MASSACHUSETTS PORT AUTHORITY
RETIREE BENEFITS TRUST

Financial Statements and Required Supplementary Information

Years Ended December 31, 2022 and 2021

(With Report of Independent Auditors)

MASSACHUSETTS PORT AUTHORITY
RETIREE BENEFITS TRUST
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Report of Independent Auditors

To Management and the Members of the Massachusetts Port Authority Retiree Benefits Trust

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Massachusetts Port Authority Retiree Benefits Trust (the Trust), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Trust'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 Trust at December 31, 2022 and 2021, and the changes in fiduciary net position, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust, and to meet our 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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 Trust's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Building a better working world

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Trust'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 Trust's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, the schedule of changes in the Authority's net OPEB liability and related ratios, the schedule of investment returns, and the schedule of Authority contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated May 31, 2023 on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control over financial reporting and compliance.

Ernst + Young LLP

May 31, 2023

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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To Management and Members of the Massachusetts Port Authority Retiree Benefit Trust

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Massachusetts Port Authority Retiree Benefit Trust (the Trust), which comprise the statement of fiduciary net position as of December 31, 2022, the related statement of changes in fiduciary net position for the year then ended, and the related notes (collectively referred to as the "financial statements"), and have issued our report thereon dated May 31, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst + Young LLP

May 31, 2023

This section presents Management's Discussion and Analysis ("MD&A") of the Massachusetts Port Authority Retiree Benefits Trust (the "RBT" or the "Trust") financial activity and performance as of and for the years ended December 31, 2022 and 2021. The MD&A is unaudited and is intended to serve as an introduction to the Trust's basic financial statements, as well as to offer readers of the Trust's financial statements a narrative view and analysis of the RBT's financial activities.

The Massachusetts Port Authority (the "Authority") is a body politic and corporate and a public instrumentality of The Commonwealth of Massachusetts (the "Commonwealth") created and existing pursuant to Chapter 465 of the Acts of 1956, as amended, (the "Enabling Act"). The Authority controls, operates and manages Boston-Logan International Airport ("Logan Airport"), Laurence G. Hanscom Field, Worcester Regional Airport, the Port of Boston and other facilities in the Port of Boston. It uses revenues from landing fees, concessions, parking fees, terminal and other rentals, port activities, and ground rents, to fund operating expenses and to make capital improvements.

The Trust was established in June 2008 for the sole purpose of providing funding for post-employment health care insurance premiums and other benefits ("OPEB") for its participants and beneficiaries ("Plan Members"). The Trust was created as an irrevocable trust and in no event shall any part of the principal or income of the Trust be paid or revert to the Authority or be used for any purpose whatsoever other than for the exclusive benefit of the participants and beneficiaries. The Trust was created pursuant to the Authority's Enabling Act, other applicable laws, and the 1978 Trust Agreement and therefore constitutes a governmental trust. The Trust consists of the contributions made by the Authority and Plan Members, all investments made or held under the Trust, and all income there from and any other property, which may be received or held by reason of this Trust.

Financial Highlights

As of December 31, 2022, the Trust's fiduciary net position was $273.0 million, a $49.6 million or 15.4% decrease from the prior fiscal year due to negative returns in the fair value of the Trust's investments.

The Trust's fiduciary net position as a percentage of the total OPEB liability was 75.3% and 88.7% at December 31, 2022 and 2021, respectively. The Authority's net OPEB liability increased $48.6 million or 118% from $41.2 million in 2021 to $89.8 million in 2022 mainly due to investment losses, a change in plan experience, and changes to actuarial assumptions.

The Trust's rate of return on investments, gross of fees, for year ended December 31, 2022 was a negative (15.2%) compared to a gain of 14.2% for year ended December 31, 2021.

As of December 31, 2022, the Trust realized a net reduction in contributions of $34.8 million comprised of $49.8 million in net investment losses offset by $14.6 million in contributions from the Authority, and $0.5 million in contributions from Plan Members. This $34.8 million reduction in plan contributions is an overall decrease of $95.5 million compared to the $60.8 million addition recognized in 2021.

As of December 31, 2022, the Trust realized total Trust deductions of $14.8 million comprised of $14.6 million in benefit related premium payments and $0.2 million in administrative expenses. This is an overall increase in expenses of $0.6 million, or 4.3% from 2021, which had total deductions of $14.2 million. The increase is primarily due to benefit related premium increases paid from the Trust and an increase in the number of retirees receiving benefits.

Overview of the Financial Statements

The basic financial statements consist of the (1) Statements of Fiduciary Net Position; (2) Statements of Changes in Fiduciary Net Position; (3) Notes to Financial Statements; and (4) Required Supplementary Information.

The Statements of Fiduciary Net Position report the Trust's assets, liabilities, and net position available for OPEB benefits at the end of the fiscal period. The Statements of Fiduciary Net Position report the financial position of the Trust at a given point in time, in this case, December 31. Over time, the increase or decrease in net position serves as a useful indicator of the Trust's financial health.

The Statements of Changes in Fiduciary Net Position report additions to and deductions from the Trust during the fiscal period. The Statements of Changes in Fiduciary Net Position reports activity occurring over a specific period.

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the Trust's financial statements.

The Required Supplementary Information following the Notes to Financial Statements consists of three schedules and related notes: Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios, Schedule of Investment Returns and Schedule of Authority Contributions.

