

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Financial Statements and Required Supplementary Information

December 31, 2025 and 2024

(With Independent Auditors' Report Thereon)

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

**Table of Contents**

	<b>Page(s)</b>
Independent Auditors' Report	1–2
Management's Discussion and Analysis (Unaudited)	3–9
Financial Statements:	
Statements of Fiduciary Net Position	10
Statements of Changes in Fiduciary Net Position	11
Notes to Financial Statements	12–33
<b>Required Supplementary Information (Unaudited)</b>	
Schedule of Changes in Net Pension Liability and Related Ratios	34–35
Schedule of Investment Returns	36
Schedule of Contributions	37
Notes to Required Supplementary Information	38



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.

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.

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Required Supplementary Information  
Management's Discussion and Analysis  
December 31, 2025 and 2024  
(Unaudited)

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.

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.

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Required Supplementary Information  
Management's Discussion and Analysis  
December 31, 2025 and 2024  
(Unaudited)

**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)

	<b>December 31</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
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 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. 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 Statement No. 87, Leases, (GASB 87) was implemented in 2023

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Required Supplementary Information  
Management's Discussion and Analysis  
December 31, 2025 and 2024  
(Unaudited)

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.

**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

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Required Supplementary Information  
Management's Discussion and Analysis  
December 31, 2025 and 2024  
(Unaudited)

*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 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,

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Required Supplementary Information  
Management's Discussion and Analysis  
December 31, 2025 and 2024  
(Unaudited)

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%.

**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.

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Required Supplementary Information  
Management's Discussion and Analysis  
December 31, 2025 and 2024  
(Unaudited)

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](mailto: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

	<b>2025</b>	<b>2024</b>
<b>Assets:</b>		
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
	<u>1,646,702,190</u>	<u>1,518,373,439</u>
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
	<u>360,005,881</u>	<u>269,743,705</u>
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	<u>2,064,903,912</u>	<u>1,816,897,129</u>
<b>Liabilities:</b>		
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	<u>43,136,253</u>	<u>15,153,445</u>
Net position – restricted for pension benefits	<u>\$ 2,021,767,659</u>	<u>1,801,743,684</u>

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

	<b>2025</b>	<b>2024</b>
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)

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

**(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% 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.

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

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.

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

(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  $\frac{1}{2}$  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.

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

*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.

(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.

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

(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.

*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.

(xii) *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.

(xiii) *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).

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

**(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.

**(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.

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

**(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 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.

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

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:	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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
<b>Total</b>	<b>\$ 1,984,925</b>	<b>\$ 266,866</b>	<b>\$ 2,251,791</b>

**(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.

**(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

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

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.

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:

<b>Asset class</b>	<b>2025</b>	<b>2024</b>
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	<u>100 %</u>	<u>100 %</u>

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

**(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:

<u>Investment type</u>	<u>Fair value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
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
	<u>\$481,161,380</u>	<u>3,964,020</u>	<u>123,450,857</u>	<u>203,247,707</u>	<u>150,498,796</u>

<b>2024</b>					
<u>Investment type</u>	<u>Fair value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
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
	<u>\$ 436,052,871</u>	<u>9,144,127</u>	<u>154,899,157</u>	<u>156,788,026</u>	<u>115,221,561</u>

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.

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

**(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.

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.

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

**(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.

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:

Currency	2025			
	Short-Term	Fixed Income	Equity	Total
Brazilian Real (BRL) \$	—	492,258	—	492,258
Canadian 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

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

<u>Currency</u>	<b>2024</b>			
	<u>Short-Term</u>	<u>Fixed Income</u>	<u>Equity</u>	<u>Total</u>
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 \$	<u>152,662</u>	<u>4,402,510</u>	<u>265,326,373</u>	<u>269,881,545</u>

**(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 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.

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

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.

