors	Large Cap Growth	67,476,482
Total Portfolio Fair Value:		**$ 563,477,558**

International Equity Portfolio

As of December 31, 2025, the international equity portfolio had approximately $277.7 million in net positions, representing 13.84% of the Fund portfolio. Currently, the only manager held in this portfolio is PRIM International Equity, which is benchmarked against the PRIM Custom International Equity benchmark. In addition, the Fund compares this asset class against the MSCI EAFE Index.

Portfolio Composition—The primary strategy is to invest in international equity to achieve consistent, positive real returns and to maximize long-term total return within prudent levels of risk through a combination of income and capital appreciation. This portfolio is diversified with active core, active small cap, passive core, and passive small cap equity exposure. The Board intends to diversify by employing various strategies to invest assets in a well-diversified portfolio of Non-U.S. developed market equity securities. This group consists of a broad range of styles and approaches including: core international products, top-down country selectors, bottom-up security selectors, capitalization ranges, growth and value-oriented products and products using various mixtures of these strategies. Certain investment managers may have a guideline limiting exposure to emerging markets.

Portfolio Risks—International assets are subject to additional risks such as changes in foreign currency exchange markets and the environment in which the trading of these securities and associated financial reporting are governed. Differences between reporting standards across jurisdictions also adds to the complexity of these markets.

Portfolio Returns—During the fiscal year, international equity returned 31.65%, slightly underperforming PRIM's custom international equity benchmark by 0.42%. On a three-, five-, and ten-year basis through December 31, 2025, the international equity portfolio returned 16.65%, 7.49%, and 7.88% compared to the MSCI EAFE Index, which returned 17.22%, 8.92%, and 8.18%, respectively. The PRIM International Equity Custom Benchmark returned 32.07% for the year, with three-, five-, and ten-year benchmark returns not yet available.

The MBTA Retirement Fund's international equity manager on December 31, 2025 is presented in the following table:

	Manager	Investment Mandate	Portfolio Fair Value @ 12-31-2025
PENSION RESERVES INVESTMENT MANAGEMENT BOARD	Pension Reserves Investment Management - International Equity	PRIT	277,728,969
	Total Portfolio Fair Value:		**$ 277,728,969**

Global Equity and Emerging Markets Portfolio

As of December 31, 2025, the global equity and emerging markets portfolio had approximately $74.8 million, or 3.73%, of the MBTA Retirement Fund's investments. The Fund measures the PRIM Emerging Markets portfolio against the PRIM Custom Emerging Markets Benchmark. In addition, the Fund compares this asset class against the MSCI Emerging Markets Index which captures large and mid-cap representation across 24 emerging markets countries.

Portfolio Composition—PRIM's primary strategy for this portfolio is investing in companies in developing countries, including, but not limited to, China, Taiwan, South Korea, Brazil, Saudi Arabia, South Africa, Mexico, United Arab Emirates, and Malaysia. These countries typically have less efficient securities markets, and thus there is an opportunity for returns above benchmarks.

Portfolio Risks—In addition to providing the potential for higher expected returns, emerging markets generally expose investors to higher expected risks, due to their susceptibility to more volatile economic conditions, potential political instability and, in some cases, an absence of a mature system of corporate governance. These investments also carry all the risks associated with domestic and developed market investments.

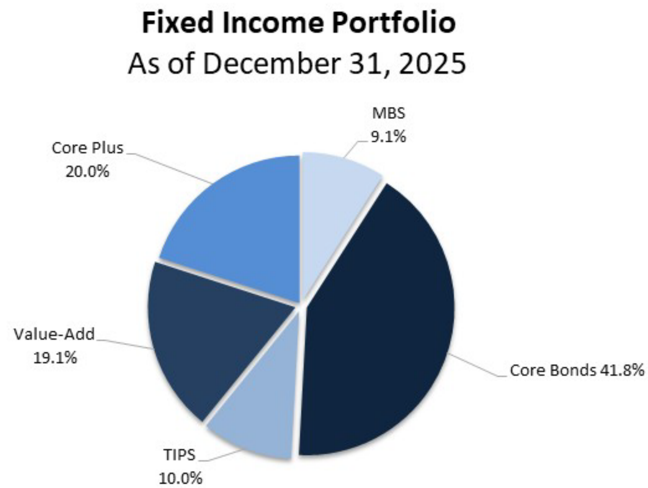
Portfolio Returns—During the fiscal year, the Global Equity and Emerging Markets portfolio returned 29.83%. On a three, five, and ten-year basis through December 31, 2025, the global equity and emerging markets portfolio has returned 21.93%, 4.38%, and 13.13% compared to the MSCI All Country World Index ex US, which returned 17.33%, 7.91%, and 8.42% respectively. The PRIM Custom Emerging Markets Benchmark returned 31.62% for the year, 16.28% for the three-year period, and 4.65% for the five-year period, with ten-year returns not yet available.

The MBTA Retirement Fund's global equity and emerging markets manager on December 31, 2025, are presented in the following table:

	Manager	Investment Mandate	Portfolio Fair Value @ 12-31-2025
PENSION RESERVES INVESTMENT MANAGEMENT BOARD	Pension Reserves Investment Management	Emerging	$ 74,791,891
	Total Portfolio Fair Value:		**$ 74,791,891**

Fixed Income Portfolio

As of December 31, 2025, the fixed income portfolio had approximately $472.4 million in net positions, which represented 23.54% of the Fund portfolio. In addition to the Bloomberg U.S. Aggregate, the Fund's fixed income portfolio is also benchmarked against the Bloomberg U.S. Treasury INFL Notes 1-10Y, Morningstar LSTA US Leveraged Loan TR, Bloomberg Multiverse and Bloomberg U.S. Mortgage-Backed Securities.



Portfolio Composition—Fixed income managers serve in a specialist role managing debt securities. Domestic core fixed income managers' investments may include (i) U.S. dollar denominated obligations of the United States Government and its Agencies and instrumentalities, as well as U.S. corporations, (ii) mortgage-backed securities including CMOs and commercial mortgage backed securities ("CMBS"), (iii) Asset Backed Securities("ABSs"), (iv) registered 144A securities if applicable, (v) municipal bonds, (vi) short term securities, (vii) securities of foreign companies or foreign countries (sovereigns or supranational) denominated in U.S. dollars, trading in the U.S. markets and capable of settlement in U.S. markets (Yankee bonds) and (viii) dollar denominated obligations of U.S. companies trading outside the U.S. ("Eurobonds").

Portfolio Risk—Risk in bond investments is primarily driven by changing interest rates which cause the value of these investments to fluctuate. The action of the Federal Reserve Bank of the United States through its monetary policy and through the monetary policy of other such institutions significantly affects interest rates. The risk of default is also associated with these investments and is measured by established credit rating firms. Default risks are subject to change.

Portfolio Returns—During the fiscal year, the fixed income portfolio returned 7.92%, slightly outperforming the Bloomberg Aggregate Bond Index benchmark by 0.62%. On a three-, five-, and ten-year basis through December 31, 2025, the fixed income portfolio returned 6.30%, 1.69%, and 3.27% compared to the Bloomberg Aggregate Bond Index, which returned 4.66%, (0.36%), and 2.01% respectively.

(continued)

The top ten holdings in the fixed income portfolio on December 31, 2025 are illustrated below. A complete listing of holdings are available upon request.

	Shares	Security		Fair Value ($000's)	% of fair value
1	6,885,000	US TREASURY N/B Due 11/30/2030	Rating NR	$ 12,105	2.56 %
2	7,050,000	US TREASURY N/B Due 08/31/2030	Rating NR	10,133	2.15
3	3,956,000	US TREASURY N/B Due 08/15/2043	Rating NR	6,454	1.37
4	4,170,900	US TREASURY N/B Due 03/31/2030	Rating NR	4,886	1.03
5	3,835,397	TSY INFL IX N/B Due 01/15/2033	Rating NR	3,374	0.71
6	3,823,000	TSY INFL IX N/B Due 01/15/2034	Rating NR	3,227	0.68
7	4,200,000	US TREASURY N/B Due 05/15/2053	Rating NR	2,877	0.61
8	3,343,683	US TREASURY N/B Due 05/31/2030	Rating NR	2,850	0.60
9	3,342,615	TSY INFL IX N/B Due 01/15/2027	Rating NR	2,831	0.60
10	3,342,767	TSY INFL IX N/B Due 01/15/2029	Rating NR	2,828	0.60
		Total Top Ten		**$ 51,565**	**10.91 %**

(continued)

The MBTA Retirement Fund's fixed income managers on December 31, 2025 are represented in the following table:

Manager	Investment Mandate	Portfolio Fair Value @ 12-31-2025
AFL-CIO Housing	MBS	$ 43,004,570
Income Research & Management	Core Bonds	143,137,473
IRM TIPS	TIPS	47,349,744
Loomis, Sayles & Company	Core Plus	94,662,283
Pension Reserves Investment Management - Core Fixed Income	Core Bonds	53,880,112
Pension Reserves Investment Management - Value-Add Fixed Income	Value-Add	90,335,361
Total Portfolio Fair Value:		**$ 472,369,543**

Real Estate Portfolio

As of December 31, 2025, the MBTA Retirement Fund had approximately $161.6 million invested in real estate which represented 8.05% of the Fund's total investments.

Portfolio Composition—The equity real estate program is comprised primarily of two separate but complementary investment strategies – core and specialty. Core investments include property types in multi-family housing, retail, industrial and office buildings. These assets are characterized by stable and increasing income levels and are in major metropolitan areas which exhibit reasonable economic diversification. Specialty investments include property types in hotels, assisted-living and congregate care facilities. Specialty strategies enhance returns of assets capable of, but not currently, exhibiting core type characteristics.

Objective—The MBTA Retirement Fund's allocation to real estate equity is intended to enhance the return, risk and portfolio diversification characteristics of the Fund's total portfolio. It is anticipated that investments in equity real estate will, over a full market cycle, produce an income return that is in excess of the yield of an investment grade, core fixed income investment combined with some level of equity appreciation. In addition, it is expected that equity real estate will exhibit a lower correlation with traditional equity and fixed income securities.

Portfolio Risk—Real estate investments expose investors to risks. which include:

- Market risks that may be exacerbated by real estate's sensitivity to economic conditions and/or by the investment manager's utilization of leverage.
- Lower liquidity, especially for closed end, limited partnership and direct investments.
- Operational and credit risks that are higher than those of traditional investments.
- Valuation and appraisal lag which can be exacerbated in times of rapid price changes in the commercial real estate market.

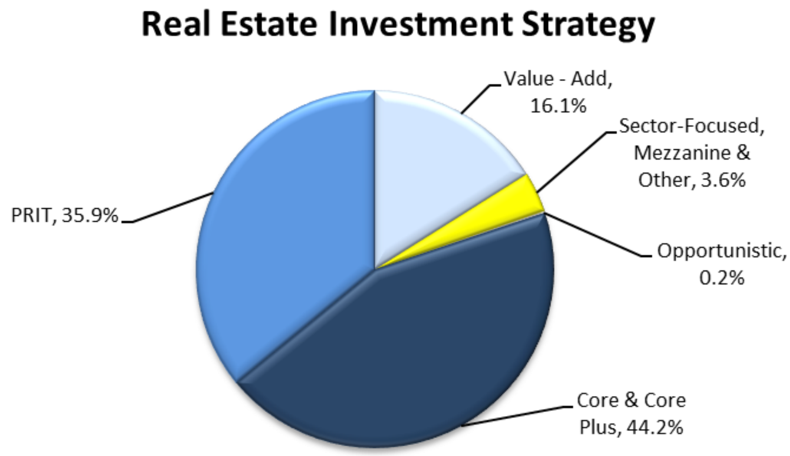
Leverage—Leverage may be utilized at the discretion of the underlying real estate managers in a constrained manner, consistent with the commingled fund documents, in order to enhance yields of the various investments and/or facilitate the diversification of the portfolio. The total level of debt for any single commingled fund investment is not expected to exceed 70% of the value of that fund. However, as a general guideline, the Fund's composite real estate portfolio shall never be more than 50% levered on an aggregate basis at any time.

Real Estate Investment Strategies—Private real estate equity strategies include core, core plus, value-added and opportunistic approaches. Core diversified funds have lower risk due to their limited use of leverage and broad diversification across multiple property types, geographic regions and income generating assets (most properties in core portfolios are fully leased and generating income). Further out on the risk and return continuum, core plus, value-added and opportunistic funds have lower occupancy rates, utilize more leverage and include properties in the development and/or pre-development stage. Due to their higher risk, these strategies are expected to generate returns that exceed that of core real estate. Open-ended and closed-end real estate investments are diversified by vintage year, investment manager, geographic region, property type and investment strategy. With respect to vintage year diversification, closed-end funds are diversified due to the fact that they are designed to invest over specific, finite time periods, while open-end funds are diversified by definition (i.e. by virtue of always being open and investing in all time periods).

(continued)

Investment Strategy Allocations—As of December 31, 2025, the MBTA Retirement Fund has two active closed-end real estate funds, with one manager in the harvesting stage with a fair value of $5.8 million and one in the process of liquidating with a fair value of $301 thousand.

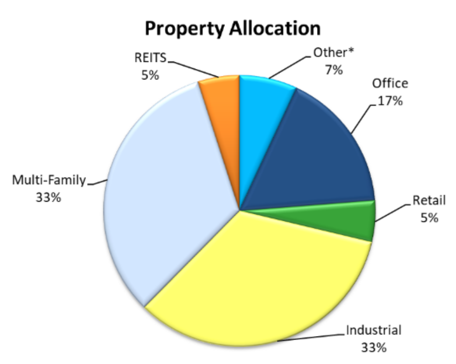
The MBTA Retirement Fund's investment strategy is diversified across closed and open-ended funds as follows:

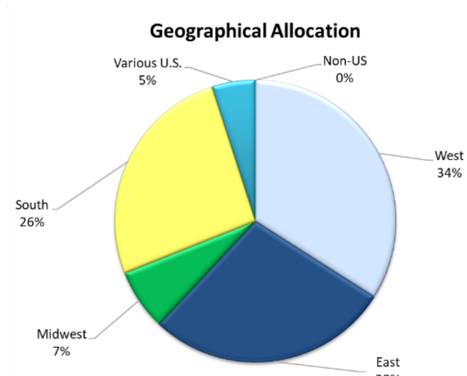


Portfolio Returns – The MBTARF real estate portfolio returned 1.05% during the 2025 fiscal year and (8.04%), (0.82%), and 2.95% over three-, five-, and ten-year periods. The NCREIF benchmark returned 4.91% during the 2025 fiscal year and (1.01%), 3.80%, and 4.85% over three-, five-, and ten-year periods.

The MBTARF real estate portfolio received $8.6 million in distributions during the year-ending December 31, 2025, compared to $3.3 million in distributions received during 2024. The Fund submitted a full redemption to MEPT in 2022 and has since received partial redemption payments in 2025 totaling approximately $2.2 million. The MBTARF's real estate managers called $10.6 million of capital during 2025, largely due to an additional capital commitment of $10 million to the PRIM Real Estate Segmentation. The net cash flow from the MBTARF's real estate portfolio for the year ended December 31, 2025, was a net outflow of $2 million, compared to an outflow of $27.2 million for 2024.

Geographic Diversification—The following charts illustrate the property type and geographic diversification of the closed end real estate portfolio:





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The MBTA Retirement Fund Real Estate managers on December 31, 2025, are presented in the following table:

	Manager	Investment Mandate	Portfolio Fair Value @ 12-31-2025
AFL-CIO BUILDING INVESTMENT TRUST	AFL CIO BLDG INVST TR	Open Ended	$ 10,337,547
INTERCONTINENTAL REAL ESTATE CORPORATION	INTERCONTINENAL REAL ESTATE CORP	Open Ended	11,261,220
J.P.Morgan Asset Management	JP MORGAN ASSET MANAGEMENT	Open Ended	25,982,989
BentallGreenOak Residential Services	BENTALL GREEN OAK	Open Ended	35,776,494
PENSION RESERVES INVESTMENT MANAGEMENT BOARD	PRIM REAL ESTATE SEGMENTATION	Open Ended	57,974,883
Prudential Real Estate Investors	PRUDENTIAL REAL ESTATE INVESTORS	Sector Focused	5,823,166
SIGULER GUFF	SIGULER GUFF & COMPANY	Opportunistic	301,274
TA REALTY	TA REALTY CORE PROPERTY FUND	Open Ended	14,179,072
	Total Portfolio Fair Value:		**$ 161,636,646**

Risk Parity / Diversified Beta Portfolio

As of December 31, 2025, the MBTA Retirement Fund had $68.3 million invested in the risk parity portfolio, representing 3.4% of the Fund's total investments.

Portfolio Composition—The Risk Parity managers utilize a risk premium capture strategy that seeks to generate returns by investing in equity, bond and commodity markets using a risk-balanced investment process. Specifically, the managers select the appropriate assets for the strategy, allocate them based on their proprietary risk management and portfolio construction techniques, and then applies an active position process to improve expected returns. The MBTA Retirement Fund invests in Risk Parity/Diversified Beta products because it provides the Fund with diversification and attractive returns. Additionally, the strategy provides daily liquidity, no lock-up, high capacity and high transparency, all of which are attractive qualities for the Fund.