Financial Analysis

Total Trust assets at December 31, 2022 decreased by $49.6 million to $273.3 million, a reduction of 15.4% when compared to the $322.9 million in total Trust assets recorded as of December 31, 2021. The decrease in total Trust assets represents the Authority's contribution of $14.6 million, plan member contributions of $0.5 million net investment losses of $49.8 million realized during the year and Plan disbursements of $14.8 million for member benefit payments and administrative fees.

Total liabilities as of December 31, 2022 and 2021 were $0.3 million. Accounts payable and accrued expenses are comprised of payables for professional services and retiree benefits.

The following table summarizes the Net Position at December 31, 2022 and 2021:

Condensed Financial Information

	2022 (in thousands)	2021	$ change	% change
Assets:				
Cash and cash equivalents	$ 4,420	$ 5,050	$ (630)	-12.5%
Investments	268,831	317,813	(48,982)	-15.4%
Other assets	39	35	4	11.4%
Total assets	273,290	322,898	(49,608)	-15.4%
Liabilities:				
Accounts payable and accrued expenses	254	255	(1)	-0.4%
Total liabilities	254	255	(1)	-0.4%
Net position	$ 273,036	$ 322,643	$ (49,607)	-15.4%

Reduction to Fiduciary Net Position

The reduction to the Trust's fiduciary net position consists of contributions made by the Authority, payments of premiums by plan members and investment losses. The Trust's fiduciary net position declined $34.8 million for the year ended December 31, 2022 due mainly to investment losses on plan assets. The Trust's fiduciary net position for the year ended December 31, 2021 increased $60.8 million due to a combination of contributions from the Authority, plan member contributions and investments gains.

Total contributions to the Trust were $15.0 million and $21.9 million for the years ended December 31, 2022 and 2021, respectively. The $6.8 million decline in contributions reflects the timing of certain contributions made by the Authority during the course of the plan year. In the Trust fiscal year 2021, the Authority transferred $16 million to the Trust during May and June of 2021 and $5.5 million during July 2021 thru December 2021. In the Trust fiscal year 2022, the Authority transferred $5.5 million to the Trust during January thru June 2022 and $9.1 million in July 2022.

The Trust realized net investment losses for the year ended December 31, 2022 of $49.8 million compared to net investment gains of $38.9 million for the year ended December 31, 2021.

Condensed Financial Information

Addition		2022		2021		$ change	% change
		(in thousands)					
Total contributions	$	15,026	$	21,872	$	(6,846)	-31.3%
Net investment (loss) income		(49,785)		38,880		(88,665)	-228.0%
Total (reduction) / addition	$	(34,759)	$	60,752	$	(95,511)	-157.2%

Deductions from Fiduciary Net Position

Deductions from the Trust include the payment of insurance premiums for Plan members and administrative costs of the Trust.

Premium payments made by the Trust for the years ended December 31, 2022 and 2021 totaled $14.6 million and $14.0 million, respectively. This was an increase of approximately $0.6 million, or 4.5% from fiscal year 2021. The increase in premium payments was driven by higher health care premium rates and an additional 12 retired, disabled, survivor and beneficiary members receiving benefits from the Trust for the year ended December 31, 2022.

For the year ended December 31, 2022, administrative expenses totaled approximately $216 thousand, a decrease of 6.9% from the prior year.

Condensed Financial Information

Deductions		2022		2021		$ change	% change
		(in thousands)					
Insurance premiums	$	14,632	$	14,007	$	625	4.5%
Administrative expenses		216		232		(16)	-6.9%
Total deductions	$	14,848	$	14,239	$	609	4.3%

Requests for Information

This financial report is designed to provide an overview of the Retiree Benefit Trust's finances. Questions concerning any of the information provided in this report should be directed to Mr. John P. Pranckevicius, CPA, Director of Administration and Finance and Secretary-Treasurer and addressed to Massachusetts Port Authority, One Harborside Drive, Suite 200S, East Boston, MA 02128.

MASSACHUSETTS PORT AUTHORITY
RETIREE BENEFITS TRUST

Statement of Fiduciary Net Position

December 31, 2022 and 2021

(in thousands)

	2022	2021
Assets:		
Cash and cash equivalents	$ 4,420	$ 5,050
Investments:		
Commingled funds:		
Domestic equity	103,554	134,599
Fixed income	82,007	90,136
International equity	54,911	66,607
Alternative investments:		
Real estate private equity	28,359	26,471
Total investments	268,831	317,813
Other assets	39	35
Total assets	273,290	322,898
Liabilities:		
Accounts payable and accrued expenses	254	255
Total liabilities	254	255
Net position restricted for OPEB	$ 273,036	$ 322,643

The accompanying notes are an integral part of these financial statements.

MASSACHUSETTS PORT AUTHORITY
RETIREE BENEFITS TRUST

Statement of Changes in Fiduciary Net Position

For the year ended December 31, 2022 and 2021
(in thousands)

	2022	2021
Additions:		
Contributions:		
Authority	$ 14,573	$ 21,474
Plan members	453	398
Total contributions	15,026	21,872
Investment (loss) income:		
Interest and dividends	9,690	5,929
Net (depreciation) appreciation in fair value of investments	(59,262)	33,133
Management fees	(213)	(182)
Net investment (loss) income	(49,785)	38,880
Total (reduction) / addition	(34,759)	60,752
Deductions:		
Insurance premiums	14,632	14,007
Administrative expenses	216	232
Total deductions	14,848	14,239
Net (decrease) increase in net position	(49,607)	46,513
Net position restricted for OPEB:		
Beginning of period	322,643	276,130
End of period	$ 273,036	$ 322,643

The accompanying notes are an integral part of these financial statements.