**(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.

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

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

	Total at December 31, 2025	Fair value measurements using:		
		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			

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

	Total at December 31, 2024	Fair value measurements using:		
		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	<u>53,000,355</u>	<u>53,000,355</u>	<u>-</u>	<u>-</u>
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	<u>409,486,779</u>	<u>409,486,779</u>	<u>-</u>	<u>-</u>
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	<u>396,207,756</u>	<u>-</u>	<u>396,207,756</u>	<u>-</u>
International fixed income - bonds	4,402,510	-	4,402,510	-
Total investments by fair value level	<u>939,370,116</u>	<u>538,759,850</u>	<u>400,610,266</u>	<u>-</u>
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	<u>333,363,881</u>			
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:	<u>515,383,147</u>			
Total investments	<u>\$ 1,788,117,144</u>			

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

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
<b>Hedge fund of funds</b>					
Diversified beta <sup>1</sup>	\$ 68,263,394	\$ 54,381,993	\$ -	monthly	15-30 days
Fund of hedge fund <sup>2</sup>	102,509,675	84,122,661	\$ -	quarterly	30-90 days
Opportunistic hedge fund <sup>3</sup>	36,442,728	32,500,317	\$ 23,446,173	N/A	N/A
<b>Private equity funds<sup>4</sup></b>	190,691,408	187,721,053	\$ 89,144,822	N/A	N/A
<b>Private real estate funds</b>					
Open-ended real estate funds <sup>5</sup>	155,512,205	147,124,106	\$ -	quarterly	30 days - 1 year
Closed-end real estate funds <sup>6</sup>	6,124,441	10,896,991	\$ -	N/A	N/A
<b>Total investments measured at NAV</b>	<b>\$ 559,543,851</b>	<b>\$ 516,747,122</b>	<b>\$ 112,590,995</b>		

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.

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

- <sup>3</sup> 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.
- <sup>4</sup> 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.
- <sup>5</sup> 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.
- <sup>6</sup> 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):

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

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

*Actuarial Assumptions*

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

- 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%

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:

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

<u>Asset class</u>	<u>Target asset allocation</u>		<u>Long-term expected real rate of return</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
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%.

**(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.

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Notes to Financial Statements  
December 31, 2025 and 2024

**(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):

	<b>1% Decrease (6.25%)</b>	<b>Current discount rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
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.

**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	<u>(244,740,603)</u>	<u>(243,005,828)</u>	<u>(252,189,933)</u>	<u>(231,138,239)</u>	<u>(224,767,671)</u>	<u>(225,422,340)</u>	<u>(223,864,973)</u>	<u>(221,710,054)</u>	<u>(212,814,757)</u>	<u>(197,561,539)</u>
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	<u>3,422,652,512</u>	<u>3,303,364,082</u>	<u>3,167,471,121</u>	<u>3,101,704,015</u>	<u>3,055,123,380</u>	<u>3,021,110,359</u>	<u>2,916,800,723</u>	<u>2,829,385,777</u>	<u>2,632,255,238</u>	<u>2,512,084,594</u>
Total pension liability-ending (a)	<u>3,543,666,358</u>	<u>3,422,652,512</u>	<u>3,303,364,082</u>	<u>3,167,471,121</u>	<u>3,101,704,015</u>	<u>3,055,123,380</u>	<u>3,021,110,359</u>	<u>2,916,800,723</u>	<u>2,829,385,777</u>	<u>2,632,255,238</u>
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	<u>220,023,975</u>	<u>107,342,424</u>	<u>71,852,282</u>	<u>(317,393,447)</u>	<u>170,001,149</u>	<u>155,797,063</u>	<u>164,449,113</u>	<u>(153,481,096)</u>	<u>117,570,312</u>	<u>(12,242,151)</u>
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)	<u>2,021,767,659</u>	<u>1,801,743,684</u>	<u>1,694,401,260</u>	<u>1,622,548,978</u>	<u>1,939,942,425</u>	<u>1,769,941,276</u>	<u>1,614,144,213</u>	<u>1,449,695,100</u>	<u>1,603,176,196</u>	<u>1,485,605,884</u>
Fund's net pension liability-ending (a)-(b)	<u>1,521,898,699</u>	<u>1,620,908,828</u>	<u>1,608,962,822</u>	<u>1,544,922,143</u>	<u>1,161,761,590</u>	<u>1,285,182,104</u>	<u>1,406,966,146</u>	<u>1,467,105,623</u>	<u>1,226,209,581</u>	<u>1,146,649,354</u>
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 as of December 31:**

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

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

See accompanying independent auditors' report.

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
RETIREMENT FUND**

Required Supplementary Information

Schedule of Contributions

(Unaudited)

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Actual contribution in relation to actuarially determined contribution</u>	<u>Percentage of actuarially required contributions</u>	<u>Covered- payroll</u>	<u>Contribution as a percentage of covered- payroll</u>
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.