Portfolio Risks—Investments in Risk Parity / Diversified Beta are subject to various risks, including derivatives and leverage risk. Risk Parity managers may invest a substantial portion of their assets in "derivatives" because their value "derives" from the value of an underlying asset, reference rate or index, the value of which may rise or fall more rapidly than other investments. The strategy invests principally in exchange-traded futures across a diverse mix of assets including equities, bonds and commodities. For some derivatives, it is possible to lose more than the amount invested in the derivative. If the portfolio uses derivatives to "hedge" a portfolio risk, it is possible that the hedge may not succeed and may result in unexpected changes in the value of the rest of the portfolio. Over the counter derivatives are also subject to counterparty risk, which is the risk that the other party to the contract will not fulfill its contractual obligation to complete the transaction with the Fund. The implementation of a risk parity strategy requires the use of leverage to increase the risk of the government bond allocation in the strategy so that it can be balanced against the portfolio's exposure to stocks and commodities. The use of derivatives facilitates the ability to create the desired exposure of leverage in the portfolio. Leverage may cause the portfolio to be more volatile than if the portfolio had not been leveraged because it can exaggerate the effect of any increase or decrease in the value of securities held by the portfolio.

Portfolio Returns—For the 2025 fiscal year, the Risk Parity/Diversified Beta portfolio returned 8.73%, outperforming the Bloomberg U.S. Treasury Bellwethers benchmark by 4.50%. On a three-, five-, and ten-year basis through December 31, 2025, the Risk Parity/Diversified Beta portfolio returned 6.89%, 1.53%, and 5.45% respectively.

The MBTA Retirement Fund's Risk Parity / Diversified Beta manager on December 31, 2025, is presented in the following table:

	Manager	Investment Mandate	Portfolio Fair Value @ 12-31-2025
Invesco	Invesco	Diversified Beta	$ 68,263,393
	Total Portfolio Fair Value:		**$ 68,263,393**

Fund of Hedge Fund Portfolio

As of December 31, 2025, the MBTA Retirement Fund's fund of hedge fund portfolio held $102.5 million in net positions, which represents 5.11% of the Fund's total investments. The fund of hedge fund portfolio is benchmarked against the PRIM Custom Hedge Fund benchmark, with the CSFB/Tremont Hedge Fund Index also used as reference for hedge fund performance.

Portfolio Composition—The objective of the MBTARF's hedge fund program is to reduce the volatility of the total fund while attempting to maximize returns in a variety of market conditions. As a group of strategies, hedge funds represent a broad set of investment styles, mandates and products that focus primarily on the liquid equity, fixed income and derivatives markets. This may also include allocations to non-traditional investments, including illiquid securities and investments. There are two primary methods for investing in hedge funds, funds of hedge funds and single manager funds. The MBTARF primarily utilizes fund of hedge funds in an effort to significantly reduce risk through diversification.

Portfolio Risks—Hedge Funds are subject to various risks inherent in this strategy. Fluctuations in the markets can create market risk and credit risk is due to the fixed income nature of hedge fund strategies. As the MBTARF is invested in fund of fund strategies, liquidity risk is present as managers unwind from underlying positions. Investing in hedge funds exposes operational risks in executing strategies and valuations of positions. The Fund monitors risk by enforcing the investment managers to provide exceptional levels of transparency.

Portfolio Returns—The MBTARF's fund of hedge fund portfolio returned 8.96% for the fiscal year and 11.43%, 7.83%, and 5.10% over three-, five-, and ten-year periods. The PRIM Custom Hedge Fund Benchmark returned 9.05% and 6.43% over a three and five-year period, with ten-year returns not yet available. The CSFB/Tremont Hedge Fund Index returned 8.70%, 7.03%, and 5.54% over a three, five, and ten-year basis.

The MBTARF hedge fund portfolio has one active fund of hedge fund investment manager as of December 31, 2025, and is presented in the following table:

	Manager	Investment Mandate	Portfolio Fair Value @ 12-31-2025
PENSION RESERVES INVESTMENT MANAGEMENT BOARD	Pension Reserves Investment Management-Hedge Funds	Fund of Funds	$ 102,509,675
	Total Portfolio Fair Value:		**$ 102,509,675**

Fund of Hedge Fund - Opportunistic Portfolio

As of December 31, 2025, the MBTARF's fund of hedge fund - opportunistic portfolio held $36.4 million in net positions, which represented 1.82% of the Fund's total investments. The Fund's opportunistic portfolio is currently benchmarked against the Bloomberg U.S. Corporate High Yield Index.

Portfolio Composition—While descriptions vary across investors, opportunistic investments generally encompass non-traditional investment strategies that seek to generate risk-adjusted returns by taking advantage of temporary market inefficiencies or dislocations arising from evolving market conditions, regulatory changes and other factors. Opportunistic investments generally do not fit into other asset class or strategy descriptions and may be viewed as tactical and time constrained. As compared to multi-strategy hedge funds, opportunistic investments generally exhibit higher expected returns, greater market risk, less liquidity and a higher level of concentration. Opportunistic managers may invest across asset classes (e.g. equity, debt, alternatives) and offer funds in different vehicles. Opportunistic investments may also come in the form of hedge funds or long-only investment strategies.

Portfolio Risks—Opportunistic Hedge Funds are subject to various risks inherent in this strategy. Depending on what form they take, opportunistic investments may expose an investor to a range of risks. These include:

- Market risks that impact the underlying value of investments held in underlying equity, fixed income and alternative investments.
- Market risks may include equity, interest rate or currency exchange rate risk and may be impacted by macroeconomic factors such as inflation expectation.
- Credit risk attributable to fixed income securities or private debt investments.
- Liquidity risks, especially for closed-end, limited partnership and direct investments.
- Operational risks related to valuation processes, transaction processing, compliance, financial reporting and service providers.

Portfolio Returns—The MBTARF's opportunistic fund of hedge fund portfolio returned 7.84% in 2025, with three- and five-year returns at 8.76% and 7.01% respectively. The first full year the MBTA Retirement Fund began investing in this asset class was 2018, due to this, the 10-year returns are not yet available. The MBTARF uses the Bloomberg U.S. Corporate High Yield Index as a benchmark for performance, which returned 8.62% for the 2025 fiscal year and 10.06%, 4.51%, and 6.53% over a three-, five-, and ten-year period.

The MBTARF opportunistic hedge fund of fund portfolio held six active investments with two managers as of December 31, 2025 and is presented in the following table:

	Manager	Investment Mandate	Portfolio Fair Value @ 12-31-2025
Hamilton Lane	Hamilton Lane	Fund of Funds - Opportunistic	$ 35,916,079
HarbourVest	HarbourVest	Fund of Funds - Opportunistic	$ 526,649
	Total Portfolio Fair Value:		**$ 36,442,728**

Private Equity Portfolio

As of December 31, 2025, the private equity portfolio held approximately $159 million in net positions, which represented 7.93% of the Fund's total investments. The MBTARF's private equity portfolio is benchmarked to a State Street Customized Benchmark, which considers the portfolio's allocations to the various private equity sub-classes.

Portfolio Composition— The private equity portfolio is used to increase the expected long-term return of the MBTARF portfolio, while generating cash flow and providing diversification. The private equity portfolio is diversified among sub-classes, which include venture capital, growth equity, buyouts, secondary strategies and special situations.

Portfolio Risks - Private equity does not lend itself to traditional quantitative measures of risk. Rather, risk is measured through a combination of quantitative and qualitative constraints. These risks include, but are not limited to, the following:

- ***Liquidity risk***: Private equity investments are illiquid and typically have expected holding periods of 10-12 years. Investments are typically held until maturity and selling prior to maturity results in a discount of fair value. Liquidity risk is managed by minimizing the possibility of forced sales that may arise from exceeding maximum exposure limits or lowering asset allocation exposure limits.
- ***Vintage risk***: Vintage reflects the year of the first capital draw from a fund. Vintage risk refers to the variability of private equity commitments over time and is minimized by pacing investments to provide vintage year diversification.
- ***Manager risk***: Manager risk consists of two elements - the exposure within an investment vehicle, and the number of managers in the private equity program. The exposure to a specific manager within an investment vehicle is controlled by limiting the commitment size to a specific investment vehicle. The optimum number of managers in the portfolio varies over time.
- ***Firm risk***: Firm risk is the exposure to a private equity firm and is controlled by limiting the maximum commitment to funds actively managed by a firm and its affiliates.
- ***Currency risk***: Currency risk is the risk that investments held in a foreign currency will change in value as a result of changes in the currency exchange rates. The private equity program accepts the currency risks consistent with the geographic constraints of the investment opportunity. Private equity investments generally do not hedge currency risk, and the private equity program does not implement currency hedges.
- ***Industry risk***: Typically, private equity funds are permitted to invest in a wide variety of industries with limited controls. Industry risk is controlled primarily through appropriate diversification across strategies and sub-strategies.
- ***Geographic risk***: Geographic risk is controlled through a long-term, international target exposure. Global opportunities generally indicate geographic limits, and exposure will be attributed and monitored accordingly.
- ***Leverage risk***: Private equity managers invest capital throughout the capital structure of portfolio companies. The capital markets control the maximum leverage available to the private equity managers. Investors control leverage exposure through portfolio construction and private equity fund selection.

(continued)

Portfolio Returns—The MBTARF's private equity portfolio returned 5.37% during the fiscal year and 3.15%, 7.54%, and 9.82% over three-, five-, and ten-year periods. The MBTARF's State Street Private Equity Benchmark returned 12.02% during the fiscal year and 8.61%, 10.65%, and 12.80% over three-, five-, and ten-year periods. In April 2020, per the asset allocation, private credit was separated from the private equity portfolio. Due to this, ten-year returns include both private equity and private credit funds while the one-, three-, and five-year returns reflect only private equity.

The MBTA Retirement Fund's private equity portfolio received $22.8 million in distributions during the 2025 fiscal year, compared to $14.8 million in the 2024 fiscal year. Private equity portfolio managers called $17 million of capital during the 2025 fiscal year, compared to $14.4 million called in the 2024 fiscal year. The net cash flow from the private equity portfolio was an inflow of $5.8 million in the 2025 fiscal year, compared to an inflow of $0.4 million in the 2024 fiscal year.

The MBTA Retirement Fund's active private equity investment managers are reported in the summary below:

Manager	Investment Mandate	Portfolio Fair Value 12-31-2025
EUROPEAN STRATEGIC II	Buyout	30,491
EUROPEAN STRATEGIC PARTNERS 2006	Buyout	28,292
EUROPEAN STRATEGIC PARTNERS 2008	Buyout	91
GROSVENOR OPPOR CREDIT III	Special Situations	115,210
LEXINGTON CAPITAL PARTNERS VIB	Secondary Fund of Funds	73,144
LEXINGTON CAPITAL PARTNERS X	Secondary Fund of Funds	7,385,943
LEXINGTON CAPITAL PRTNRS IX	Secondary Fund of Funds	9,122,325
LEXINGTON CAPITAL PTNRS VII	Secondary Fund of Funds	178,920
LEXINGTON CAPT PRTNS VIII	Secondary Fund of Funds	3,423,226
LEXINGTON MIDDLE MARKET	Secondary Fund of Funds	14,806
LEXINGTON MID MARKET II	Secondary Fund of Funds	77,798
LEXINGTON MID MARKET III	Secondary Fund of Funds	2,718,642
LEXINGTON MIDDLE MKT INV IV	Secondary Fund of Funds	7,722,000
NEW MOUNTAIN PARTNERS III	Buyout	196,237
NEW MOUNTAIN PARTNERS IV	Buyout	513,132
NEW MOUNTAIN PARTNERS V	Buyout	3,766,113
NEW MOUNTAIN PARTNERS V SRC ROLLOVER	Buyout	2,796,067
NEW MOUNTAIN PARTNERS VI	Buyout	10,010,143
NEW MOUNTAIN PARTNERS VII	Buyout	3,189,213
OPUS CAPITAL VENTURE PRTNS V	Venture	2,695,837

Manager	Investment Mandate	Portfolio Fair Value 12-31-2025
PHAROS CAPITAL	Growth Equity	907,866
PHAROS CAPITAL II	Growth Equity	4,351,880
PHAROS CAPITAL PARTNERS III	Growth Equity	931,441
PRIT PVT EQ 2020 VNTG YR	Secondary Fund of Funds	30,746,349
PRIT PVT EQ 2021 VNTG YR	Secondary Fund of Funds	21,455,168
PRIT PVT EQ 2022 VNTG YR	Secondary Fund of Funds	6,366,203
PRIT PVT EQ 2023 VNTG YR	Secondary Fund of Funds	4,091,806
PRIT PVT EQ 2024 VNTG YR	Secondary Fund of Funds	1,844,665
PRIT PVT EQ 2025 VNTG YR	Secondary Fund of Funds	2,195,468
LAVIEN (QUADRANGLE CAPITAL PARTNERS II)	Buyout	13,799
SIGULER GUFF BRIC OPPN FDII	Buyout	45,145
SL CAPITAL ESF I	Buyout	144,140
STERLING CAPITAL PARTNERS IV	Growth Equity	187,008
SVB CAPITAL PARTNERS II	Venture	270,528
SVB CAPITAL PARTNERS III	Venture	4,134,176
SVB STRATEGIC INVESTORS III	Venture	2,072,589
SVB STRATEGIC INVESTORS FUND VIII	Venture	11,990,039
TOP TIER VENTURE VELOCITY FUND I	Secondary Fund of Funds	3,620,155
TOP TIER VENTURE VELOCITY IV	Secondary Fund of Funds	5,249,259
WLR RECOVERY FUND V	Special Situations	9,362
Z CAPITAL SPECIAL SIT. FD II	Special Situations	4,354,861
Total Portfolio Fair Value		**$ 159,039,537**

Private Credit Portfolio

As of December 31, 2025, the private credit portfolio held approximately $31.7 million in net positions, which represented 1.58% of the Fund's total investments. In April 2020, per the asset allocation, the Fund separated performance and reporting for the private credit strategy from the private equity portfolio. As of December 31, 2025, the MBTA Retirement Fund's private credit strategy has 11 limited partnerships. The MBTA Retirement Fund's private credit portfolio is benchmarked to a State Street Private Credit Benchmark.

Portfolio Composition—The private credit portfolio is used to increase the expected long-term return of the MBTARF portfolio, while generating cash flow and providing diversification. Private credit is a way for businesses to raise capital, where an investor lends money in exchange for interest payments. The investor can impose covenants, warrants and/or collateralization to secure the loan. As a comparison, private equity is when the investor owns all or part of the company.

Portfolio Risks—Private credit does not lend itself to traditional quantitative measures of risk. Rather, risk is measured through a combination of quantitative and qualitative constraints. These risks include, but are not limited to, the nonpayment of scheduled interest and principal payments on a debt investment. If a borrower fails to make a payment, or default, this may affect the overall return to the lender. Private credit investments are generally illiquid and require longer investment horizons. The typical lifespan of an MBTARF investment in private credit can range between 8-12 years.

Portfolio Returns—The MBTA Retirement Fund's active private credit portfolio returned 7.04% during the fiscal year and 5.71% and 14.59% over three- and five-year periods ending December 31, 2025. The Funds State Street PEI Mezzanine-Special Situations Benchmark returned 8.77% during the fiscal year and 9.09% and 9.96% over three- and five-year periods. The MBTARF began separating out private credit from private equity in 2021, due to this, 10-year returns are not yet available.

The Fund's private credit portfolio received $3.7 million in distributions during the fiscal year 2025, compared to $4.9 million received in 2024. Private credit portfolio managers called $2.3 million of capital during the fiscal year 2025, compared to $3.6 million called in 2024. The net cash flow from the private credit portfolio was an inflow of $1.4 million in fiscal year 2025, compared to an inflow of $1.3 million in 2024.