A. Plan Description

a) Plan Administration

In April 1981, the Massachusetts Port Authority (the “Authority”) adopted a retiree benefit plan (the “Plan”) whereby the Authority assumes the full cost of group health insurance, including basic life insurance, dental insurance and catastrophic illness coverage to those retirees and surviving spouses (and qualifying dependents) who have retired under the Authority’s retirement system (collectively referred to as the “OPEB Plan”).

In June 2008, the Authority created the Retiree Benefits Trust (the “RBT” or the “Trust”), an irrevocable trust to fund its OPEB Plan obligations. In no event shall any part of the principal or income of the RBT be paid or revert back to the Authority or be used for any purpose whatsoever other than for the exclusive benefit of retirees and their beneficiaries as defined by the Members of the Authority (the “Board”). No part of the assets of the RBT may inure to the exclusive benefit of any retiree or beneficiary other than by benefit payments for services provided in the administration of the RBT. A portion of assets of the Trust may be used for payment for reasonable and necessary professional services, costs and expenses related to assisting the Trustee in the operation of the Trust.

Management of the Trust is vested in a five-member Trust Committee (the “Committee”) that consists of two officers of the Authority, two members appointed by the Chief Executive Officer and Executive Director of the Authority and one member appointed by the Members of the Authority (the "Board").

b) Benefits

The OPEB Plan is a single-employer defined benefit plan and offers retirees, as defined above, a choice of medical plans, as well as two dental plans, and basic life insurance. The medical plans are either HMOs, PPOs or indemnity plans, and some are designed to work with Medicare benefits, such as a Medicare supplement or Medicare HMO plans. The basic life insurance provides a $5,000 death benefit to the retiree. Spouses and dependents are not eligible for this death benefit upon their death. The OPEB Plan is a liability of the Authority, and no liabilities associated with the OPEB Plan are recorded by the RBT based on the premise that the legal obligation to pay for these post-employment retiree benefits resides with the Authority.

Benefits are recorded when due and payable in accordance with the terms of the Trust.

c) Contributions

Employer contributions are recognized when the employer has made commitments to provide the contributions. The Authority bears the risk that the Trust’s net position might decline due to fluctuations in the fair value of the Trust’s investments and contributions by the Authority may need to increase.

The benefit levels, employer contributions and future employer contributions are governed by the Authority and can be amended by the Authority. Contributions to the RBT are made by the Authority and were based on the Actuarially Determined Contribution ("ADC") as determined by an actuarial valuation performed by a third-party actuary and calculated according to the OPEB funding policy adopted by the Board on June 21, 2018. The ADC represents a level of funding that, if made on an ongoing basis, is projected to cover the annual normal cost and amortize any unfunded actuarial liabilities over a period originally set up not to exceed twenty years. Additional layered amortization bases are established annually to amortize gains and losses, assumption changes, and plan changes over a period not to exceed twenty years. The amortization period of the initial unfunded liability has fifteen years remaining.

The funding policy allows for the contributions to attempt to minimize the volatility from year to year and is the sum of the employers normal cost and expenses plus a payment to amortize the unfunded accrued liability as of the date of the valuation. The annual employer contribution rate goal shall be 100% of the Actuarial Determined Contribution ("ADC").

Retired plan members currently receiving benefits who were retired or vested on October 1, 2009 are required to contribute specified amounts monthly toward the cost of expanded dental insurance premiums, if elected by the retiree. No other contributions are required from this group of retired participants under the OPEB Plan.

In June 2009, the Board made changes to the plan benefits to be paid by the Authority for certain existing and future retirees. All current retired members of the Authority and all existing Authority employees who were vested as of October 1, 2009 would be eligible to have 100% of their health care cost subsidized. Employees not yet vested but employed by the Authority on October 1, 2009 would, upon retirement, be eligible to receive 85% of the premium cost for benefits, with the balance paid for by the retiree. For employees hired on or after October 1, 2009, the Board voted to implement a sliding scale subsidy for retiree health care premiums (ranging from 0%-85%) based on creditable service while working at the Authority at retirement age (retirees must be age 60 or older to receive the subsidy), and whether or not the employee retired within sixty days after leaving the Authority. The Board also voted to eliminate retiree dental and life insurance coverage, as well as Medicare Part B premium subsidy for this group of employees.

In May 2016, the Board made changes to the plan benefits to be paid by the Authority for certain future retirees. Persons who commenced employment with the Authority during the period from October 1, 2009 through May 25, 2016, and who, as of the date such employment commenced, had accrued ten (10) years or more of creditable service pursuant to Massachusetts General Law, Chapter 32, would upon retirement, be eligible to receive 80% of the premium cost for those benefits with the balance paid for by the retiree; provided, however, that employees who retire with at least thirty (30) years of creditable service would be eligible to receive 85% of the premium cost of such benefits with the balance paid for by the retiree. For purposes of calculating the percentage of the subsidy (80% or 85%), years of creditable service shall be calculated at separation from employment with the Authority. The spouse and dependents of eligible retirees will qualify for the same premium subsidy and retiree health benefits as the retiree. Eligible retirees, but not their spouse or dependents, will also qualify for a 100% subsidy from the Authority for retiree basic life insurance.

Benefits are paid by the Trust from the net position available for plan benefits and no long-term contracts for contributions to the Trust existed at December 31, 2022 and 2021.

d) Plan Membership

At December 31, 2022 and 2021, the OPEB Plan's membership consisted of:

	2022	2021
Active Employees	1,145	1,094
Inactive Participants (Vested)	83	78
Retired, Disabled, Survivors and Beneficiaries	977	965
Total Membership	2,205	2,137

B. Summary of Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepared with an "economic resources" measurement focus on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

b) Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on deposit, and highly liquid short-term investments with original maturities of thirty days or less from the date of acquisition.

c) Investment Valuation

Investments are reported at fair value. Securities traded on a national or international securities exchange are valued at the last reported sales price on the last business day of the plan year; investments traded on a national securities exchange for which no sale was reported on that date and investments in common and preferred stocks traded in over-the-counter markets are valued at the mean of the last reported bid and ask prices, or the last reported bid price. Mutual funds and commingled funds are valued based on fair value and alternative investments are valued at net asset value at December 31, 2022 or 2021.

C. Cash, Cash Equivalents and Investments

a) Investment Policy

The Trust's investments are made in accordance with the provisions of the Trust's Investment Policy (the "Investment Policy"), which was adopted on May 8, 2009 and most recently amended on December 8, 2014 by the Retiree Benefits Trust Committee. The goals of the Investment Policy are to invest for the sole purpose of funding the OPEB Plan obligation of the Authority in a prudent manner, and to conserve and enhance the value of the Trust assets through appreciation and income generation, while maintaining a moderate investment risk. In addition, the Investment Policy was developed to achieve a long-term return commensurate with contemporary economic conditions and equal to or exceed the investment objectives set forth in the Investment Policy, currently set at 6.75%.

The Trust has retained an investment consultant to work in a fiduciary capacity to ensure that strategic investment diversification is attained, to employ investment managers with expertise in their respective asset classes, and to closely monitor the implementation and performance of the respective investment strategies.

The Trust is currently invested in commingled funds which hold stocks (domestic and international) and fixed income securities and three private equity real estate funds. The exposure limits per the Investment Policy are as follows:

			Asset Weightings (as of December 8, 2014)		
Asset Class	**2022 Exposure**	**2021 Exposure**	**Minimum Exposure**	**Maximum Exposure**	**Target Allocation**
Domestic equity	37.9%	41.7%	28.0%	48.0%	38.0%
Fixed income	30.0%	27.9%	17.0%	47.0%	32.0%
International equity	20.1%	20.6%	10.0%	30.0%	20.0%
Cash and cash equivalents	1.6%	1.6%	0.0%	20.0%	0.0%
Alternatives:					
Real estate private equity	10.4%	8.2%	0.0%	15.0%	10.0%

The current investment philosophy represents a long-term perspective. When asset weightings fall outside the Investment Policy Range, the investment advisor shall advise the Committee on potential investment courses of action and the Committee may elect to rebalance the Trust asset mix.

The following summarizes the Trust's cash, cash equivalents and investments by type held at December 31, 2022 and 2021 (in thousands):

	2022		2021	
	Credit Rating	Fair Value	Credit Rating	Fair Value
Cash and Cash Equivalents				
First American Government Fund	Unrated	$ 458	Unrated	$ 200
Massachusetts Municipal Depository Trust (MMDT)	Unrated	3,962	Unrated	4,850
Total Cash and Cash Equivalents		$ 4,420		$ 5,050
Investments				
Vanguard Index Funds	Unrated	$ 120,209	Unrated	$ 154,273
Acadian All Country World ex US Fund	Unrated	18,919	Unrated	20,087
WCM Focused International Growth Fund	Unrated	13,627	Unrated	19,105
Vanguard Intermediate Term Investment Grade Fund	A	9,510	A	11,030
Aberdeen Emerging Markets Fund	Unrated	5,710	Unrated	7,741
Alliance Bernstein High Income	BB	9,827	B	11,121
TCW Emerging Markets Income	BB	5,776	BB	5,812
PL Floating Rate Income Fund	B	9,060	B	9,133
Baird Core Plus Fund	A	24,567	A	27,071
Voya Intermediate Bond Fund	AA	23,267	A	25,969
Real Estate Private Equity Funds	Unrated	28,359	Unrated	26,471
Total Investments		$ 268,831		$ 317,813

The following discusses the Trust's exposure to common deposit and investment risks related to custodial credit, credit, concentration of credit, interest rate and foreign currency risks as of December 31, 2022 and 2021.

b) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the Trust's deposits may not be returned. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Trust and are held by either the depository financial institution or the depository financial institution's trust department or agent but not in the Trust's name.

The Trust manages custodial credit risk by limiting its investments to highly rated institutions and or requiring high quality collateral be held by the Trustee in the name of the Trust. All investments are held by a third party in the Trust's name. These investments are recorded at fair value.

Additionally, the Trust is authorized to invest in the MMDT, a pooled money market like investment fund managed by the Commonwealth of Massachusetts, established under the General Laws, Chapter 29, Section 38A. MMDT investments are carried at amortized cost, which approximates fair value which is the same as the value of the pool. The Trust can purchase and sell its investments in this fund at any time without penalty.

c) 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.