(continued)

The MBTA Retirement Fund's active private credit investment managers are reported in the summary below:

Manager	Investment Mandate	Portfolio Fair Value 12-31-2025
CRESCENT MEZZ PART VII B LP	Mezzanine	$ 2,133,099
IRONSIDES OPP FUND II LP	Mezzanine	3,172,385
NEUBERGER BERMAN FUND IV	Mezzanine	6,770,245
VENTURE LENDING LEASING VI	Mezzanine	1,181,753
VENTURE LENDING LEASING VII	Mezzanine	2,310,150
VENTURE LENDING + LEASING IV	Mezzanine	10,800
VENTURE LENDING + LEASING V	Mezzanine	20,025
VENTURE LENDING AND LEASING IX	Mezzanine	5,046,525
VENTURE LENDING+LEASING VIII	Mezzanine	3,324,699
WTI FUND X LLC	Mezzanine	7,026,320
WTI FUND XI	Mezzanine	655,871
Total Portfolio Fair Value		**$ 31,651,871**

SCHEDULE OF TIME-WEIGHTED RETURNS BY ASSET CLASS*

For the Period Ended December 31, 2025

	Annualized Returns		Annual Returns				
Portfolio	3 - Year	5 - Year	2025	2024	2023	2022	2021
Total Fund	9.93	5.66	12.47	7.98	9.40	(12.97)	13.88
Policy Benchmark	11.31	7.07	13.88	8.57	11.02	(8.32)	13.52
Taft Hartley - Median	11.48	7.00	12.88	9.96	11.71	(11.00)	14.60
Domestic Equity Large Cap Composite	20.21	13.21	17.70	19.96	23.02	(15.80)	27.17
S&P 500 Index	23.01	14.43	17.88	25.02	26.29	(18.11)	28.71
Russell 1000	22.74	13.59	17.37	24.51	26.53	(19.13)	26.46
Domestic Equity Small Cap Composite	11.50	5.72	5.96	11.48	17.34	(22.31)	22.63
Russell 2000 Growth Index	15.59	3.18	13.01	15.15	18.66	(26.36)	2.84
Russell 2000 Value Index	11.73	8.88	12.60	8.06	14.65	(14.48)	28.27
Global Emerging Markets Composite	21.93	4.38	29.83	6.82	30.70	(36.96)	8.47
MSCI ALL Country World	17.33	7.91	32.39	5.53	15.62	(18.36)	18.54
PRIM EM Custom Benchmark	16.28	4.65	31.62	7.04	11.59	(19.55)	(0.74)
International Equity Composite	16.65	7.49	31.65	2.89	17.18	(16.90)	8.77
MSCI EAFE	17.22	8.92	31.22	3.82	18.24	(14.45)	11.26
PRIM International Eq Custom Benchmark	-	-	32.07	(0.07)	-	-	-
Fixed Income Composite	6.30	1.69	7.92	3.88	7.14	(10.26)	0.86
Bloomberg Aggregate	4.66	(0.36)	7.30	1.25	5.53	(13.01)	(1.54)
Diversified Beta	6.89	1.53	8.73	5.07	6.92	(19.55)	9.82
Bloomberg U.S. Treasury Bellwethers	4.89	3.23	4.23	5.29	5.16	1.51	0.04
Hedge Funds	11.43	7.83	8.96	14.97	10.44	(2.51)	8.06
CSFB/Tremont Hedge Fund Index	8.70	7.03	10.50	9.82	5.83	1.06	8.23
PRIM Hedge Fund Custom Benchmark	9.05	6.43	8.75	8.65	9.76	(3.21)	9.04
Hedge Funds - Opportunistic	8.76	7.01	7.84	7.25	11.22	(0.68)	9.85
Bloomberg U.S. Corporate High Yield	10.06	4.51	8.62	8.19	13.45	(11.19)	5.28
Private Equity Composite	3.15	7.54	5.37	6.36	(2.08)	(0.53)	31.74
State Street Private Equity Benchmark	8.61	10.65	12.02	6.89	6.99	(5.47)	49.22
Private Credit Composite	5.71	14.59	7.04	2.89	5.12	7.86	56.20
State Street Private Credit Benchmark	9.09	9.96	8.77	8.49	10.03	3.00	25.30
Real Estate Composite	(8.04)	(0.82)	1.05	(6.27)	(17.89)	3.85	18.83
NCREIF Property Index	(1.01)	3.80	4.91	0.43	(7.94)	5.53	17.70

Policy Benchmark:

7% RUSSELL 2000
20% RUSSELL 1000
5% PRIM INTL EQ CUSTOM BM 1 MO LAG
5% MSCI EAFE
2% MSCI WORLD EX US SMALL CAP
4% PRIM EME CUSTOM BM 1 MO LAG
3% BLOOMBERG US TREASURY INFL NOTES 1-10Y
10% BLOOMBERG US AGGREGATE
3% MORNINGSTAR LSTA US LEVERAGE LOAN TR
7% BLOOMBERG MULTIVERSE
3% BLOOMBERG US MORTGAGE BACKED SECURITIES
4% Bloomberg US TSY Bellwethers 3 Month Index
9% NCREIF PROPERT INDEX QTR LAG
2% BBC HIGH YIELD QTR LAG
4% PRIM HEDGE CUSTOM BM 1 MO LAG
2% ICE BOFA US 3-MONTH TREASURY BILL
10% STATE STREET PE 1 QTR LAG

* All return information is gross of fees, except hedge funds, which are net of fees. Returns are calculated on a time-weighted rate of return methodology.

Investment Summary at Fair Value
As of December 31, 2025

		Fair Value	% of Fair Value
Short-Term:			
Cash and cash equivalents*	$	49,947,783	2.50 %
Fixed Income:			
U.S. Agencies		7,409,530	0.37
US Treasury		102,766,341	5.12
Domestic fixed income		293,258,404	14.61
International fixed income		7,229,717	0.36
Asset Backed		70,497,387	3.51
Equity:			
Domestic equity securities		563,534,198	28.08
International equity securities		352,520,860	17.57
Real Estate		161,636,646	8.05
Private Equity & Private Credit		190,691,408	9.50
Risk Parity		68,263,394	3.40
Hedge Funds		102,509,675	5.11
Hedge Funds - Opportunistic		36,442,728	1.82
Total Investments	$	2,006,708,071	100.00 %

*Investment manager's cash holdings are reported in cash and cash equivalents

SUMMARY SCHEDULE OF BROKER COMMISSION

(Top 25 Brokers and Cumulative Fees Paid to Others)

Year Ended December 31, 2025

Brokerage Firm	Shares/Par Value	Fees Paid	% Total	Average $ per share
J P MORGAN SECURITIES INC	86,026	$14,739	14.50%	0.1713
MORGAN STANLEY CO INCORPORATED	96,103,326	12,632	12.43%	0.0001
BOFA SECURITIES, INC.	4,727,197	12,039	11.85%	0.0025
WELLS FARGO SECURITIES, LLC	11,809,268	6,193	6.09%	0.0005
NATIONAL FINANCIAL SERVICES LLC	213,893	5,768	5.68%	0.0270
GOLDMAN SACHS + CO LLC	15,617,859,579	4,936	4.86%	0.0000
HSBC SECURITIES (USA) INC.	121,796,880	4,484	4.41%	0.0000
RBC CAPITAL MARKETS LLC	133,826	3,670	3.61%	0.0274
BARCLAYS CAPITAL	16,020,745	3,645	3.59%	0.0002
JEFFERIES LLC	4,302,827	3,435	3.38%	0.0008
CAPITAL INSTITUTIONAL SVCS INC EQUITIES	72,800	2,912	2.87%	0.0400
ROBERT W. BAIRD CO.INCORPORATED	104,449	2,597	2.56%	0.0249
BOFA SECURITIES, INC	87,351	2,572	2.53%	0.0294
WILLIAM BLAIR & COMPANY L.L.C	71,630	2,444	2.40%	0.0341
BARCLAYS CAPITAL INC./LE	94,563	1,889	1.86%	0.0200
J.P. MORGAN SECURITIES LLC	17,770,871	1,731	1.70%	0.0001
DASH FINANCIAL TECHNOLOGIES LLC	55,468	1,639	1.61%	0.0296
CITIGROUP GLOBAL MARKETS INC	339,739	1,490	1.47%	0.0044
PIPER JAFFRAY & CO.	47,683	1,313	1.29%	0.0275
JONESTRADING INSTITUTIONAL SERVICES LLC	47,486	1,263	1.24%	0.0266
LIQUIDNET INC	79,259	1,076	1.06%	0.0136
REDEMPTION	9,834,849	999	0.98%	0.0001
UBS SECURITIES LLC	965,102	996	0.98%	0.0010
UBS AG	(63,378,402)	972	0.96%	(0.0000)
RBC CAPITAL MARKETS, LLC	3,543,529	768	0.76%	0.0002
OTHER	39,068,819,470	5,432	5.35%	0.0000
TOTAL	**54,911,609,414**	**$ 101,635**	**100%**	**0.0000**

The Fund Board has a commission recapture agreement with Capital Institutional Services, Inc. For the year ended December 31, 2025, the Fund earned approximately $4,726 from the commission recapture program.

SCHEDULE OF DIRECT MANAGEMENT FEES
Year Ended December 31, 2025

Investment Management Fees by Asset Class:	**AUM ($000s)**	**Fees ($000s)**
Domestic Equity	$ 563,478	$1,079
International Equity	277,729	(55)
Global Equity	74,792	-
Fixed Income	472,370	672
Risk Parity / Diversified Beta	68,263	186
Alternative Asset Classes	491,282	177
Total Investment Management Fees		**$ 2,059**
Investment Advisory (Consulting) Fees		$ 344
Communications and Governmental Services		157
Custodian Fees		579
Total Other Fees		**$ 1,080**
Total Direct Management Fees charged to MBTARF		**$ 3,139**

INVESTMENT POLICY STATEMENT

The Massachusetts Bay Transportation Authority Retirement Fund ("Fund") maintains a comprehensive Investment Policy Statement ("IPS") that establishes the framework for the prudent management, oversight, and investment of Fund assets. The IPS is periodically reviewed and updated by the Retirement Board to ensure continued alignment with the Fund's governing documents, fiduciary obligations, industry best practices, and applicable Massachusetts law. The current version of the IPS was revised and adopted by the Retirement Board on April 17, 2026.

The IPS is designed to provide clear guidance regarding the Fund's investment objectives, governance structure, asset allocation framework, risk management practices, performance benchmarks, and investment manager oversight procedures. The IPS serves as a governing document for the Retirement Board, Fund management, investment managers, consultants, custodians, and other stakeholders involved in the investment process.

Investment Objectives and Philosophy

The primary investment objective of the Fund is to ensure the availability of sufficient assets to pay current and future retirement benefits while maintaining an appropriate balance between investment return, risk, liquidity, and cost-effectiveness. The Retirement Board seeks to achieve the highest level of investment performance compatible with prudent investment practices and acceptable levels of risk.

The Fund's long-term objective is to meet or exceed the actuarial assumed rate of return in order to preserve and improve the Fund's funded status and help stabilize employer and employee contribution requirements over time. The IPS recognizes that the Fund is a mature defined benefit plan with ongoing negative cash flow as benefit payments exceed contributions for certain periods. As a result, liquidity management and risk control are important considerations in the Fund's investment program.

The Fund's investment philosophy is grounded in generally accepted capital markets theory and institutional investment practices. The IPS recognizes that prudent risk-taking may be rewarded with enhanced long-term returns and that diversification among asset classes, investment strategies, and investment managers is an essential component of risk management. The IPS further recognizes that strategic asset allocation is the primary determinant of long-term investment performance.

The Fund has also adopted a Risk Management Framework applicable to assets over which the Fund exercises discretionary investment authority. The framework is intended to support informed decision-making regarding market risk, liquidity risk, operational risk, and portfolio diversification.

Governance and Fiduciary Oversight

The Retirement Board is responsible for establishing investment policies, determining strategic asset allocation targets, selecting and monitoring investment managers, and ensuring compliance with fiduciary standards. The Board works with the Fund's Executive Director, Investment Advisor, Actuary, Custodian, legal counsel, and other professional service providers in administering the investment program.

The IPS establishes the standards by which investment managers are selected, evaluated, and monitored. The Retirement Board regularly reviews investment performance, organizational stability, adherence to investment guidelines, and compliance with reporting requirements. Investment managers are expected to communicate material developments affecting their organizations, investment strategies, personnel, or regulatory status.

(continued)

The IPS also establishes procedures for ongoing due diligence, including periodic presentations by investment managers to the Retirement Board. The frequency of manager reviews varies by asset class and investment strategy. Managers may be placed on a "Watch List" if concerns arise regarding investment performance, organizational changes, or other material matters.

Assumed Rate of Return

The Retirement Board annually reviews the Fund's actuarial assumed rate of return with the assistance of the Fund's Actuary and Investment Advisor. The current assumed rate of return is 7.25% annually, net of investment management fees and operating expenses.

The assumed rate of return serves as a key input in actuarial valuations, contribution calculations, and long-term financial planning. The Retirement Board may revise the assumed rate of return over a market cycle or more frequently if warranted by changing economic or capital market conditions.

Asset Allocation Strategy

The IPS recognizes strategic asset allocation as the most significant factor influencing long-term investment performance. The Retirement Board establishes target allocations and allowable ranges for major asset classes based on the Fund's long-term return objectives, risk tolerance, liquidity requirements, funded status, and liability structure.

The current asset allocation includes diversified exposure to domestic equity, international equity, emerging markets equity, fixed income, cash, hedge funds, private equity, private credit, real estate, and opportunistic investment strategies. The Fund's fixed income allocation includes core fixed income, mortgage-related investments, inflation-linked securities, bank loans, and global multi-sector fixed income strategies.

The Retirement Board reviews asset allocation targets at least annually and may revise targets over a market cycle or more frequently if warranted by changes in economic conditions, market opportunities, funded status, liquidity needs, or other factors affecting the Fund.

The IPS also recognizes the Fund's participation in investment programs administered through the Pension Reserves Investment Trust ("PRIT") and the Pension Reserves Investment Management Board ("PRIM"). Investments in PRIT are governed by applicable statutes, the PRIM Trust Agreement, and related agreements between the Fund and PRIM.

Performance Measurement and Benchmarks

The IPS establishes a comprehensive framework for measuring investment performance at the total fund, asset allocation, and investment manager levels.

Total Fund Return

The Total Fund Return measures the overall investment performance of the Fund's portfolio, including income, dividends, interest, and realized and unrealized gains and losses. The Fund's performance is evaluated relative to comparable public and institutional pension plans as well as against the Fund's benchmark indices over long-term market cycles.

Asset Allocation Index

The Asset Allocation Index measures the effectiveness of the Fund's actual asset allocation decisions by applying benchmark returns to the Fund's actual asset class weightings. Comparing the Total Fund Return

(continued)

to the Asset Allocation Index helps determine the value added or detracted through active investment management.

Policy Index

The Policy Index measures the effectiveness of the Fund's strategic target asset allocation by applying benchmark returns to the Fund's policy target allocations. Comparing the Asset Allocation Index to the Policy Index helps assess whether deviations from target allocations enhanced or detracted from investment performance.

Investment Manager Benchmarks

Investment managers are evaluated against benchmark indices and peer group universes that correspond to their specific investment mandates and styles. These benchmarks are intended to measure each manager's ability to generate competitive risk-adjusted returns net of fees over a full market cycle.

Rebalancing and Liquidity Management

The IPS recognizes that actual asset allocation exposures will fluctuate due to market movements, cash flows, and investment performance. The Retirement Board and Executive Director, with the assistance of the Investment Advisor, review the Fund's asset allocation at least quarterly to determine compliance with established targets and to rebalance the portfolio as warranted.

Liquidity management is an important consideration given the Fund's mature demographic profile and ongoing benefit payment obligations. The IPS permits the maintenance of cash reserves and establishes flexibility to temporarily adjust allocation ranges when necessary to address liquidity needs or market conditions.

Investment Manager Guidelines

The IPS establishes detailed investment guidelines applicable to the Fund's investment managers across multiple asset classes and strategies. These guidelines address permissible investments, diversification requirements, use of derivatives, concentration limits, liquidity standards, leverage restrictions, and benchmark expectations.

Separate guidelines are established for domestic equity, international equity, emerging markets equity, fixed income, mortgages, inflation-linked securities, bank loans, global multi-sector fixed income, hedge funds, private equity, real estate, and other alternative investment strategies.

The IPS generally prohibits speculative investment practices, excessive leverage, and investment activities that would materially increase portfolio risk beyond authorized levels. Derivatives may be used only in limited circumstances for risk management, liquidity management, or efficient portfolio implementation purposes.

Monitoring and Reporting

Investment managers are required to provide regular reports regarding portfolio holdings, investment performance, transactions, valuations, compliance with investment guidelines, and material organizational developments. Management, with the assistance of the Investment Advisor and Custodian, regularly reviews manager performance and compliance with applicable benchmarks and investment guidelines.

(continued)

The Retirement Board receives periodic reports regarding investment performance, asset allocation, risk exposures, liquidity, and manager oversight activities. The IPS also establishes procedures for addressing compliance issues, granting temporary waivers, and revising benchmarks or manager guidelines when appropriate.

Overall, the IPS provides a comprehensive governance and investment framework intended to support the prudent long-term management of Fund assets, fulfillment of fiduciary obligations, and preservation of the Fund's ability to meet its retirement benefit obligations.

A full version of the MBTA Retirement Fund's Investment Policy Statement can be found on the Fund's website: www.mbtarf.com

ACTUARIAL SECTION

(Unaudited)

Gallagher, LLC has performed a December 31, 2025 actuarial valuation of the MBTA Retirement Fund. This valuation and report was prepared using Generally Accepted Actuarial Principles and practices and meets the parameters set by the Governmental Accounting Standards Board (GASB). To the best of our knowledge, this report is complete and accurate, and the assumptions used represent our best estimate of anticipated experience of the Fund.

Gallagher, LLC has prepared and included, as part of this report, all of the supporting schedules in the Actuarial Section of the Annual Comprehensive Financial Report (ACFR).

500 Plaza Drive
Secaucus, NJ 07096

May 20, 2026

Retirement Board
Massachusetts Bay Transportation Authority Retirement Fund
One Washington Mall, Fourth Floor
Boston, MA 02108

Dear Board Members:

The Pension Agreement covering the Massachusetts Bay Transportation Authority Retirement Fund provides that the actuary make annual actuarial valuations of the Fund and certify rates of contribution to the Retirement Board. The most recent actuarial valuation of the Fund was prepared as of December 31, 2025.