For the years ended December 31, 2022 and 2021, the Trust's fixed income investments totaled \$82.0 million and \$90.1 million, respectively. These investments were split between six commingled mutual funds. The investment policy limits fixed income securities of any one issuer to below 5% of the total bond portfolio at the time of purchase and this limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. The diversification restrictions for individual stocks and fixed income securities purchased and held in the total portfolio shall not apply to similar investment instruments held in a commingled fund or an SEC registered mutual fund specifically approved by the Committee. The Trust invests primarily commingled funds and SEC registered mutual funds. The overall rating of the fixed income assets, as calculated by the Advisor, shall be investment grade, based on the rating of one Nationally Recognized Statistical Rating Organization. In cases where the yield spread adequately compensates for additional risk, investments classified at below investment grade can be purchased or held to maturity up to a maximum of 30% of the total market value of the fixed income securities of the Fund. The total percentage of the fixed income investments subject to this provision were 27.38% and 29.25% at December 31, 2022 and 2021, respectively.

d) Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the Trust's investment in a single issuer. Investments of Trust assets are diversified in accordance with the Investment Policy that defines rules for the funds, including having no stock holding or fixed income holding with a 5% or greater portfolio weighting (except U.S. Treasury or securities backed by the federal government), holding no more than 5% of the outstanding shares of an individual stock, and holding no more than 40% of the portfolio in any one industry. Trust assets were in compliance with the Investment Policy at December 31, 2022 and 2021, respectively.

e) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is confined to the fixed income and cash portions of the portfolio and is managed within the portfolio using the effective duration methodology. This methodology is widely used in the management of fixed income portfolios in that it quantifies to a much greater degree the risk of interest rate changes. The weighted duration of the fixed income portfolio at December 31, 2022 and 2021 were 5.25 and 5.67 years.

The individual fund durations are as follows at December 31, 2022 and 2021:

		2022 Fair Value	Effective Duration		2021 Fair Value	Effective Duration
Fixed Income Investments						
Vanguard Intermediate Term Investment Grade Fund	$	9,510	6.20	$	11,030	6.50
Alliance Bernstein High Income		9,827	3.96		11,121	3.82
TCW Emerging Markets Income		5,776	6.63		5,812	7.87
PL Floating Rate Income Fund		9,060	0.41		9,133	0.32
Baird Core Plus		24,567	5.96		27,071	6.54
Voya Intermediate Bond		23,267	6.20		25,969	6.60
Total Fixed Income Investments	$	82,007		$	90,136	
Weighted average duration of fixed income assets:			**5.25**			**5.67**

f) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Trust invests in funds that hold stocks in either emerging or developed markets outside of the United States that may have an impact on the fair value of the investments and thus contribute currency risk due to their international equity holdings.

g) Rate of Return

The actuarially determined annualized money weighted rate of return on trust investments, net of trust expenses, was a negative 15.33% compared to a gain of 13.84% for the audit period ended December 31, 2022 and 2021, respectively. The money weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. The Trust's rates of return, measured for financial performance purposes, were a negative 15.2% and a gain of 14.2%, gross of fees, for the years ended December 31, 2022 and 2021, respectively as calculated by the Trust's investment advisor.

h) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same - that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Trust has the following fair value measurements for investments at December 31, 2022 and 2021:

Investments Measured by Fair Value Level ($ 000)

As of December 31, 2022	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Investments				
Vanguard Index Funds	$ 120,209	$ 120,209	$ -	$ -
Baird Core Plus	24,567	24,567	-	-
Vanguard Intermediate Term Investment Grade Fund	9,510	9,510	-	-
Voya Internediate Bond	23,267	23,267	-	-
Aberdeen Emerging Markets Fund	5,710	5,710	-	-
AllianceBernstein High Income	9,827	9,827	-	-
TCW Emerging Markets Income	5,776	5,776	-	-
PL Floating Rate Income Fund	9,060	9,060	-	-
WCM Total International Stock Index	13,627	13,627	-	-
Acadian All Country World ex-USFund	18,919	18,919	-	-
Total investments measured by fair value level	240,472	240,472	-	-
Investments measured at the net asset value (NAV)				
Real Estate Private Equity Funds:				
Boyd Watterson GSA Fund	8,807			
Equus Fund X	4,656			
ATEL Private Debt Partners II	3,229			
Golub Capital Partners 12 L.P.	4,211			
PRISA LP	7,456			
Total investments measured at the NAV	28,359			
Total Investments	$ 268,831	$ 240,472	$ -	$ -

Investments Measured by Fair Value Level ($ 000)

As of December 31, 2021	Fair Value	Level 1	Level 2	Level 3
Investments				
Vanguard Index Funds	$ 154,273	$ 154,273	$ -	$ -
Baird Core Plus	27,071	27,071	-	-
Vanguard Intermediate Term Investment Grade Fund	11,030	11,030	-	-
Voya Internediate Bond	25,969	25,969	-	-
Aberdeen Emerging Markets Fund	7,741	7,741	-	-
AllianceBernstein High Income	11,121	11,121	-	-
TCW Emerging Markets Income	5,812	5,812	-	-
PL Floating Rate Income Fund	9,133	9,133	-	-
WCM Total International Stock Index	19,105	19,105	-	-
Acadian All Country World ex-USFund	20,087	20,087	-	-
Total investments measured by fair value level	291,342	291,342	-	-
Investments measured at the net asset value (NAV)				
Real Estate Private Equity Funds:				
Boyd Watterson GSA Fund	8,421			
Equus Fund X	4,779			
ATEL Private Debt Partners II	7,067			
Golub Capital Partners 12 L.P.	1,946			
PRISA LP	4,258			
Total investments measured at the NAV	26,471			
Total Investments	$ 317,813	$ 291,342	$ -	$ -

Comingled Mutual Funds

As of December 31, 2022 and 2021, the Trust held positions in several comingled mutual funds as noted above and the fair values were $240.5 million and $291.3 million, respectively. The fair values of the comingled mutual funds were valued using quoted market prices (Level 1).