This valuation reflects the funding policy adopted by the Board effective December 31, 2009. The actuarial cost method used is the entry age normal cost method. The amortization of the unfunded liability is made in installments increasing at the rate of four percent per year over a closed 30-year period beginning December 31, 2009.

This valuation is based on assumptions adopted by the Retirement Board, in April 2023 and effective with the actuarial valuation of December 31, 2022, on the basis of an experience study covering the period January 1, 2018, through December 31, 2022. Significant assumptions revised on the basis of the experience study include mortality, salary increase rates, termination rates, and retirement rates. We believe that these assumptions are reasonable. The assumptions and methods used for funding purposes satisfy the requirements of all applicable Actuarial Standards of Practice. The same actuarial assumptions are used for financial reporting by and for the Fund under GASB Statements 67 and 68.

We performed the valuation using participant data and plan asset data supplied by the Authority and Retirement Fund. Although we did not audit the data, we reviewed the data for reasonableness and consistency with the prior year's information. The accuracy of the results of the valuation is dependent on the accuracy of the data.

The following exhibits from the valuation report prepared by Gallagher were incorporated in the Actuarial Section of the Annual Comprehensive Financial Report (ACFR):

1. Summary of Principal Results
2. Number and annual retirement allowances of retired members, disabled members and beneficiaries as of December 31, 2025
3. Schedule of Funding Progress
4. Outline of Actuarial Assumptions and Methods
5. Summary of Main Provisions of the Fund as Interpreted for Valuation Purposes
6. Number and Annual Compensation of Active Members Distributed by Fifth Age and Service as of December 31, 2025
7. Number and Annual Retirement Allowances Distributed by Age as of December 31, 2025

The following exhibits were separately prepared by Gallagher for use in the ACFR:

1. Schedule of Retired Members and Beneficiaries Added To and Removed From Rolls
2. Solvency Test

Actuarial Standard of Practice No. 56 ("ASOP 56") provides guidance to actuaries when performing actuarial services that involve designing, developing, selecting, modifying, using, reviewing, or evaluating models Gallagher uses third-party software in the performance of annual actuarial valuations and projections. The model is intended to calculate the liabilities associated with the provisions of the Fund using data and assumptions as of the measurement date under the funding methods specified in this report.

(continued)

The output from the third-party vendor software is used as input to an internally developed model that applies applicable funding methods and policies to the derived liabilities and other inputs, such as plan assets and contributions, to generate many of the exhibits in the valuation report. Gallagher has an extensive review process in which the results of the liability calculations are checked using detailed sample output, changes from year to year are summarized by source, and significant deviations from expectations are investigated. Other funding outputs and the internal model are similarly reviewed in detail and at a high level for accuracy, reasonability, and consistency with prior results. Gallagher also reviews the third-party model when significant changes are made to the software. The review is performed by experts within the company who are familiar with applicable funding methods as well as the manner in which the model generates its output. Extra checking and review are completed if significant changes are made to the internal model. Significant modifications to the internal model that apply to multiple clients are generally developed, checked, and reviewed by various experts within the company who are familiar with the details of the required changes.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. An analysis of the potential range of such future differences is beyond the scope of the valuation. However, in accordance with the requirements of Actuarial Standard of Practice No. 51 ("ASOP 51"), a risk assessment is provided in Section X of the valuation report.

Actuarial Standard of Practice No. 51 ("ASOP 51") requires certain disclosures of potential risks to the Fund and provides useful information for intended users of actuarial reports that determine plan contributions or evaluate the adequacy of specified contribution levels to support benefit provisions. The disclosures required under the Actuarial Standard of Practice No. 51 are included in Section X of this report. This section also contains information on the Low-Default-Risk Obligation Measure (LDROM) now required to be disclosure under Actuarial Standard of Practice No. 4. Actuarial Standard of Practice No. 44 consistently refers to market value of assets, as such, this report uses that term. The market values referenced in this report are the same as the fair value of assets.

Where presented, the "funded ratio" and "unfunded accrued liability" are generally measured using the actuarial value of assets basis. It should be noted that recomputation of these measurements using the market value of assets would result in different funded ratios and unfunded accrued liabilities. Moreover, the funded ratio presented is appropriate for evaluating the need and level of future contributions but does not provide a basis for the assessment of the funded status of the plan if the plan were to settle (i.e., purchase annuities to cover) a portion or all of its liabilities.

I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I meet the Qualification Standards of the Academy to render the actuarial opinions contained in this report. This report has been prepared in accordance with all applicable Actuarial Standards of Practice, and I am available to answer questions about it.

Gallagher Benefit Services, Inc. (Gallagher)

David L. Driscoll

David L. Driscoll, FSA, EA, MAAA, FCA
Principal, Consulting Actuary

Section II - Summary of Principal Results

1. The principal results of the current and preceding years' valuations are summarized below:

Valuation Date	December 31, 2024	December 31, 2025
Number of active members	6,565	6,920
Annual compensation of all members	$ 661,958,698	$ 723,477,213
Annual compensation of active members below normal retirement age	$ 655,367,532	$ 715,704,274
Average age (years)	47.43	47.15
Average service (years)	9.52	9.35
Average compensation	$ 100,831	$ 104,549
Number of active members not accumulating creditable service	498	518
Number of retired members, beneficiaries and disabled members	6,783[1]	6,810[2]
Annual retirement allowances	$ 241,191,500[3]	$ 247,064,399[4]
Assets for funding purposes	$ 1,917,621,895	$ 2,014,449,526
Unfunded accrued liability	$ 1,505,030,617	$ 1,529,216,832
Contribution rates required:		
Normal	12.9200%	12.9900%
Accrued liability	19.4900%	19.1600%
Expenses	1.0000%	1.0000%
Total required rate	33.4100%	33.1500%
Member excess rate	0.0000%	0.0000%
Actual contribution rate during following fiscal year	33.4100%	33.1500%

2. Valuation results as of December 31, 2025, are given in Section VI, and contribution levels are set forth in Section VII.
3. Schedule B of this report outlines the actuarial assumptions and methods used in the valuation. The actuarial assumptions were selected on the basis of an experience study covering the five-year period ending December 31, 2022. The Retirement Board voted to adopt these assumptions in April 2023.
4. Schedule C of this report presents a summary of the main provisions of the Fund, as interpreted in preparing the actuarial valuation.

[1] Includes 6,607 retirees and beneficiaries, 26 individuals receiving worker's compensation for over 5 years, and 150 individuals receiving payments under QDROs.
[2] Includes 6,635 retirees and beneficiaries, 22 individuals receiving worker's compensation for over 5 years, and 153 individuals receiving payments under QDROs.
[3] Excludes 26 individuals receiving worker's compensation for over 5 years.
[4] Excludes 22 individuals receiving worker's compensation for over 5 years.

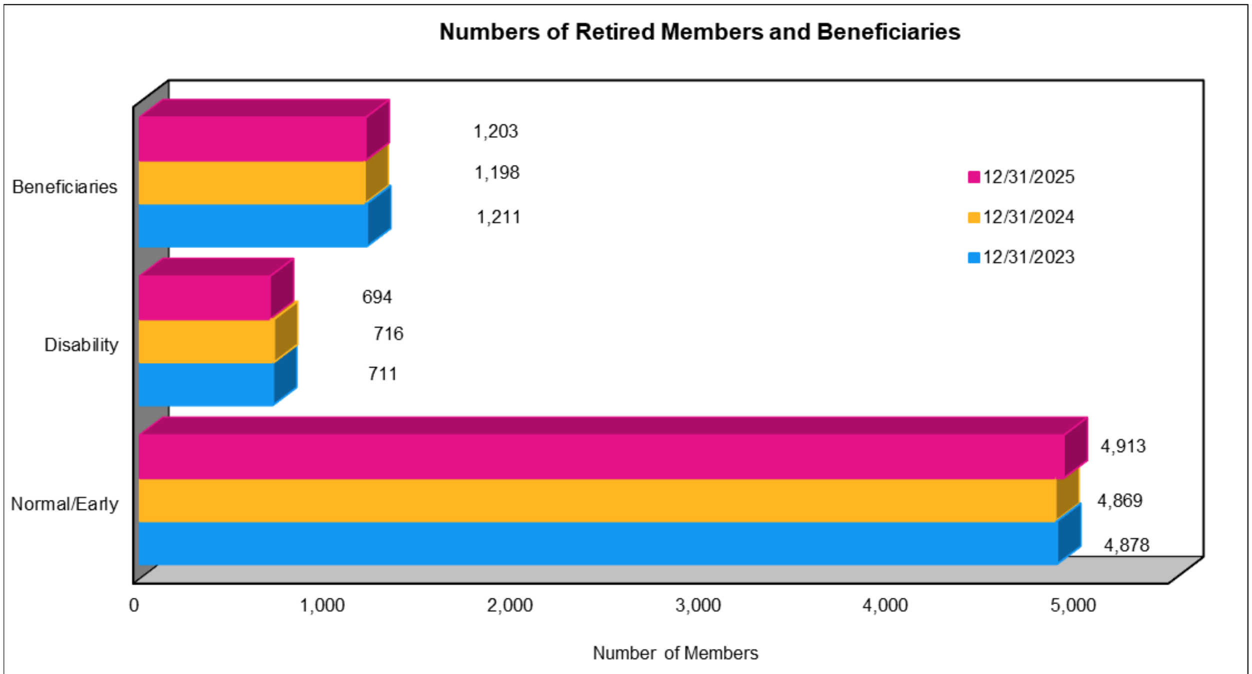
Section III - Membership Data

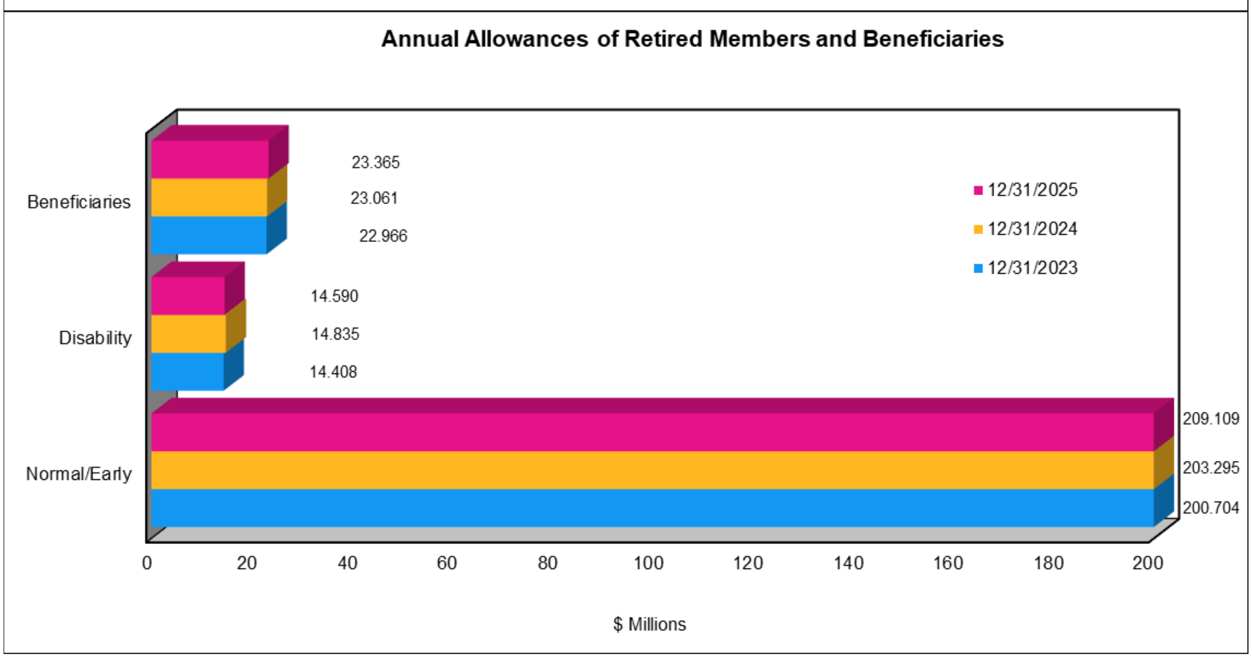
1. Employee data was furnished by the Authority and Retirement Fund.
2. Table 1 of Schedule D shows the number and annual compensation of active members, while Table 2 of Schedule D shows the number and annual retirement allowances of retired members, disabled members and beneficiaries.
3. The following table summarizes the number and annual retirement allowances of retired members, disabled members and beneficiaries as of December 31, 2025:

Category	Number	Annual Retirement Allowances
Benefits to Members Retired on Normal, Early Normal and Reduced Early Retirement Allowances	4,913	$ 209,109,025
Benefits to Members Retired on Disability Retirement Allowances	694[1]	14,590,233[2]
Benefits to Beneficiaries of Deceased Members[3]	1,203	23,365,141
Total	6,810	$ 247,064,399

[1] Includes 22 individuals receiving worker's compensation for over 5 years.
[2] Excludes 22 individuals receiving worker's compensation for over 5 years.
[3] Includes 153 individuals receiving payments under QDROs.

Section III - Membership Data *(continued)*[1]





[1] Disability counts include individuals receiving worker's compensation for over 5 years, and disability allowances exclude individuals receiving worker's compensation for over 5 years.

Section IV - Assets

1. Asset information was obtained from the Retirement Fund office.
2. The market value of the Fund's net assets available for benefits as of December 31, 2025, amounted to $2,021,767,659.
3. The asset valuation method is a five-year phase-in smoothing method under which the value of assets for actuarial purposes equals market value adjusted for a five-year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from the market value of assets by more than 20%. The smoothing method used to calculate the value of assets for actuarial purposes was restarted as of December 31, 2013, coincident with the change to the present method.
4. The calculation of the actuarial value of assets as of December 31, 2025, is presented below:

Market value as of December 31, 2025					2,021,767,659	(A)
Adjustment to recognize asset gains (losses) over 5 years:						
Year Ending	Asset gain (loss)	X	Adjustment factor	=	Adjustment	
12/31/2025	89,987,432		0.80		71,989,945	
12/31/2024	5,702,911		0.60		3,421,747	
12/31/2023	27,626,501		0.40		11,050,600	
12/31/2022	(395,720,797)		0.20		(79,144,159)	
Total					7,318,133	(B)
Actuarial value of assets, as of December 31, 2025					2,014,449,526	
Asset gain during fiscal year ending December 31, 2025						
Actual return on market value and cash flow						
Income from investments and securities lending					26,453,541	
Net appreciation					197,279,506	
Total					223,733,047	(C)
Expected 7.25% return on market value and cash flow					133,745,615	(D)
Asset gain (loss) (C) – (D)					89,987,432	

The assets for valuation purposes are 99.60% of market value.

5. As of December 31, 2007, members' excess contributions (as discussed in Section V) had been fully depleted to cover the cost of the one-time cost-of-living increases negotiated in collective bargaining related to the benefits provided under the Fund. The actuarial asset value derived above thus requires no additional adjustment for members' excess contributions.

Section V – Member Excess Contributions

1. Effective July 1, 1998, in lieu of a reduction in the 4% contribution rate, members continued to make contributions equal to 4% of covered payroll.
2. To the extent that 4.00% exceeds the actuarially determined member required contribution rate, the excess is characterized as member excess contributions. These amounts are to be accumulated within the Retirement Fund and used to provide additional benefits.
3. The member excess rates developed in prior years are as follows:

Period	Excess Rate	Period	Excess Rate
July 1, 2011 – June 30, 2012	0.00000%	July 1, 2018 – June 30, 2019	0.00000%
July 1, 2012 – June 30, 2013	0.00000%	July 1, 2019 – June 30, 2020	0.00000%
July 1, 2013 – June 30, 2014	0.00000%	July 1, 2020 – June 30, 2021	0.00000%
July 1, 2014 – June 30, 2015	0.00000%	July 1, 2021 – June 30, 2022	0.00000%
July 1, 2015 – June 30, 2016	0.00000%	July 1, 2022 – June 30, 2023	0.00000%
July 1, 2016 – June 30, 2017	0.00000%	July 1, 2023 – June 30, 2024	0.00000%
July 1, 2017 – June 30, 2018	0.00000%	July 1, 2024 – June 30, 2025	0.00000%

4. As of December 31, 2007, members' excess contributions accumulated in prior years had been fully depleted.
5. The member excess rate for the period July 1, 2025 - June 30, 2026 is derived as follows:
   a. Effective prior member excess rate (December 31, 2024) - 4.3439%
   b. Decrease in total required contribution rate from prior valuation (see Section VII) 0.26%
   c. Current member excess rate (July 1, 2025) ((a.) + 25% of (b.)) - 4.2789%
6. The accumulated value of the excess contributions as of December 31, 2025 is $0.