The valuation method for investments measured at the net asset value (NAV) per share or its equivalent is presented in the following table:

	Investments Measured at NAV ($000)					
	2022		2021			
	NAV	Unfunded Commitments	NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real Estate Private Equity Funds						
Boyd Watterson GSA Fund (1)	$ 8,807	$ —	$ 8,421	$ —	Quarterly	60 days
Equus Fund X (2)	4,656	461	4,779	461	—	—
PRISA LP (3)	7,456	—	7,067	—	Quarterly	90 days
ATEL Private Debt Partners II (4)	3,229	1,277	1,946	2,622	—	—
Golub Capital Partners 12 LP (4)	4,211	460	4,258	460	—	—
Total investments measured at the NAV	$ 28,359		$ 26,471			

1. This fund invests primarily in real estate leased to the U.S. federal government. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the Fund's ownership interest in partners' capital. The Trust can withdraw from the fund with 60 days notice prior to a calendar quarter end and the minimum withdrawal of $250,000.
2. This fund invests in U.S. commercial real estate. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the Fund's ownership interest in partners' capital. The Partnership agreement stipulates a partnership dissolution on a date five years after the end of the Investment Period; provided, however, that the General Partner may, in its sole discretion, extend the term for up to two additional one year periods.
3. This fund invests primarily in commercial real estate. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the Fund's ownership in partners' capital. The Trust can withdraw from the fund quarterly with one full quarter notice.
4. These are private debt funds. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the Fund’s ownership interest in partners’ capital.

D. Operating Expenses

The Trust’s administrative expenses as shown on the Statements of Changes in Fiduciary Net Position are borne by the Trust and financed with investment income. These expenses include professional services and other miscellaneous administrative expenses.

E. Net OPEB Liability

The components of the net OPEB liability of the Authority as of December 31, 2022 and 2021, were as follows:

	2022	2021
Total OPEB liability	$ 362,819	$ 363,852
Plan fiduciary net position	273,036	322,643
Authority's net OPEB liability	$ 89,783	$ 41,209
Plan fiduciary net position as a percentage of the total OPEB liability	75.3%	88.7%

a) Actuarial Assumptions

The total OPEB liability at December 31, 2022 and 2021 were developed by adjusting (either rolling forward or backward) the January 1, 2022 valuation results using valuation interest and actual benefit payments. The following actuarial assumptions were applied to the periods included in the measurement for December 31, 2022 and 2021:

- *Inflation – 2.50%, as of December 31, 2022 and 2021.*
- *Salary increases – 4.25%, as of December 31, 2022 and 2021.*
- *Investment rate of return – 6.75%, net of Trust investment expenses, as of December 31, 2022 and 2021, respectively.*
- *Health care trend rates* – Initial annual health care cost trend rates range of 3.0% to 8.4%, which decreases to a long-term trend rate between 5.0% and 6.5% for all health care benefits after six years. The initial annual dental cost trend rates range from 5.0% to 7.0%, which decreases to a long-term trend rate of 5.0% for all dental benefits after two years.
- *Mortality*:

  The PUB-2010 Headcount-weighted Mortality Tables, sex-distinct, for Employees projected using generational mortality and scale MP-2021; General (Groups 1&2 and Spouses), Safety (Group 4)

  - Actives: Employee Tables
  - Retirees: Healthy Retiree Tables
  - Disabled: Disabled Retiree Tables
  - Surviving Spouses: Contingent Survivor Tables

  The prior mortality was:

  - Actives – RP-2014 Table adjusted to 2006, (sex-distinct) for employees projected using Generational Mortality and scale MP-2021.

- Retirees – RP-2014 Table adjusted to 2006, (sex-distinct), for Healthy Annuitants projected using Generational Mortality and scale MP-2021.
- Disabled – RP-2014 Table adjusted to 2006, (sex-distinct), for Healthy Annuitants projected using Generational Mortality and scale MP-2021. Set forward 2 years.

- Other Information
  - As of January 1, 2016, employees hired after September 30, 2009 and not eligible for post–retirement medical insurance until age 60, retirement age begins at age 60 with 10 years of service.

- Long-term Expected Rate of Return:

  The long-term expected rate of return on Trust investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Trust investment expense and inflation) are developed for each major asset class and fund.