Section VI – Comments on Valuation

1. Schedule A of this report presents the results of the valuation as of December 31, 2025.
2. The total entry age normal accrued liability on account of benefits expected to be paid to present retired members, former members, beneficiaries, active and inactive members is $3,543,666,358**.** Of this amount, $2,225,653,002 is on account of retired members and beneficiaries, $1,307,561,318 is on account of present active members and $10,452,038 is on account of active members not accumulating creditable service.
3. The value of Fund assets to be used in developing required contributions to the Fund is $2,014,449,526, including required contributions made by active members. When $2,014,449,526 is subtracted from $3,543,666,358, there remains $1,529,216,832, which represents the unfunded actuarial accrued liability of the Fund.
4. Amortization of the unfunded liability over the remaining 14 years in the amortization period as of December 31, 2025, in annual installments rising at the rate of 4% per year produces an amortization installment of $137,110,072 as of December 31, 2025. This amounts to 19.16% of the value of annual compensation of active members below normal retirement age on that date.
5. The total entry age normal cost at December 31, 2025, is $92,966,393, or 12.99% of the annual compensation of active members below normal retirement age on that date.
6. In addition to the amounts needed to cover amortization of the unfunded liability and normal cost, an allowance of 1.00% of annual compensation of active members below normal retirement age is included in the total required contribution to cover expected administrative expenses. Under the current funding policy of fully covering the actuarially determined contribution, and assuming there are no future experience gains or losses, future expected Fund contributions are expected to remain relatively level as a percent of payroll for 14 years and remain relatively level as a percent of payroll thereafter at the normal cost rate, and the funded status is expected to increase to 100% after 14 years.
7. During 2025, the unfunded actuarial accrued liability increased $24.2 million, from $1,505.0 million to $1,529.2 million. The expected unfunded actuarial accrued liability at December 31, 2025, was $1,447.5 million. The $81.7 million difference consists of a $46.0 million loss in 2025 of returns on the actuarial value of assets and $35.7 million in increased accrued liability due to unfavorable demographic experience. Additional details are provided in Section IX.
8. The total contribution rate is compliant with the definition of a reasonable actuarially determined contribution under ASOP 4. When determining the smoothing period for the actuarial value of assets and the amortization period for the unfunded actuarial accrued liability, the following items were considered: (i) the balance among benefit security, intergenerational equity, and stability of actuarially determined contributions, (ii) the timing and duration of expected benefit payments, and (iii) the nature and frequency of plan amendments. Plan amendments are amortized over periods appropriate for the nature of the change or are funded at the time of the change based on decisions by the plan sponsor.

Section VII – Contributions to the Fund

1. Effective December 31, 2009, the contributions by members and the Authority are to provide normal contributions, amortization of the unfunded accrued liability and administrative expenses. It is assumed that investment earnings will be sufficient to cover fiduciary and investment expenses and, in addition, provide the yield assumed for actuarial purposes.
2. The valuation indicates that 12.99% of compensation is required to cover normal cost and 19.16% of compensation is required to cover amortization of the unfunded accrued liability. Adding 1.00% of compensation for anticipated administrative expenses, excluding fiduciary and other investment expenses, results in a total contribution rate of 33.15% of compensation to be paid by the Authority and the members of the Retirement Fund from July 1, 2026, through June 30, 2027.
3. This rate is 0.26% less than the 33.41% rate developed in the December 31, 2024, valuation. Under the adjustment formula contained in the July 1, 2002, Pension Agreement, 75% of the change will be allocated to the Authority as a change in the contribution rate and 25% will be allocated to the member's required contribution rate. This results in the following rates payable during the year beginning July 1, 2026:

Authority	24.5261%[1]
Members' required	8.6239%[2]
Subtotal (Section II)	33.1500%
Members' excess (Section V)	0.0000%
Total	33.1500%

[1] The actual rate in effect as of July 1, 2026 will be equal to 25.8161%, as specified in Article 5 Section 2(c) of the Pension Agreement.

[2] The actual rate in effect as of July 1, 2026, will be 125 basis points higher, as specified in Article 5 Section 1(f) of the Pension Agreement. The actual rate is 9.8739%.

Section VIII – Schedule of Funding Progress (,000's) [1]

Statement No. 25 of the Governmental Accounting Standards Board has been superseded by Statement No. 67. Required reporting for the Retirement Fund under Statement No. 67 is included on page 57 in the audited financial statements of the Retirement Fund. The information below is shown nonetheless for informational purposes.

Year Ending December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2025	2,014,450	3,543,666	1,529,217	56.85%	715,704	213.67%
2024	1,917,622	3,422,653	1,505,031	56.03%	655,368	229.65%
2023	1,844,331	3,303,364	1,459,033	55.83%	555,383	262.71%
2022	1,799,925	3,167,471	1,367,546	56.83%	492,170	277.86%
2021	1,760,644	3,101,704	1,341,060	56.76%	454,985	294.75%
2020	1,636,054	3,055,123	1,419,069	53.55%	456,930	310.57%
2019	1,561,193	3,021,110	1,459,918	51.68%	433,577	336.72%
2018	1,559,453	2,916,800	1,357,348	53.46%	423,075	320.83%
2017	1,599,505	2,829,386	1,229,881	56.53%	425,658	288.94%
2016	1,607,560	2,694,556	1,086,996	59.66%	444,455	244.57%

[1] Some numbers in the table do not add up due to rounding.

Section IX – Experience

Records are maintained in which the actual experience of active and retired members is compared to that expected on the basis of the tables adopted by the Retirement Board. In this way, deviations in the experience from that anticipated will be noted and any adjustments believed necessary will be brought to the attention of the Retirement Board in future experience studies.

During the last year, the total unfunded actuarial accrued liability (UAL) was expected to decrease from $1,505,030,617 to $1,447,510,537. The actual UAL at the end of the year was $1,529,216,832. The chart below reconciles the expected to actual UAL. The primary sources of changes were a $35,350,454 increase in the accrued liability resulting from unfavorable demographic experience in 2025, and returns on assets measured at actuarial value that were $46,033,865 below expected levels in 2025.

The sources of the (Gains)/Losses are shown below:

Actual UAL as of December 31, 2024		$ 1,505,030,617
Expected UAL (Prior to Changes) as of December 31, 2025		$ 1,447,510,537
Salary Increases	$ 19,075,359	
New Participants	115,311	
Active – Retirements	5,436,031	
Active – Terminations	5,439,939	
Active – Mortality	630,725	
Active – Disabilities	(1,283,245)	
Retiree Mortality	8,223,647	
Other (Data Corrections, etc.)	(2,287,313)	
Liability (Gain)/Loss – Demographic Experience		$ 35,350,454
Change in Accrued Liability Due to Contribution Rate Changes		$ 321,976
Change in Accrued Liability Due to Assumption Changes		$ 0
Total of Liability (Gain)/Loss and effects of changes in assumptions and changes in Contribution rates		$ 35,672,430
Investment (Gain)/Loss		$ 46,033,865
Total Change in UAL		$ 81,706,295
Actual UAL as of December 31, 2025		$ 1,529,216,832

Section X – Risk Information

Actuarial Standard of Practice No. 51 (“ASOP 51”) Disclosures

Funding future retirement benefits before they become due requires assumptions regarding future economic and demographic experience. These assumptions are applied to calculate actuarial liabilities and the corresponding funded status of the Fund. However, to the extent future experience deviates from the assumptions used, variations will occur in these calculated values. These variations create risk to the Fund. Understanding the risks to the funding of the Fund is important.

Actuarial Standard of Practice No. 51 (“ASOP 51”) requires certain disclosures of potential risks to the Fund and the provision of useful information for intended users of actuarial reports who determine Fund contributions or evaluate the adequacy of specified contribution levels to support benefit provisions. While its status as a governmental pension plan (as defined in the Internal Revenue Code) exempts it from the funding provisions of ERISA, the Massachusetts Bay Transportation Authority Retirement Fund uses the information presented to assist in making decisions regarding contribution levels.

Under ASOP 51, risk is defined as the potential of actual future measurements deviating from expected future measurements resulting from actual future experience deviating from actuarially assumed experience.

It is important to note that not all risk is negative, but all risk should be understood and accepted based on knowledge, judgment and educated decisions. Future measurements may deviate in ways that produce positive or negative financial effects on the Fund.

In the actuary’s professional judgment, the following risks may reasonably be anticipated to significantly affect the Fund’s future financial condition.

- Investment risk – the risk that assets will not earn the expected rate of return
- Interest rate risk – the risk that the general level of interest rates will increase or decrease significantly from current levels
- Asset liability mismatch - Potential that changes in asset values are not matched by changes in the value of liabilities
- Longevity and other demographic risk – the risk that mortality or other demographic experience will be different from expected

The following information is provided to comply with ASOP 51 and furnish beneficial information on potential risks to the Fund. This list is not all-inclusive; it is an attempt to identify the most significant risks and how those risks might affect the results shown in this report.

Note that ASOP 51 does not require the actuary to evaluate the ability or willingness of the sponsor of a pension plan to make contributions to the plan. In addition, this valuation report is not intended to provide investment advice or guidance on managing or reducing risk. Gallagher welcomes the opportunity to assist with such matters as part of a separate project or projects utilizing the appropriate staff and resources for those objectives.

Investment Risk
Retirement Fund costs are sensitive to the market return on assets. Returns below those assumed with increased costs. The Fund uses an actuarial value of assets that smooths gains and losses on market returns over a 5-year period to help control some of the volatility in costs due to investment risk.

The Fund invests in a diversified portfolio of assets with the objective of maximizing investment returns at a reasonable level of risk. Actuarial Standard of Practice No. 4 (ASOP 4) requires the actuary to disclosure a Low-Default-Risk Obligation Measure (LDROM) of the plan’s liability and provide commentary to help the intended users of this report understand the significance of the LDROM with respect to funded status, contributions, and participant benefit security.

The LDROM is based on discount rates derived from low-default-risk fixed income securities whose cash flows are reasonably consistent with the pattern of benefits expected to be paid in the future. The LDROM shown here

Section X – Risk Information *(continued)*

represents what the Fund's liability would be if it invested its assets solely in a portfolio of high-quality bonds whose cash flows approximately match future benefit payments. Consequently, the difference between the LDROM and the actuarial accrued liability represents the taxpayer savings from investing in a diversified portfolio of assets versus only investing in high-quality bonds. Furthermore, this difference also represents the cost of reducing investment risk.

As of December 31, 2025, the LDROM is $4.1 billion based on an interest rate of 5.83%. The interest rate used for the LDROM was determined by calculating a single equivalent discount rate using projected benefit payments and the Gallagher Above Median Yield Curve as of December 31, 2025. Please note that the interest rate used for the LDROM is based on bond yields as of the measurement date and will therefore vary for different measurement dates. All other assumptions are the same as those used for funding purposes as shown in this report.

Actuaries play a role in helping to determine funding methods and policies that can achieve affordable and appropriate contributions and risk management. The funded status based on the actuarial accrued liability, as well as the actuarially determined contributions, are calculated using the expected return on assets, which reflects the actual investment portfolio. Since the assets are not invested solely in an all-bond portfolio, the LDROM does not indicate the Fund's funded status or progress, nor does it provide information on necessary plan contributions.

Regarding participant benefit security, if the Fund were to be funded on an LDROM basis, participant benefits currently accrued as of the measurement date might be considered more secure, since the investment risk would be significantly reduced. However, the fact that assets are invested in a diversified portfolio does not mean that the participants' benefits are not secure. The security of participant benefits relies on a combination of the assets in the plan, the investment returns generated from those assets, and the promise of future contributions from the plan sponsor. Reducing investment risk by investing solely in bonds may significantly increase the actuarially determined contributions and thereby increase contributions risk by decreasing the ability of the plan sponsor to make necessary contributions to fund the benefits. Unnecessarily high contribution requirements in the near term may not be affordable and could imperil plan sustainability and benefit security. Participant benefits will remain secure if reasonable and appropriate contributions with managed risk are calculated and paid.

Assessment of Risks

- Investment return: Lower assets mean higher unfunded liability and larger contribution amounts. For example, if returns on assets at market value were an additional 1% lower than actual, this would reduce the actuarial value of assets by approximately $3.6 million, which would increase the 2025 Authority contribution rate by 0.0300% and the member contribution rate by 0.0100%.
- Interest rate risk: Actuarial liabilities contained in this report are based on the assumption that interest rates will remain at current levels throughout the forecast period. These interest rates are used to discount future expected benefit payments to determine the Fund liability. As interest rates increase, the discounted value of future benefit payments will decrease; similarly, as interest rates decrease, the discounted value of future benefit payments will increase. The duration of the Fund's liability is approximately nine years, which means that every 100-basis point change in interest rates will result in roughly a 9% change in Fund liability.
- Asset liability mismatch: Unless assets are explicitly structured to mimic the characteristics of Fund liabilities, there is a risk that economic scenarios that affect interest rates will have a larger impact on liability than on assets. This is because Fund liability is the discounted value of benefit payments that extend way out into future years, i.e., have a long duration. Fund investments, on the other hand, typically have a shorter duration with respect to interest rate changes, often holding fixed income securities with lower durations than Fund liabilities and typically maintaining some monies in equity investments that are not as directly sensitive to interest rate changes.

  Longevity and other demographic risk: The Fund is subject to longevity risk, the risk that participants will live longer (or shorter) than expected. The most recent experience study showed that actual mortality experience had tracked closely to the current mortality assumption as determined by the experience study completed in 2023.

Section X – Risk Information *(continued)*

In addition, the Fund is subject to risks associated with assumptions with respect to active and deferred vested participants (for example, salary increases, termination prior to retirement, retirement, and optional form election). The current assumptions for these decrements are based on the experience study completed in 2023. Changes in future liabilities will result to the extent actual experience differs from these assumptions. In particular, higher than expected salary increases (including base pay plus short-term incentives) would increase actuarial liabilities. Further, due to the subsidized early retirement reductions for certain groups, retirements earlier than expected could increase liabilities.

Historical Results

The following table shows selected historical values of key valuation measures. These items illustrate how actual volatility has impacted the Fund in recent years and gives additional context to the risks described above. Further information can be found in the actuarial valuation reports for each year.

	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025
Actuarial Value of Assets (AVA)	$1.76B	$1.80B	$1.84B	$1.92B	$2.01B
Asset Return on MV in Prior Year	13.23%	(9.26)%	8.73%	7.36%	11.80%
Investment gain/(loss) on AVA	$66M	$(31M)	$(17M)	$(44M)	$(46M)
Actuarial Accrued Liability	$3.10B	$3.17B	$3.30B	$3.42B	$3.54B
The ratio of retired life* actuarial accrued liability to total actuarial accrued liability	69%	68%	66%	64%	63%
The ratio of benefit payments to actuarial value of assets	13%	13%	14%	13%	12%
The ratio of actuarial value of assets to participant payroll	384%	363%	329%	290%	278%
Normal cost	$55M	$62M	$71M	$85M	$93M
Discount rate	7.25%	7.25%	7.25%	7.25%	7.25%
Non-Investment gain/(loss)	$1M	$(67M)	$(65M)	$(55M)	$(35M)
Funding Policy contribution	$159M	$172M	$195M	$219M	$237M

* Retired members, former members and beneficiaries

Commentary on Fund Maturity Measures

The ratio of retired life actuarial accrued liability to total actuarial accrued liability

A mature pension plan will often have a ratio above 60 - 65 percent. A higher percentage will generally indicate an increased need for asset / liability matching due to inability to accept volatility in future returns.

The ratio of benefit payments to actuarial value of assets

Higher benefit payments as a percentage of assets means the fund may need to invest in more liquid assets to cover the benefit payments. More liquid assets may not garner the same returns as less liquid assets and therefore increase the investment risk. However, there may already be enough liquid assets to cover the benefit payments, less investment return is needed to cover the shortfall, or only a small portion of assets will need to be

Section X – Risk Information *(continued)*

converted to cash. Therefore, the investment risk is likely not amplified at this time. This maturity measure should be monitored for continual upward trend with greater magnitude.

The ratio of actuarial value of assets to participant payroll

Plans that have higher asset-to-payroll ratios experience *more* volatile employer contributions (as a percentage of payroll) due to investment return. For example, if lower than expected asset return increases the unfunded liability of two pension plans by the same percentage, the plan with the higher assets-to-payroll ratio may experience higher contribution volatility than a plan with the lower asset-to-payroll ratio.

Section XI – Alternative Scenarios

Contribution as a % of Pay Under Alternative Funding Policies

The current funding policy contribution rates were determined by amortizing the unfunded liability over a 14-year period ending in 2040 in installments escalating at the rate of 4% per year. The table below presents calculations of what the contribution rates developed in this valuation would be if the Fund were to change its current funding policy with respect to the amortization of the unfunded liability.