The best estimates of arithmetic long-term expected real rates of return for each major asset class are summarized in the following table:

Asset class	2022*	2021*
Domestic equity		
Vanguard Total Stock Market Index	6.50 %	6.38 %
Fixed income		
Baird Core Plus	1.60	1.53
VOYA Intermediate Bond	1.60	1.53
Vanguard Intermediate Term Investment Grade	2.80	1.65
Alliance Bernstein High Income	3.60	2.91
PL Floating Rate Income Fund	2.80	2.38
TCW Emerging Markets Income	3.20	2.90
International equity		
WCM Focused International Growth Fund	6.50	6.25
Acadian All Country World ex-US Fund	6.50	6.25
Vanguard Developed Market Stock Index	6.50	6.25
Aberdeen Emerging Markets Fund	7.00	7.20
Alternatives		
Real estate private equity	4.70	6.53
Private Debt	5.50	5.15

* amounts are net of inflation assumption of 2.5 %

b) Discount Rate

The discount rate used to measure the total OPEB liability as of December 31, 2022 and 2021 was 6.75%. The projection of cash flows used to determine the discount rate assumed that Trust member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Trust's fiduciary net position was projected to be available to make all projected further benefit payments of current Trust members. Therefore, the long-term expected rate of return on the Trust investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

c) Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Authority as of December 31, 2022 and 2021, calculated using the discount rate of 6.75%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

		1% decrease (5.75%)	Current discount rate (6.75%)	1% increase (7.75%)
2022 - Authority's net OPEB liability	$	135,902	89,783	51,731
2021 - Authority's net OPEB liability	$	87,380	41,209	3,125

d) Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Rates

The following presents the net OPEB liability of the Authority as of December 31, 2022 and 2021, calculated using healthcare cost trend rates of 8.4% decreasing to 5.0% and 9.0% decreasing to 5.0%, respectively, as well as what the net OPEB liability (asset) would be if it were calculated using a health care cost trend rate that is one-percentage point lower or one-percentage point higher than the current rate:

		1% decrease	Current discount rate	1% increase
		(7.4% decreasing to 4.0%)	(8.4% decreasing to 5.0%)	(9.4% decreasing to 6.0%)
2022 - Authority's net OPEB liability	$	45,853	89,783	143,357
		(8.0% decreasing to 4.0%)	(9.0% decreasing to 5.0%)	(10.0% decreasing to 6.0%)
2021 - Authority's net OPEB liability	$	(2,888)	41,209	95,024

MASSACHUSETTS PORT AUTHORITY
RETIREE BENEFITS TRUST
Required Supplementary Information (Unaudited)

Schedule of Changes in the Net OPEB Liability and Related Ratios

December 31, 2022

(in thousands)

	December 2022	December 2021	December 2020	December 2019 *	June 2019	June 2018	June 2017	June 2016
Total OPEB liability:								
Service cost	$ 6,131	$ 5,591	$ 6,103	$ 2,965	$ 6,057	$ 6,692	$ 6,405	$ 5,891
Interest	24,427	23,695	24,569	12,608	24,424	23,870	22,693	20,285
Differences between expected and actual experience	(19,748)	(1,058)	(16,263)	(232)	(7,736)	(17,359)	—	18,841
Change of assumptions	4,381	10,488	(11,751)	(5,031)	1,479	8,575	—	—
Benefits payments	(16,223)	(15,557)	(13,692)	(6,849)	(13,583)	(13,428)	(12,643)	(11,987)
Net change in total OPEB liability	(1,032)	23,159	(11,034)	3,461	10,641	8,350	16,455	33,030
Total OPEB liability – beginning	363,851	340,692	351,726	348,265	337,624	329,274	312,819	279,789
Total OPEB liability – ending (a)	362,819	363,851	340,692	351,726	348,265	337,624	329,274	312,819
Change in fiduciary net position:								
Contributions – employer	16,617	23,422	10,552	9,659	20,009	17,237	15,787	13,340
Contributions – employees	453	398	319	157	311	279	248	209
Net investment income	(49,785)	38,880	36,052	15,615	15,845	13,755	19,829	2,348
Benefits payments	(16,676)	(15,955)	(14,010)	(7,006)	(13,894)	(13,428)	(12,643)	(11,987)
Administrative expenses	(216)	(232)	(222)	(135)	(197)	(184)	(173)	(172)
Net change in fiduciary net position	(49,607)	46,513	32,691	18,290	22,074	17,659	23,048	3,738
Trust fiduciary net position – beginning	322,643	276,130	243,439	225,149	203,075	185,416	162,368	158,630
Trust fiduciary net position – ending (b)	273,036	322,643	276,130	243,439	225,149	203,075	185,416	162,368
Authority's net OPEB liability – end of year (a)–(b)	$ 89,783	$ 41,208	$ 64,562	$ 108,287	$ 123,116	$ 134,549	$ 143,858	$ 150,451
Trust fiduciary net position as a percentage of the total OPEB liability	75.3%	88.7%	81.0%	69.2%	64.6%	60.1%	56.3%	51.9%

This schedule is intended to present 10 years of data. Additional years will be presented when available.

Notes to Schedule

Benefit changes - none

Changes in assumptions :

The discount rate was changed from 7.00% as of 01/01/2021 to 6.75% as of 12/31/2021 and as of 12/31/2022.

As of January 1, 2022, the PUB-2010 Headcount-weighted Mortality Tables, sex-distinct, for Employees projected using generational mortality and scale MP-2021; General (Groups 1&2 and Spouses), Safety (Group 4)

As of January 1, 2021, the mortality assumptions for Actives and Retirees was changed to the RP-2014 Table adjusted to 2006, sex distinct, using generational mortality and scale MP-2021 and the disability assumptions were changed as above, set forward 2 years.

As of January 1, 2020, the mortality assumptions for Actives and Retirees was changed to the RP-2014 Table adjusted to 2006, sex distinct, using generational mortality and scale MP-2020 and the disability assumptions were changed as above, set forward 2 years.

As of January 1, 2019, the effect of the "Cadillac Tax" on liabilities was eliminated.

As of January 1, 2018, the scales used to convert the premiums to age weighted claim costs were updated and the effect of the “Cadillac Tax” on liabilities was recognized.