Amort. (years)	Escalator % per year									
	0%		1%		2%		3%		4%	
	Authority	Member	Authority	Member	Authority	Member	Authority	Member	Authority	Member
7	39.12%	13.49%	38.34%	13.23%	37.58%	12.97%	36.83%	12.73%	36.11%	12.48%
8	36.32%	12.56%	35.51%	12.29%	34.72%	12.02%	33.95%	11.77%	33.20%	11.52%
9	34.16%	11.83%	33.32%	11.56%	32.51%	11.28%	31.72%	11.02%	30.95%	10.76%
10	32.45%	11.26%	31.58%	10.98%	30.74%	10.70%	29.93%	10.43%	29.14%	10.16%
11	31.05%	10.80%	30.17%	10.50%	29.30%	10.22%	28.47%	9.94%	27.67%	9.67%
12	29.90%	10.41%	28.99%	10.11%	28.11%	9.82%	27.26%	9.54%	26.45%	9.26%
13	28.94%	10.09%	28.01%	9.78%	27.11%	9.48%	26.24%	9.20%	25.41%	8.92%
14	28.12%	9.82%	27.17%	9.50%	26.25%	9.20%	25.37%	8.91%	24.53%	8.62%

- The “Years” on the left side denote the years over which the unfunded liability is amortized
- Percentages of payroll shown represent total contributions developed as a % of pay
- The red circle represents current funding policy

Section XI – Alternative Scenarios *(continued)*

2025 Amortization under Alternative Funding Policies

The table below presents calculations of what the contribution for amortization of the unfunded liability developed in this valuation would be if the Fund were to change its current funding policy with respect to the amortization of the unfunded liability

Amort. (years)	Escalator % per year				
	0%	1%	2%	3%	4%
7	$276.39	$268.95	$261.68	$254.58	$247.65
8	$249.69	$241.96	$234.42	$227.08	$219.92
9	$229.06	$221.07	$213.29	$205.73	$198.39
10	$212.67	$204.44	$196.45	$188.70	$181.18
11	$199.38	$190.92	$182.73	$174.80	$167.12
12	$188.39	$179.73	$171.35	$163.25	$155.43
13	$179.18	$170.32	$161.76	$153.51	$145.56
14	$171.38	$162.33	$153.59	$145.19	$137.11

- The “Years” on the left side denote the years over which the unfunded liability is amortized
- Dollar amounts shown are expressed in $millions
- The red circle represents current funding policy

Schedule A – Results of the Valuation as of December 31, 2025

1.	Present Value of Future Benefits		
	(a) Present value of prospective benefits to retired members, former members and beneficiaries	$	2,225,653,002
	(b) Present value of prospective retirement allowances on account of present active members		2,169,364,026
	(c) Present value of prospective retirement allowances or return of members' contributions for members not accumulating creditable service		10,452,038
	(d) Total actuarial liabilities	$	4,405,469,066
2.	Assets of the Fund for purposes of development of contributions	$	2,014,449,526
3.	Present value of future contributions to the fund (1(d)-2)	$	2,391,019,540
4.	Present value of future normal contributions to the Fund[1]	$	861,802,708
5.	Unfunded accrued liability (3) - (4)	$	1,529,216,832

[1] Includes future contributions of members at the rate developed in Section VII.

Schedule B – Outline of Actuarial Assumptions and Methods

In 2023, an experience study was conducted based on the experience from January 1, 2018 to December 31, 2022. Based on the experience study, Gallagher proposed assumptions for mortality tables, salary increases, termination rates, and retirement rates. All proposed assumptions were approved by the Retirement Board in April 2023.

Data

The rate of pay was used for the 2025 valuation (projected 2026 pensionable earnings). Starting with the 2021 valuation, participants who have been receiving Workers' Compensation benefits for 5 or more years are assumed to never commence their Massachusetts Bay Transportation Authority Retirement Fund pension benefit, but are assumed to receive a refund of their contributions to the Fund with interest. In addition, participants who are active but did not contribute to the plan in 2025, are assumed to remain non-contributing for the remainder of their employment.

Interest rate for funding purposes

7.25% per annum, compounded annually, in addition to fiduciary and investment management expenses.

Separations from active service

Representative values of the assumed rates of withdrawal and reduced early retirement and disability are as follows:

	Withdrawal[1]					
Age/Service	0	1	2	3	4	5+
25	6.59%	6.31%	6.62%	4.62%	4.16%	5.73%
30	6.59%	6.31%	6.62%	4.62%	4.16%	6.25%
35	6.59%	6.31%	6.62%	4.62%	4.16%	3.17%
40	6.59%	6.31%	6.62%	4.62%	4.16%	2.73%
45	6.59%	6.31%	6.62%	4.62%	4.16%	2.19%
50	6.59%	6.31%	6.62%	4.62%	4.16%	1.68%
55	6.59%	6.31%	6.62%	4.62%	4.16%	2.33%
60	6.59%	6.31%	6.62%	4.62%	4.16%	2.72%
64	6.59%	6.31%	6.62%	4.62%	4.16%	3.65%

Age	Disability Male[2]	Disability – Female[2]
20	0.07%	0.11%
25	0.08%	0.12%
30	0.10%	0.15%
35	0.13%	0.20%
40	0.17%	0.26%
45	0.15%	0.38%
50	0.25%	0.44%
55	0.46%	0.80%
60	0.90%	1.58%
64	1.68%	2.94%

[1] 100% of future terminated members not eligible for a retirement allowance are assumed to receive a refund of their accumulated employee contributions.

[2] 50% of disabled employees are assumed to qualify for occupational disability benefits.

Schedule B – Outline of Actuarial Assumptions and Methods *(continued)*

Unreduced retirement rates

Representative rates of unreduced early normal retirement allowances are as follows:

	Unreduced Retirement		
Age	In the year attaining eligibility	In years after first eligibility	Reduced Retirement
42	39.0%	5.8%	N/A
43	42.0%	5.8%	N/A
44	27.1%	32.3%	N/A
45	30.0%	24.3%	N/A
46	28.7%	17.3%	N/A
47	36.5%	18.1%	N/A
48	24.9%	14.1%	N/A
49	30.2%	15.9%	N/A
50	33.3%	14.7%	N/A
51	37.0%	21.2%	N/A
52	31.7%	15.6%	N/A
53	35.0%	17.0%	N/A
54	28.3%	15.4%	N/A
55	28.6%	15.3%	3.4%
56	30.5%	14.6%	3.7%
57	33.3%	14.8%	4.6%
58	26.7%	23.2%	4.3%
59	31.2%	23.2%	3.8%
60	25.6%	22.3%	5.3%
61	35.5%	20.6%	5.2%
62	40.0%	26.0%	9.7%
63	59.3%	27.8%	11.7%
64	52.9%	18.8%	15.8%
65	30.9%	30.4%	N/A
66	30.9%	27.8%	N/A
67	30.9%	23.9%	N/A
68	30.9%	20.6%	N/A
69	30.9%	26.6%	N/A
70+	100.0%	100.0%	N/A

Vested Group B plan members who terminate before retirement eligibility are assumed to retire at age 65.

Schedule B – Outline of Actuarial Assumptions and Methods *(continued)*

Inflation
2.75% per year.

Salary increases

Service	Salary Increase %
0	14.00%
1	13.00%
2	12.00%
3	11.00%
4	10.00%
5-9	4.00%
10-14	3.00%
15+	2.75%

Deaths before and after retirement
The PRI-2012 Amount Weighted Blue Collar Mortality Tables with fully generational projection using Scale MP-2021 are used for all active participants. 101.1% of the PRI-2012 Amount Weighted Blue Collar Post Commencement Tables with fully generational projection using Scale MP-2021 are used for all retirees and beneficiaries preceding their related member's death. 98.3% of the PRI-2012 Amount Weighted Blue Collar Contingent Survivor Tables with fully generational projection using Scale MP-2021 are used for all beneficiaries following the death of their related member. The PRI-2012 Amount Weighted Total Dataset Disability Tables with fully generational projection using Scale MP-2021 are used for the period after disability retirement. Among pre-retirement deaths, 7.50% are assumed to qualify for accidental death benefits.

Normal retirement
Age 65.

Percent married
90% of male members and 50% of female members under age 55 or who have less than 23 years of service are assumed to be married. 100% of employees age 55 and older or who have 23 or more years of service are assumed to be married. In each case, the female is assumed to be three years younger than the male.

Pension options
50% of male members elect a 75% joint and survivor benefit and 10% of female members elect a 50% joint and survivor benefit. All others elect a life annuity.

Fiduciary and investment management expenses
Paid from investment earnings of the Fund.

Loading or contingency reserves
None.

Schedule B – Outline of Actuarial Assumptions and Methods *(continued)*

Valuation method
Prior to December 31, 2009, projected benefit method with entry age normal cost and open-end accrued liability. On and after December 31, 2009, individual entry age normal method.

Asset valuation method
A five-year phase-in smoothing method is used, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

Effective December 31, 2013, the actuarial asset method was changed from a five-year moving average of market values to a five-year phase-in smoothing method, with the smoothing restarted as of December 31, 2013.

Prior to December 31, 2013, a five-year moving average of market values method was used to compute the actuarial value of assets.

Administrative expenses
Administrative expenses are estimated to be 1.0% of covered payroll per year.

Summary of Changes from December 31, 2024 Valuation
None.

Schedule C – Summary of Main Provisions of the Fund as Interpreted for Valuation Purposes

The Massachusetts Bay Transportation Authority Retirement Fund became effective as of January 1, 1948. The following summary describes the current main membership, benefit, and contribution provisions of the Fund as interpreted for the valuation.

1 - Definitions

"Compensation" means the full regular remuneration paid to an employee, excluding any overtime pay. "Service" creditable under the Fund means all service rendered by a member prior to his normal retirement date since he last became a member for which contributions are made by the member and by the Authority. "Union" means Boston Carmen's Union, Local Division 589 of the Amalgamated Transit Union, AFL-CIO.

Group A participants
Includes employees who were members of the Plan on or before June 30, 2023, unless the individual elected to be in the new Group B benefit structure.

Group B participants
Includes employees who were members of the Plan on or after July 1, 2023 or former Group A members who elected this structure.

2 - Membership

Each employee, including employees on a part-time basis, who is or who may become a member of the Union or any union recognized by the Authority for collective bargaining purposes is included in the membership of the Fund. Any employee who is not a member of the Union but who is in a group which was authorized to participate in the Fund is included in the membership.

3 - Benefits

Normal Retirement Allowance for Group A Plan members

Condition for Allowance

Any member may retire at age 65. A member may remain in service after the stated retirement date.

Amount of Allowance

The normal retirement allowance equals 2.46% of 3-year average annual compensation multiplied by the years of service, such allowance not to exceed 80% of such average annual compensation.

Schedule C – Summary of Main Provisions of the Fund as Interpreted for Valuation Purposes *(continued)*

Normal Retirement Allowance for Group B Plan members

Condition for Allowance

Any member may retire beginning at age 55 with at least 10 years of creditable service.

Amount of Allowance

The normal retirement allowance equals the average of the Member's highest 3 years of pensionable earnings multiplied by the Age Multiplier multiplied by the years of service.

The Age Multiplier is determined using the following table:

Age at Retirement	Percentage
55	1.750%
56	1.875%
57	2.000%
58	2.125%
59	2.250%
60	2.375%
61+	2.460%

A Retired Member's retirement allowance cannot exceed 80% of the average of the Retired Member's highest 3 years of pensionable earnings.

Early Normal Retirement Allowance for Group A Plan members

Condition for Allowance

Any member hired prior December 6, 2012 and has completed at least 23 years of service may retire on an early normal retirement allowance.

Any member hired on or after December 6, 2012, has attained age 55 and completed at least 25 years of service may retire on an early normal retirement allowance.

Amount of Allowance

The early normal retirement allowance is computed in the same manner as a normal retirement allowance on the basis of the compensation and service to the time of retirement.

Early Reduced Retirement Allowance for Group A Plan members

Condition for Allowance

A member who has attained age 55 and has completed at least 20 years of service may be retired on an early reduced retirement allowance.

Amount of Allowance

The early reduced retirement allowance is an immediate allowance, commencing at the date of retirement, and is computed in the same manner as a normal retirement allowance on the basis of compensation and service to the time of early retirement, but reduced by ½ of 1% for each month of retirement prior to normal retirement date.

Schedule C – Summary of Main Provisions of the Fund as Interpreted for Valuation Purposes *(continued)*

Disability Retirement Allowance for Group A Plan members

Condition for Allowance

Any member who has completed 4 years of service in case of disablement due to an occupational accident or sickness, or who has completed 6 years of service in case of disablement due to any other cause, and who has become totally and permanently incapacitated, mentally or physically, for the further performance of duty may be retired.

Amount of Allowance

Upon disability retirement, a member receives an allowance commencing immediately, which is computed as a normal retirement allowance on the basis of the compensation and service to the time of disability retirement and is not less than 15% of the member's 3-year average annual compensation.

Disability Retirement Allowance for Group B Plan members

Condition for Allowance

Any member who has completed 4 years of service in case of disablement due to an occupational accident or sickness, or who has completed 6 years of service in case of disablement due to any other cause, and who has become totally and permanently incapacitated, mentally or physically, for the further performance of duty may be retired.

Amount of Allowance

Upon disability retirement, a member receives an allowance commencing immediately, which is computed as a normal retirement allowance on the basis of the compensation and service to the time of disability retirement and is not less than 15% of the member's 3-year average annual compensation. 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 (referenced on the Age Multiplier chart above) if the member is over the age of 55.

Vested Retirement Allowance for Group A Plan members

Condition for Allowance

Any member who has completed 10 years of service and does not receive a refund of his contributions with interest, in the event his employment terminates for reasons other than voluntary quit or discharge for cause.

Amount of Allowance

The vested retirement allowance is a deferred allowance commencing on the member's normal retirement date and equal to the amount computed as a normal retirement allowance on the basis of the compensation and service to the time of termination.

Vested Retirement Allowance for Group B Plan members

Condition for Allowance

Any member shall have a fully vested deferred retirement allowance if the member has accrued 10 or more years of service and has not withdrawn their contributions from the Fund.

Amount of Allowance

The vested retirement allowance is computed as the average of the member's highest 3 years of pensionable earnings multiplied by 2.46% multiplied by the years of service; provided, however, that if a vested member retires prior to the age of 65, then the vested member's retirement allowance will be reduced for their entire retirement by 6% per year, or one-half percent each month, of retirement before age 65.

Schedule C – Summary of Main Provisions of the Fund as Interpreted for Valuation Purposes *(continued)*

Survivor Benefit

Condition for Benefit

Upon the death of a member who has completed 10 years of service and who is survived by a spouse and/or dependent children designated to receive the deceased member's contributions with interest, a benefit may be elected by such survivor in lieu of the payment of the contributions with interest.

Amount of Benefit

If the deceased member had completed at least 10 but fewer than 23 years of service, the survivor's benefit, payable for life, is equal to the amount which would have become payable if the member had retired as of the date of his death and elected a 50% joint and survivor option in effect as of the date of death with the survivor as the designated person under the option. There is no reduction for early commencement.

If the deceased member had completed at least 23 years of service, the survivor's benefit, payable for life, is equal to the amount which would have become payable if the member had retired as of the date of his death and elected a 100% joint and survivor option in effect as of the date of death with the survivor as the designated person under the option. There is no reduction for early commencement.

Accidental Death Benefit

Condition for Benefit

Upon the death of a member in service whose death results solely from an injury or injuries sustained in the performance of duty, and who is survived by a spouse designated to receive the deceased member's contribution with interest, an allowance shall be payable to said spouse.

Amount of Benefit

The accidental death benefit, payable for life, is equal to the amount which would have become payable to the member if the member had retired as of the date of his death on a disability retirement allowance. If there should be insufficient creditable service, the surviving spouse receives the minimum allowance available under the disability retirement provision.

Return of Contributions

On Account of Termination of Service

In the event of a Group A Plan member's termination of employment for any reason other than death or retirement or a Group B Plan member's nonvested termination, he is paid the amount of his contributions, with interest. Group A Plan members may not elect to keep their contributions in the Fund. Group B Plan members may elect to keep their contributions in the Fund to maintain and resume creditable service in the event they become an employee again in the future.

On Account of Death Prior to Retirement

Upon the death of a member or retired member before his retirement allowance has become effective, the amount of his contributions, with interest, is paid to his beneficiary or estate, unless a survivor benefit is payable.

On Account of Death after Retirement

Upon the death of a retired member, or the survivor of a retired member and his designated beneficiary under an optional benefit, any excess of his contributions at retirement, with interest, over the sum of all retirement allowance payments made is paid to the member's beneficiary or to the survivor's estate.

Our valuation does not include return of contributions on account of death after retirement.

Schedule C – Summary of Main Provisions of the Fund as Interpreted for Valuation Purposes *(continued)*

Optional Benefits in Lieu of Regular Benefits
At retirement, or on his normal retirement date if prior thereto, any member may elect to convert his allowance into an optional benefit of equivalent actuarial value permitted by the Rules and Regulations.

Reinstatement of Creditable Service
If a member's service is interrupted by reason of resignation or dismissal, he has the opportunity upon the completion of 3 years of service after he has been rehired to repay to the Fund all amounts he has withdrawn together with an amount equal to their reasonable earnings. Upon such repayment, the member is to be credited with service for the periods before and after the interruption as though they had been a single period of service.

4 - Contributions[1]

Contributions required to provide benefits and meet administrative expenses are made jointly by the Authority and members. The member contribution rate was increased from 5.1489% to 5.4989% effective August 11, 2012, to 5.5589% effective July 1, 2013, to 5.7989% effective July 1, 2014, to 5.7914% effective July 1, 2015, to 6.4614% effective July 1, 2016, to 7.1189% effective July 1, 2017, to 8.0089% effective July 1, 2018, to 8.8239% effective July 1, 2019, to 9.3339% effective July 1, 2020, to 9.1239% effective July 1, 2021, to 9.0539% effective July 1, 2022, to 9.0989% effective July 1, 2023, to 8.6889% effective July 1, 2025, and to 8.6239% effective July 1, 2026. Member contributions are "picked up" by the Authority pursuant to Section 414(h)(2) of the Internal Revenue Code.

Summary of Changes from December 31, 2024 Valuation
None.

[1] The actual rate in effect from July 1, 2023 through June 30, 2028, will be 125 basis points higher, as specified in Article 5 Section 1(f) of the Pension Agreement.

Schedule D – Tables of Employee Data

Table 1 – The Number and Annual Compensation of Active Members Distributed by Fifth Age and Service as of December 31, 2025[1]

Attained Age	Completed Years of Service: 0 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & up		Total	
	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary
Under 25	97	7,996,664	0	$ 0	0	$ 0	0	$ 0	0	$ 0	0	$ 0	0	$ 0	0	$ 0	0	$ 0	97	$ 7,996,664
25 to 29	355	31,550,135	22	2,296,902	0	0	0	0	0	0	0	0	0	0	0	0	0	0	377	33,847,037
30 to 34	442	42,166,509	105	11,537,806	16	1,794,790	0	0	0	0	0	0	0	0	0	0	0	0	563	55,499,105
35 to 39	509	48,401,134	222	24,806,999	150	17,034,295	66	7,784,928	1	215,842	0	0	0	0	0	0	0	0	948	98,243,198
40 to 44	407	37,421,800	240	26,334,031	181	20,322,565	155	18,246,621	42	4,838,267	2	300,706	0	0	0	0	0	0	1027	107,463,990
45 to 49	368	34,086,146	221	23,507,266	168	18,613,225	153	17,420,054	92	11,044,426	19	2,119,894	0	0	0	0	0	0	1021	106,791,011
50 to 54	301	27,696,552	188	20,085,092	159	17,325,651	167	18,980,514	108	12,311,268	47	5,366,615	4	433,493	0	0	0	0	974	102,199,184
55 to 59	204	19,794,441	139	15,634,495	187	21,424,079	202	23,231,385	127	14,051,465	57	6,108,470	10	1,106,302	9	972,774	0	0	935	102,323,410
60 to 64	106	9,802,691	94	10,861,219	144	16,660,417	158	18,142,277	135	15,313,829	43	4,602,187	20	2,109,719	15	1,558,461	5	525,304	720	79,576,104
65 to 69	23	2,858,253	23	2,634,549	50	5,642,042	48	5,313,859	32	3,755,931	12	1,305,346	7	789,464	6	654,909	3	316,451	204	23,270,803
70 & up	6	671,041	7	879,154	15	1,863,347	7	736,453	5	563,014	8	791,107	5	642,179	1	120,411	0	0	54	6,266,707
Total	2,818	$ 262,445,364	1,261	$ 138,577,512	1,070	$ 120,680,412	956	$ 109,856,091	542	$ 62,094,042	188	$ 20,594,324	46	$ 5,081,157	31	$ 3,306,555	8	$ 841,755	6,920	$ 723,477,213

[1] Minor differences between the sums of values shown and the totals shown may arise due to rounding.

Schedule D – Tables of Employee Data *(continued)*

Table 2 – The Number and Annual Retirement Allowances Distributed by Age as of December 31, 2025[1]

	Service Retirements		Disabled Members		Beneficiaries	
Age	Number	Amount	Number	Amount	Number	Amount
<50	38	$ 2,370,904	28	$ 596,856	22	$ 266,891
50	11	726,676	5	90,170	3	36,474
51	13	758,351	6	114,273	3	43,657
52	16	886,640	8	165,186	8	158,456
53	23	1,190,613	5	111,970	10	145,419
54	35	1,890,643	12	296,890	11	183,339
55	41	2,361,143	7	147,489	7	96,536
56	47	2,482,060	9	161,305	5	116,174
57	64	3,538,548	15	428,568	5	74,886
58	76	4,120,180	21	490,233	8	128,839
59	81	4,208,117	18	463,160	14	218,353
60	109	5,881,408	15	332,999	14	250,793
61	123	6,700,333	22	557,930	15	152,500
62	138	7,421,570	24	630,796	18	273,944
63	130	6,702,048	28	714,793	22	361,077
64	134	6,841,814	29	688,047	22	371,800
65	172	8,555,056	30	689,248	16	367,430
66	178	8,782,445	42	885,333	18	291,554
67	225	10,142,699	32	740,686	29	508,980
68	182	8,134,385	27	639,440	20	558,566
69	214	9,343,497	18	400,874	38	723,370
70	199	8,736,753	29	646,988	41	750,906
71	186	7,860,283	34	653,723	25	608,124
72	189	7,824,923	20	393,586	34	608,730
73	205	8,543,819	17	298,541	34	794,234
74	178	6,976,315	11	257,034	35	635,455
75	171	6,458,146	23	443,686	32	852,449
76	182	7,128,518	20	382,414	35	855,390
77	190	7,132,059	16	279,711	50	1,139,206
78	179	6,373,476	17	407,239	40	981,337
79	164	5,911,057	14	252,866	54	1,104,075
80	139	4,880,329	10	230,210	44	902,192
81	147	5,175,391	13	241,258	52	1,098,554
82	131	4,341,408	16	222,521	51	1,015,339
83	117	4,027,452	9	174,036	57	1,066,476
84	94	3,040,621	6	106,986	48	945,825
85	75	2,270,036	5	93,688	39	718,861
>85	317	9,389,308	11	159,502	224	3,958,950
Total	4,913	$ 209,109,025	672	$ 14,590,233	1,203	$ 23,365,141
No Option	3,209	137,858,750	560	12,422,524	1,203	23,365,141
Survivor Option	17	952,803	2	53,801	0	0
Pop-Up Option	1,687	70,297,472	110	2,113,908	0	0
Total	4,913	$ 209,109,025	672	$ 14,590,233	1,203	$ 23,365,141

[1] Minor differences between the sums of values shown and the totals shown may arise due to rounding. Disabled members' counts and allowances exclude 22 individuals receiving worker's compensation for over 5 years.

Schedule D – Tables of Employee Data *(continued)*

Table 3 – Reconciliation of Participant Data

	Actives	Retirees	Beneficiaries	Disabled[1]	Actives not accruing service	Total
Participants as of December 31, 2024	6,565	4,869	1,199	716	498	13,847
Changes due to:						
Termination						
Due Contributions	(123)				123	0
Due Future Benefit						0
Received Contributions	(44)				(52)	(96)
Retirements	(200)	202			(2)	0
Disability	(6)			10	(4)	0
Deaths						
With Survivor		(63)		(8)		(71)
Without Survivor	(1)	(95)	(66)	(24)		(186)
New Entrants	721		73		36	830
Rehires	14				(14)	0
Benefits Expired			(3)			(3)
Resumed Contributing	18				(18)	0
Stopped Contributing	(23)				23	0
Escheatment	(1)				(72)	(73)
Data Corrections						0
Total Changes	355	44	4	(22)	20	401
Participants as of December 31, 2025	6,920	4,913	1,203	694	518	14,248

[1] Includes 26 individuals on December 31, 2024 and 22 individuals on December 31, 2025 receiving worker's compensation for over 5 years.

Solvency Test

As of December 31, 2025

The MBTA Retirement Fund's funding objective is to meet long-term benefit promises through contributions that remain approximately level from year-to-year as a percent of member payroll. If the contributions to the Fund are level in concept and soundly executed, the Fund will pay all promised benefits when due—the ultimate test of financial soundness.

A solvency test is one means of checking a fund's progress under its funding program. In a solvency test, the fund's present assets (cash and investments) are compared with:

1. Active member contributions on deposit;
2. The liabilities for future benefits to present retired lives;
3. The liabilities for service already rendered by active and inactive members.

In a Fund that has been following the discipline of level percent-of-payroll financing, the liabilities for active member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by active members (liability 3) will be partially covered by the remainder of present assets. The larger the funded portion of liability 3, the stronger the condition of the Fund. Gallagher prepared the following Solvency Schedule:

Valuation Date	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active/Inactive Members (Employer Financed)	Actuarial Value of Assets	Portion of AAL Covered by Assets		
					(1)	(2)	(3)
12/31/2024	$ 426,779,061	$ 2,186,088,782	$ 809,784,669	$ 1,917,621,895	100%	68%	0%
12/31/2023	380,681,213	2,177,011,957	745,670,912	1,844,331,372	100%	67%	0%
12/31/2022	347,358,589	2,143,395,353	610,950,073	1,799,924,778	100%	68%	0%
12/31/2021	325,347,277	2,129,569,570	646,787,168	1,760,643,571	100%	67%	0%
12/31/2020	298,648,242	2,109,955,052	646,520,086	1,636,054,386	100%	63%	0%
12/31/2019	266,634,347	2,129,210,443	625,265,569	1,561,192,531	100%	61%	0%
12/31/2018	240,849,945	2,092,861,364	583,089,414	1,559,452,659	100%	63%	0%
12/31/2017	221,627,390	2,057,542,739	550,215,648	1,599,505,237	100%	67%	0%
12/31/2016	219,497,282	1,918,980,542	556,078,499	1,607,560,108	100%	72%	0%
12/31/2015	219,752,752	1,774,425,407	577,905,849	1,630,411,191	100%	79%	0%

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls

As of December 31, 2025

Schedule Prepared by Gallagher

Valuation Date	Added to Rolls		Removed from Rolls		Rolls - End of Year		% Increase in Annual Allowances	Average Annual Allowances
	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances		
12/31/2025	215	$ 11,102,901	184	$ 5,230,002	6,788	$ 247,064,399	1.97%	$ 36,397
12/31/2024	144	7,215,689	160	4,102,225	6,757	241,191,500	1.55%	35,695
12/31/2023	184	8,310,204	170	2,299,429	6,773	238,078,036	2.38%	35,151
12/31/2022	233	11,543,586	187	5,100,217	6,759	232,067,261	2.16%	34,335
12/31/2021	205	8,555,618	202	5,039,468	6,713	225,623,892	1.54%	33,610
12/31/2020	144	5,343,426	247	5,787,592	6,710	222,107,742	1.33%	33,101
12/31/2019	148	6,101,838	176	4,806,046	6,813	222,551,908	1.00%	32,666
12/31/2018	209	8,408,514	191	4,618,807	6,841	221,256,116	1.47%	32,343
12/31/2017	310	14,541,060	171	4,108,386	6,823	217,466,409	2.90%	31,873
12/31/2016	370	18,053,040	158	3,735,177	6,684	207,033,735	4.02%	30,975

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Average Annual Pay	% Increase In Average Pay
2025	6,920	$ 723,477,213	$ 104,549	3.7%
2024	6,565	661,958,698	100,831	4.4%
2023	5,805	560,824,908	96,611	8.1%
2022	5,555	496,467,531	89,373	6.9%
2021	5,486	458,857,189	83,641	3.0%
2020	5,674	460,921,559	81,234	2.4%
2019	5,507	436,828,077	79,322	0.4%
2018	5,392	425,862,201	78,980	-0.8%
2017	5,386	428,830,122	79,619	3.1%
2016	5,786	446,740,427	77,211	2.5%

STATISTICAL SECTION

(Unaudited)

Objectives

The objectives of the Statistical Section are to provide additional historical perspective, context and detail to assist readers in using the information in the Financial Statements, Notes to the Financial Statements and Required Supplementary Information in order to understand and assess the Plan's economic condition.

Financial Trends

The Schedule of Changes in Net Position presented on page 142 contains historical information related to the Fund's revenues, expenses, changes in net position and net position available for benefits. The Schedule of Additions by Source on page 142 provides employer and employee contribution rates and historical investment income information. The schedules of deductions and benefits by type on page 143 provide a history of annual benefit, withdrawal and operating expense trends.

Demographic and Economic Information

The Schedule of Distribution of Plan Members shown on page 144 provides relevant details about the composition of the Fund's active membership including concentration of members within various age groups.

Operating Information

The Schedule of Average Benefit Payments on page 145 presents average monthly benefits and average final salary information by years of credited service for new benefit recipients within specified plan years. The Schedule of Benefit Recipients by Type and Option on page 146 illustrates the number of participants and total benefit payments by type and option.

Statistical data is provided from both the Fund's internal resources and from the Fund's Actuary, Gallagher, LLC.

Financial Trends
(2016 – 2025) For all Reports

Schedule of Changes in Net Position

Year Ended Dec 31	Net Position Beginning of Year	Additions	Deductions	Increase (Decrease) in net Position	Adjustment for adoption of GASB 67	Net Position End of Year
2025	$ 1,801,743,684	$ 469,033,608	$ 249,009,633	220,023,975	-	2,021,767,659
2024	1,694,401,260	354,619,862	247,277,438	107,342,424	-	1,801,743,684
2023	1,622,548,978	328,661,971	256,605,301	72,056,670	(204,388)	1,694,401,260
2022	1,939,942,425	(81,770,442)	235,623,005	(317,393,447)	-	1,622,548,978
2021	1,769,941,276	399,135,305	229,134,156	170,001,149	-	1,939,942,425
2020	1,614,144,213	385,730,778	229,933,715	155,797,063	-	1,769,941,276
2019	1,449,695,100	393,360,861	228,911,748	164,449,113	-	1,614,144,213
2018	1,603,176,196	72,546,582	226,027,678	(153,481,096)	-	1,449,695,100
2017	1,485,605,884	334,848,844	217,278,532	117,570,312	-	1,603,176,196
2016	1,497,848,035	191,813,165	204,055,316	(12,242,151)	-	1,485,605,884

Schedule of Additions by Source

Year Ended Dec 31	Employee Contributions	Employer Contributions	Employer Contributions as % of Covered Payroll	Investment Income (a)	Total
2025	$ 69,904,837	$ 178,535,557	24.68%	$ 220,593,214	$ 469,033,608
2024	64,660,810	162,153,826	24.50	127,805,226	354,619,862
2023	50,735,073	135,226,433	24.11	142,700,464	328,661,971
2022	45,511,253	129,973,295	26.18	(257,254,989)	(81,770,441)
2021	43,224,002	123,493,762	26.91	232,417,541	399,135,304
2020	40,774,027	116,285,928	25.45	228,670,823	385,730,778
2019	36,366,108	103,263,763	23.82	253,730,990	393,360,861
2018	32,606,337	92,013,124	21.61	(52,072,879)	72,546,582
2017	29,775,344	83,382,882	19.44	221,690,618	334,848,844
2016	27,791,543	77,239,279	17.38	86,782,343	191,813,165

Contributions were made in accordance with actuarially determined contribution requirements
(a) Net of investment expenses

Schedule of Deductions by Type

Year Ended Dec 31	Benefits	Operating Expenses	Withdrawals	Total
2025	$ 241,035,093	$ 4,269,030	$ 3,705,510	$ 249,009,633
2024	238,023,662	4,271,610	4,982,166	247,277,438
2023	247,184,648	4,415,368	5,005,285	256,605,301
2022	226,290,777	4,484,766	4,847,462	235,623,005
2021	221,589,832	4,366,485	3,177,839	229,134,156
2020	221,447,685	4,511,375	3,974,655	229,933,715
2019	220,553,916	5,046,775	3,311,057	228,911,748
2018	218,385,648	4,317,624	3,324,406	226,027,678
2017	208,999,450	4,463,775	3,815,307	217,278,532
2016	195,707,470	6,493,777	1,854,069	204,055,316

Schedule of Benefit Deduction by Type

Year Ended Dec 31	Service	Disability	Beneficiary	Total
2025	$ 203,551,051	$ 15,569,667	$ 21,914,375	$ 241,035,093
2024	200,537,714	15,794,424	21,691,524	238,023,662
2023	208,779,080	16,172,101	22,233,467	247,184,648
2022	191,860,901	14,600,088	19,829,789	226,290,778
2021	188,377,526	14,081,012	19,131,295	221,589,832
2020	188,613,828	13,697,233	19,136,624	221,447,685
2019	189,884,938	13,715,736	16,953,242	220,553,916
2018	188,529,051	13,331,294	16,525,303	218,385,648
2017	179,572,258	12,873,203	16,553,989	208,999,450
2016	165,645,608	13,811,300	16,250,562	195,707,470

Demographic and Economic Information

Distribution of Fund Members – Active Members
as of December 31, 2025

	Years of Service										Total	Average
Age	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total	Compensation	Compensation
under 25	97	-	-	-	-	-	-	-	-	97	7,996,664	82,440
25-29	355	22	-	-	-	-	-	-	-	377	33,847,037	89,780
30-34	442	105	16	-	-	-	-	-	-	563	55,499,105	98,577
35-39	509	222	150	66	1	-	-	-	-	948	98,243,198	103,632
40-44	407	240	181	155	42	2	-	-	-	1,027	107,463,990	104,639
45-49	368	221	168	153	92	19	-	-	-	1,021	106,791,011	104,595
50-54	301	188	159	167	108	47	4	-	-	974	102,199,184	104,927
55-59	204	139	187	202	127	57	10	9	-	935	102,323,410	109,437
60-64	106	94	144	158	135	43	20	15	5	720	79,576,104	110,522
65-69	23	23	50	48	32	12	7	6	3	204	23,270,803	114,073
70+	6	7	15	7	5	8	5	1	-	54	6,266,707	116,050
Total	**2,818**	**1,261**	**1,070**	**956**	**542**	**188**	**46**	**31**	**8**	**6,920**	**723,477,213**	104,549

Operating Information

Schedule of Average Benefit Payments

New Benefit Recipients (2016 – 2025)