OPEB liabilities as of December 31, 2020 no longer include an estimate of the impact from the Patient Protection and Affordable Care Act (PPACA), including the so-called “Cadillac Tax”.

* Data represents six months. In March 2020, the Committee voted to recommend that the Authority’s Board change the Trust’s fiscal year end from June 30 to December 31. The Board approved the change in May 2020.

MASSACHUSETTS PORT AUTHORITY
RETIREE BENEFITS TRUST
Required Supplementary Information (Unaudited)
Schedule of Investment Returns

	December 2022	December 2021	December 2020	December 2019	June 2019	June 2018	June 2017	June 2016
Annual money-weighted rate of return, net of investment expense	(15.33)%	13.84 %	14.07 %	14.12 %	7.64 %	7.32 %	11.88 %	1.53 %

Note: This schedule is intended to present 10 years of data. Additional years will be presented when available.

MASSACHUSETTS PORT AUTHORITY
RETIREE BENEFITS TRUST
Required Supplementary Information (Unaudited)
Schedule of Authority Contributions

	June 2023	June 2022	June 2021	June 2020	June 2019
Actuarially determined contribution (ADC)	$ 10,857	$ 13,014	$ 20,294	$ 19,482	$ 15,725
Contributions in relation to the ADC:					
Premium implicit subsidy contribution	2,021	2,068	1,807	1,532	1,611
Authority contribution	9,100	10,946	20,447	13,341	18,398
Contribution deficiency (excess)	$ (264)	$ —	$ (1,960)	$ 4,609	$ (4,284)

	June 2018	June 2017	June 2016	June 2015	June 2014
Actuarially determined contribution	$ 15,177	$ 18,084	$ 14,390	$ 13,187	$ 14,738
Contributions in relation to the ADC:					
Premium implicit subsidy contribution	1,555	1,487	1,260	1,905	2,370
Authority contribution	15,682	14,300	12,000	12,000	14,000
Contribution deficiency (excess)	$ (2,060)	$ 2,297	$ 1,130	$ (718)	$ (1,632)

Methods and assumptions used to determine contribution rates:

Valuation date: January 1, 2022

Actuarial cost method: Entry Age Normal

Amortization method: 20 years from FY 2018, 15 years remaining (open after 10 years) increasing from 0-3% annually

Asset valuation method: 5 years smoothing of market value gains/ losses; prior to 2018 Market value of assets.

Inflation: 2.5%

Salary increases: 4.25%, including inflation

Investment rate of return: 6.75%, net of plan investment expenses as of December 31, 2022 and 2021, respectively
7.00%, net of plan investment expenses as of January 01, 2021
7.25% per year as of July 1, 2019

Health care trend rates Initial annual health care cost trend rate range of 3.0% to 8.4% which decreases to a long-term trend rate between 5.0% and 6.0% for all health care benefits after ten years. The initial annual dental cost trend rates range from 5.0% to 7.0% which decrease to a long term trend rate of 5.0% for all dental benefits after ten years.

Mortality: The PUB-2010 Headcount-weighted Mortality Tables, sex-distinct, for Employees projected using generational mortality and scale MP-2021; General (Groups 1&2 and Spouses), Safety (Group 4).

Notes to Schedule

Benefit changes - none

Changes in assumptions :

Prior mortality was as follows:
Actives - RP 2014 Tables adjusted to 2006, (sex distinct), for Employees projected using Generational Mortality and scale MP - 2021.
Retirees - RP 2014 Tables adjusted to 2006, (sex distinct), for Healthy Annuitants projected using Generational Mortality and scale MP - 2021.
Disabled - RP 2014 Table adjusted to 2006, (sex distinct), for Healthy Annuitants projected using Generational Mortality and scale MP - 2021. Set forward 2 years.

Actives - RP 2014 Tables adjusted to 2006, (sex distinct), for Employees projected using Generational Mortality and scale MP - 2020.
Retirees - RP 2014 Tables adjusted to 2006, (sex distinct), for Healthy Annuitants projected using Generational Mortality and scale MP - 2020.
Disabled - RP 2014 Table adjusted to 2006, (sex distinct), for Healthy Annuitants projected using Generational Mortality and scale MP - 2020. Set forward 2 years.

Actives - RP 2014 Tables adjusted to 2006, (sex distinct), for Employees projected using Generational Mortality and scale MP - 2018.
Retirees - RP 2014 Tables adjusted to 2006, (sex distinct), for Healthy Annuitants projected using Generational Mortality and scale MP - 2018.
Disabled - RP 2014 Table adjusted to 2006, (sex distinct), for Healthy Annuitants projected using Generational Mortality and scale MP - 2018. Set forward 2 years.

Actives - RP 2000 Mortality Tables, (sex distinct), for Employees projected using generational mortality and scale BB using a base year of 2000 .
Retirees - RP 2000 Mortality Tables, (sex distinct), for Healthy Annuitants projected using generational mortality and scale BB using a base year of 2000 .
Disabled - RP 2000 Tables (sex distinct), for Healthy Annuitants projected using generational mortality and scale BB. Set forward 2 years.

As of January 1, 2019, the effects of the "Cadillac Tax" on liabilities was eliminated.

As of January 1, 2018, the scales used to convert the premiums to age weighted claim costs were updated and the effect of the “Cadillac Tax” on liabilities was recognized.

Mortality table changes from Scale AA to BB in FY 2017.