Years of Service	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total
2016								
Average Monthly Benefit	$ 2,754	$ 1,294	$ 1,871	$ 2,708	$ 4,012	$ 4,430	$ 5,222	**$ 4,066**
Average Final Average Salary	91,458	82,418	81,622	80,316	85,125	78,969	81,558	**81,761**
Number of Retired Members	2	15	24	19	111	128	71	**370**
2017								
Average Monthly Benefit	$ -	$ 1,145	$ 1,703	$ 2,572	$ 3,805	$ 4,776	$ 5,145	**$ 3,972**
Average Final Average Salary	-	87,848	76,222	78,592	83,192	84,360	83,286	**82,327**
Number of Retired Members	-	7	41	38	52	107	65	**310**
2018								
Average Monthly Benefit	$ 535	$ 1,183	$ 1,718	$ 2,392	$ 3,766	$ 4,767	$ 4,939	**$ 3,445**
Average Final Average Salary	47,133	67,758	67,861	61,879	81,109	87,896	84,979	**77,016**
Number of Retired Members	2	6	37	32	55	48	24	**204**
2019								
Average Monthly Benefit	$ -	$ 1,488	$ 1,821	$ 2,495	$ 3,728	$ 4,904	$ 5,299	**$ 3,345**
Average Final Average Salary	-	68,561	71,079	73,257	80,413	91,264	93,985	**79,622**
Number of Retired Members	-	13	25	25	50	20	17	**150**
2020								
Average Monthly Benefit	$ 655	$ 1,096	$ 1,820	$ 2,832	$ 3,849	$ 4,967	$ 5,073	**$ 3,428**
Average Final Average Salary	74,475	60,381	63,869	72,394	79,997	89,472	77,950	**76,585**
Number of Retired Members	2	9	17	26	53	22	8	**137**
2021								
Average Monthly Benefit	$ 1,027	$ 1,660	$ 1,875	$ 2,872	$ 4,099	$ 4,952	$ 5,654	**$ 3,592**
Average Final Average Salary	98,776	81,957	63,701	75,170	87,159	82,954	99,055	**82,055**
Number of Retired Members	1	15	23	39	82	21	14	**195**
2022								
Average Monthly Benefit	$ 1,189	$ 1,400	$ 2,348	$ 3,108	$ 4,392	$ 5,706	$ 5,561	**$ 4,099**
Average Final Average Salary	101,055	71,338	85,686	84,607	93,017	93,340	93,132	**90,143**
Number of Retired Members	4	10	35	31	92	49	17	**238**
2023								
Average Monthly Benefit	$ 446	$ 1,093	$ 2,391	$ 2,835	$ 4,212	$ 4,898	$ 5,988	**$ 3,752**
Average Final Average Salary	112,858	74,075	92,677	67,220	89,336	93,872	96,317	**86,320**
Number of Retired Members	3	11	24	36	76	20	21	**191**
2024								
Average Monthly Benefit	$ 390	$ 1,229	$ 2,271	$ 2,847	$ 4,562	$ 4,868	$ 6,141	**$ 3,738**
Average Final Average Salary	63,431	57,302	75,934	71,179	95,377	92,906	87,805	**83,605**
Number of Retired Members	2	8	16	46	64	17	8	**161**
2025								
Average Monthly Benefit	$ 1,538	$ 1,757	$ 2,545	$ 3,743	$ 5,018	$ 5,661	$ 7,446	**$ 4,412**
Average Final Average Salary	161,591	70,894	107,384	106,478	112,989	117,922	131,476	**110,802**
Number of Retired Members	1	9	34	38	80	32	9	**203**

Schedule of Benefit Recipients by Type and Option
December 31, 2025

		Type of Retirement*									Option Selected**					
	Total	I	II	III	IV	V	VI	VII	VIII	IX	A	B	C	D	E	Grand Total
$0-$500	192	23	3	-	65	6	1	67	-	27	141	18	7	-	26	192
$500-$1,000	383	47	1	-	101	4	18	164	-	48	292	39	5	1	46	383
$1,000-$1,500	496	84	8	10	129	3	20	208	2	32	379	55	30	-	32	496
$1,500-$2,000	643	131	80	29	145	2	4	201	21	30	455	128	28	2	30	643
$2,000-$2,500	863	165	350	43	128	3	1	153	11	9	593	211	51	-	8	863
$2,500-$3,000	933	150	590	21	65	2	2	97	6	-	592	263	75	3	-	933
$3,000-$3,500	884	119	647	22	40	-	4	51	-	1	542	282	58	1	1	884
$3,500-$4,000	742	90	598	14	19	-	2	19	-	-	416	253	71	2	-	742
Over $4,000	1644	223	1387	11	2	-	2	19	-	-	965	497	169	13	-	1644
Total	**6780**	**1032**	**3664**	**150**	**694**	**20**	**54**	**979**	**40**	**147**	**4375**	**1746**	**494**	**22**	**143**	**6780**

***Type of Retirement**
I Normal
II Early Normal
III Early Reduced
IV Disability
V Special Disability
VI Special Survivor
VII Optionee
VIII Special early Reduced
IX QDRO

**** Option Selected**
A Lifetime Annuity
B Joint Annuinty Pop-up
C Joint Annuity
D Term Certain
E QDRO

FREQUENTLY ASKED QUESTIONS

Questions & Answers

The MBTA Retirement Fund is providing the following answers to frequently asked questions to assist you with understanding your retirement benefits under the Pension Agreement. These are being provided for informational purposes only. In the event of any conflict between these answers to frequently asked questions and the Pension Agreement, the Pension Agreement will control.

Q *Who is eligible to become a member of the Retirement Fund?*

A Any person regularly employed by the MBTA is eligible to become a member of the Retirement Fund.

Q *How does an employee contribute to the Retirement Fund?*

A Retirement contributions are deducted from the regular earnings (excluding overtime).

Q *Are the matching contributions made by the Authority applied to the member's balance in the Fund?*

A No. The Authority's contributions are not applied to the member's balance in the Fund. These contributions become an irrevocable asset of the Fund used for the benefit of its members.

Q *What is the rate of interest earned by the member on his/her contributions? Does the member continue to earn interest after his/her employment with the Authority is terminated by reason of retirement, resignation, or discharge?*

A Interest earned on contributions made on or after July 1, 1967, are compounded annually at a rate of three percent (3%). Note: This rate is set by the Pension Agreement and does not reflect the earnings of the Fund. No. A member stops earning interest on his/her contributions as of the last day of the month prior to his/her separation from the Authority's service.

(continued)

Q *What is creditable service?*

A Creditable service is the total of membership service and prior service. Prior service is service rendered to the MBTA before January 1, 1948. Membership service is the period of service rendered to the MBTA starting January 1, 1948, for which a member made contributions to the Fund, with exceptions as follows:

1. The period of time an employee is not working at the MBTA due to an injury on the job and is being paid workers' compensation.
2. The period of time spent in the military service by an employee who was a member of the Fund before leaving for military service, for which a maximum credit of 4 years is allowed, if such time occurs during a period of national emergency or such military service is compulsory.

Q *How do part-time employees accrue creditable service?*

A For the purpose of determining the amount of retirement benefit, creditable service for part-time employees of the MBTA accrues at the rate of one month of creditable service, or fraction thereof, for each 173 pay hours received.

Q *Under what circumstances is the spouse of a member required to sign a spousal consent form?*

A When a member submits their application, a spousal consent is required when the member elects to receive his/her benefit in the following manner:

- No optional benefit for spouse
- $33^{1/3}$% with no pop-up
- 25% with no pop-up
- 50% with pop-up
- $33^{1/3}$% with pop-up
- 25% with pop-up
- 5, 10 or 15-year term certain benefits

Q *Are retirement contributions deducted from Workers' Compensation payments? Does the time out on Workers' Compensation count as creditable membership service?*

A No. There are no retirement contributions deducted from Workers' Compensation payments. As a result, it may exclude that year as a high year in calculating the high 3-year average.
Yes. When a member is out of work from the MBTA and receiving Workers' Compensation payments, the time out on Worker's Compensation counts as creditable membership service.

Q *Workers' Compensation Offset: Does my receipt of Workers' Compensation payments affect my disability retirement benefit?*

A Possibly. If the payments that you receive under Workers' Compensation are based on the same injury that qualified you for disability retirement, your pension benefit will be offset against your Workers' Compensation for that same injury.

(continued)

This means that your pension benefit will be directly reduced by the amount of the Workers' Compensation benefit that you receive.

Workers' Compensation payments that are based on an injury different from the injury that qualified you for a disability pension will not affect your disability retirement benefit.

Q *Is the employment date with the Authority the same as the membership date in the Fund?*

A No. Membership in the Fund begins when contributions are made to the Fund and is usually a short time after the employment date, typically 90 working days after being employed.

Q *Who is the Group A Plan?*

A Employees who became members of the Fund on or before June 30, 2023 are enrolled in Group A unless they elected to join Group B prior to the March 29, 2024 deadline and then accumulates at least 24 months of creditable service after such election.

Q *Who is in the Group B Plan?*

A Those who are or become members of the Fund on or after July 1, 2023, are automatically enrolled in the Group B Plan and may not elect to join Group A.

Employees enrolled in the Group A Plan that elected to join the Group B Plan prior to the March 29, 2024, deadline are enrolled in Group B once they have accrued 24 months of creditable service from the date of their election to join Group B.

Q *When can a member retire?*

A **Group A Plan:** A member can retire at age 65 or older on a Normal Retirement.

For a member hired before December 6th, 2012, an Early Normal Retirement is available with 23 years of creditable service.

A member hired on or after December 6th, 2012, an Early Normal Retirement is available if the member is age 55 or older and has at least 25 years of creditable service.

An Early Reduced Retirement is available if the member is age 55 or older and has at least 20 years of creditable service; however, the retirement allowance will be reduced by 1/2 of 1% for each month between the age at retirement and age 65.

The plan provides for a Disability Retirement after 4 years of creditable service for an occupational disability or after 6 years for a non-occupational disability.

Group B Plan: A member can retire at age 55 with at least 10 years of creditable service on a Normal Retirement.

A Group B member who accrues at least 10 years of credible service prior to obtaining 55 years of age may leave the employ of the MBTA and elect to begin receiving a vested retirement allowance anytime between the ages of 55-65. Vested retirement allowances are reduced based upon the number of months a member begins collecting their benefit prior to obtaining age 65.

The plan provides for a Disability Retirement after 4 years of creditable service for an occupational disability or after 6 years for a non-occupational disability.

(continued)

Q *How is a member's normal retirement allowance (non-disability and non-vesting) determined?*

A **Group A Plan:** The retirement allowance is determined by using the following formula: The average of the member's highest three years of pensionable earnings, multiplied by 2.46%, multiplied by years and months of creditable membership service.

Group B Plan: The retirement allowance is determined by using the following formula: The average of the member's highest three years of pensionable earnings, multiplied by the age multiplier based upon the member's age at retirement (see Pension Agreement Article IV), multiplied by the member's years and months of creditable service.

Q *What is the date shown on the monthly retirement checks and when are they mailed to the retirees?*

A The monthly retirement checks are dated for the last business day of the month. The checks are mailed 4 or 5 days before the end of the month in order for them to arrive at the retiree's home by the last day of the month.

Q *If a member leaves the employment of the MBTA, what happens to the contributions made on the employee's behalf (Authority's Contributions) to the Fund?*

A Those contributions, once made, become an irrevocable asset of the Pension Fund and can only be used for the exclusive benefit of the retired members and their beneficiaries.

Q *If a retirement benefit is sent direct deposit (ACH – wire transfer) to a bank or credit union, when is the benefit deposited into the retiree's account and when are the funds available?*

A The benefit is wired to the retiree's bank or credit union on the last business day of the month. The availability date of these funds is determined by the member's banking institution.

Q *Does a member have a decision to make on how the pension will be paid?*

A Yes. A member can take the maximum retirement allowance payable and will get a check every month for life in that amount, subject to adjustments from time to time. If a member takes the maximum retirement allowance payable, the member will recover the money contributed to the Fund in three years or less, and after the member dies, no further payments will be made from this Fund. A member can elect to take retirement payments under an option. Options give the retiree a lesser amount for life with the provision that upon their death the person designated as beneficiary will receive a retirement allowance. An example would be the 100% option. Instead of taking the maximum retirement allowance payable, the member elects to take a reduced amount for life and upon the members death, the designated beneficiary will receive 100% of the allowance the member was receiving for life. The amount of reduction from the maximum is determined by option factors which are based on the member's and designated beneficiary's age and life expectancy. There are several types of options available.

(continued)

Q *Once a member has retired and elected either the maximum benefit or elected an option, can this election be changed?*

A No. An option elected by a member can only be changed prior to the effective date of retirement.

Q *How does unused sick leave affect the retirement allowance?*

A At retirement, a member's unused sick leave is converted to creditable membership service, which when multiplied by 2.46% of the average of the three (3) best years, increases the retirement allowance. For example, an unused sick balance of 150 days converts to 7 months of creditable membership service. However, unused sick leave cannot be used to determine service eligibility for retirement.

Q *In the event a retiree is divorced or widowed, can he/she drop the option elected or change it in favor of a new spouse?*

A No. In the event a retiree is divorced or widowed from his/her spouse, the option elected cannot be dropped or transferred in favor of a new spouse after the effective date of retirement.

Q *Can a member buy any service for which credit is not being received?*

A No. A member can only get credited for the time in which both the member and the Authority make contributions.

Q *Who can an active or retired member contact with specific questions concerning health and life insurance benefits?*

A Active and retired members of the MBTA may contact the Benefits Department with specific questions about health and life insurance benefits. The telephone number is (617) 222-3244. Written inquiries should be sent to the MBTA Benefits Department, 10 Park Plaza, 2nd Floor, Boston, MA 02116.

Q *Can a member withdraw any money from the Fund and pay it back at a later date with interest?*

A No. A member cannot withdraw any contributions from the Fund. The only way a member can obtain money from the Fund is either by resigning or retiring.

Q *Can I receive creditable service in the MBTA Retirement Fund for service with any other Federal, State, or local government agency?*

A No. Since the MBTA Retirement Fund is a private system, no credit can be given for service other than with the MBTA.

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Q ***If the surviving spouse is eligible to receive a monthly benefit, how soon does he/she begin receiving the benefit? Does he/she have to wait until the member would have reached age 65?***

A The surviving spouse is eligible to receive the benefit the first month following the member's death. He/She does not have to wait until the member would have reached age 65.
Example: Member passes away June 15th. The surviving spouse is eligible for benefit starting July 1st.

Q ***How are changes made to the Pension Agreement?***

A All changes to the Pension Agreement are negotiated between Local #589 and the Authority.

Q ***If I leave the employ of the Authority and return at a later date, am I eligible to "Buy Back" my prior service?***

A Yes. A former member of the Fund who is re-employed by the Authority is eligible, after a 3-year waiting period, to request the Retirement Board to restore his/her previous service by the repayment of the withdrawn funds, plus interest. "Bridging the Gap" restores to the member the creditable service he/she built up during the previous period of employment. There is no credit given for the period between the date the member left the employ of the Authority and the date he/she was re-employed. That gap will always remain. Therefore, any member of the Fund who terminated his/her employment with the Authority and was re-employed should contact the Retirement Board to determine the amount necessary to "Buy Back" the previous service.

Q ***How does a member qualify for a benefit under the Vesting Provision of the Fund?***

A **Group A Plan:** Under the Vesting Provision of the Fund, a member who has at least 10 years of creditable membership service may qualify for a benefit provided that his/her employment with the MBTA ended through no fault of their own. If a member resigns or is discharged for cause, he/she is not eligible for a retirement benefit under this provision.
Group B Plan: A Member qualifies for a vested deferred retirement allowance if the member accrues at least 10 years of credible service, the member's employment with the MBTA is terminated for any reason prior to becoming eligible for an immediate retirement allowance per Article IV (2), and the member has not withdrawn their contributions from the Fund.

Q ***When is a member eligible to receive a vested retirement benefit?***

A **Group A Plan:** A member is eligible to receive a vested retirement benefit the first of the month following the member's 65th birthday provided that (i) such member has 10 years of creditable membership service in the Fund, and (ii) such member's employment did not end voluntarily or by termination (e.g. was permanently laid off).
Group B Plan: A member that has 10 years of creditable membership service (and was not eligible for a retirement allowance set out in Pension Agreement Article IV, Section 2) may begin collecting their vested allowance between the ages of 55-65 provided that such allowance will be reduced by one half of one percent (0.50%) for each month prior to their 65th birthday. All vested retirement allowances are calculated using the 2.46% multiplier.

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Q *Can taxes be withheld from a retiree's pension benefit?*

A Federal tax can be withheld and deducted from a retiree's pension benefit each month. The amount of federal tax withheld from a retiree's pension allowance can be changed at any time by filing a new W-4P form with the Retirement Fund. The pension allowance is not taxable in the state of Massachusetts. Retirees and payees residing in states other than Massachusetts should consult their tax professional for advice regarding the state tax status of a retiree's pension benefit.

Q *If a member has a question concerning the Fund or would like to obtain an estimate of his/her retirement benefit, whom should he/she contact for the correct answer?*

A All questions should be directed to the MBTA Retirement Fund at One Washington Mall, Boston, MA 02108 617-316-3800 or 800-810-6228.

MBTA RETIREMENT FUND

One Washington Mall – 4th Floor
Boston, MA 02108

617-316-3800
www.mbtarf.com