MTA 401(k) Plan and MTA 457 Plan: Your track to a stronger tomorrow

Plan highlights

As an employee of the MTA, you know that your financial future is important. And so does the MTA. That's why you are offered a competitive benefits package—one that includes the MTA Deferred Compensation Program, which is a valuable tool that you can use to help build a stronger financial future for yourself and your loved ones.

Important program features

Following is important information about the MTA Deferred Compensation Program. Keep in mind, however, that the information in this guide is just an overview of the Plan's features and is not intended to replace information provided in other MTA Plan documents.

Participation and eligibility

You are immediately eligible to join the MTA Deferred Compensation Program (401(k) and 457 Plans) as soon as you become an employee of the MTA. You may enroll at any time.

Contribution amounts

- Contributions are made via payroll deductions and can be pre-tax or after-tax (Roth).
- If you are under age 50, you can contribute up to $22,500 to each Plan in 2023.[1]
- If you attain age 50 at any time in 2023, you can contribute an additional $7,500 to each Plan (a total of $30,000 to each). This is referred to as the age-50 catch-up.
- You may be eligible to elect the "special three-year" catch-up option in the 457 Plan instead of the age-50 catch-up. This feature allows you to increase your maximum annual contribution to the 457 plan even more. To elect, you must be within three years of your normal retirement date and be between age 40 and 70. You can utilize it in one, two or three consecutive years prior to the year in which you attain normal retirement age.
- You may roll over funds from another employer's eligible retirement plan or an IRA with no dollar limit. Consider all your options and their features and fees before moving money between accounts.
- In-plan Roth conversions are a feature of both the 401(k) Plan and 457 Plan.
- The contribution limits are not combined. That means you can contribute $22,500 to the 401(k) Plan and another $22,500 to the 457 Plan for a total of $45,000 (or $60,000 in total with the age-50 catch-up).

Consider stepping up your savings with Contribution Accelerator

Sign up for Contribution Accelerator to have either your pre-tax or Roth contribution percentage increase every year. The increase will automatically occur on the anniversary of your date of hire (or any other date you choose).

- Log in and then:
  - On the Manage Account drop-down menu, select *Contributions*.
  - Scroll to the bottom of the page and, under Contribution Accelerator, click *Activate*.
  - Select your contribution amount using the Contribution Accelerator tool.
  - Click *Next* and then *Apply Changes* to enroll in Contribution Accelerator.

Are you trying to decide between joining the 401(k) and 457 Plans?

First of all, there's no need to stall your decision to join. Both Plans make it easy to save for your future. Here is a quick snapshot of how the Plans are different:

401(k) Plan

- **In-service withdrawals at age 59½**
- **10% penalty for withdrawals before age 59½**
- **Catch-up contributions only for age 50+**
- **Two loans allowed at one time**
- **Hardship withdrawals**

457 Plan

- **No in-service withdrawals**
- **No 10% penalty for early withdrawals**
- **Special catch-up provision to allow greater savings**
- **One loan allowed at a time**
- **Unforeseeable emergency distributions**

Annual account fee

Each year, your Plan accounts will be assessed an account fee of 0.10%. For example, if the combined balance in your Plan accounts is $50,000, you will be charged $50 per year in account fees ($12.50 per quarter). This fee applies only to the first $100,000 you have in the Plans (401(k) and 457 balances added together). The total fee is split pro-rata between your Plan accounts.

Vesting

You are always 100% vested in your own contributions without risk of forfeiture. To be "vested" means that your contributions (and any earnings) belong to you, even if your employment with the MTA should end. Please note that certain MTA employees receive employer contributions that are subject to a vesting schedule. To obtain specific vesting schedules, please contact your on-site Retirement Education Counselor.

Frequency of changes

- Contributions: You may make changes to your contribution rate at any time. You may also stop contributing to either Plan at any time.
- The effective date of such changes is subject to payroll processing schedules, so it may take 1-2 weeks for changes to go into effect.
- Investment allocations: You may change where your future contributions—or the money you've already contributed—are invested at any time.

MTA Investment Tier 1: MTA Asset Allocation Programs:

MTA Target Year Funds:

- MTA Income Fund
- MTA Target Year 2020 Fund
- MTA Target Year 2025 Fund
- MTA Target Year 2030 Fund
- MTA Target Year 2035 Fund
- MTA Target Year 2040 Fund
- MTA Target Year 2045 Fund
- MTA Target Year 2050 Fund
- MTA Target Year 2055 Fund
- MTA Target Year 2060 Fund
- MTA Target Year 2065 Fund

MTA Investment Tier 2: MTA Index Funds:

- MTA Bond Index Fund
- MTA Large Cap Equity Index Fund
- MTA Small/Mid Cap Equity Index Fund
- MTA International Equity Index Fund

Investing involves risk, including possible loss of principal.

MTA Investment Tier 3: MTA Actively Managed Funds:

- MTA Stable Value Fund
- MTA Bond Fund
- MTA Large Cap Equity Fund
- MTA Small/Mid Cap Equity Fund
- MTA International Equity Fund

MTA Investment Tier 4: Self-Directed Mutual Fund Option:

- Access to over 15,000 mutual funds from over 400 different mutual fund families

Investment choices by asset class — Self-Directed Mutual Fund Option fees

You have the opportunity to transfer up to 20% of your account to the Self-Directed Mutual Fund Option. Additional fees apply:

- **Annual account fee:** $25
- **Internet trading fee (per transaction):** $20
- **Rep-assisted trading fee (per transaction):** $55

The self-directed mutual fund option is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments available through a brokerage account.

Access to funds while employed

Loans:
You may be able to access money in your account through a loan.[2] Here are some details:

- You may borrow up to 50% of your voluntary money, not to exceed $50,000 in a 12-month period. Roth contributions are included in the calculation of the amount available for a loan. However, loans can only be taken from your pre-tax contributions.
- Minimum loan: $1,000
- Interest rate: Prime + 1% (interest is paid to your own account)
- Application fee: $75 for each loan application
- Repayment period: Payroll deduction over a maximum of five years. You may have up to 20 years to repay if you are using the loan to purchase your primary residence. (A copy of the signed purchase agreement must be submitted with your loan application.)
- Number of loans permitted at one time: The 457 Plan allows one loan at a time. The 401(k) Plan allows two loans. However, you are allowed to have a maximum of two loans outstanding from both Plans combined at any point in time.
- Tax consequences: None, as long as the loan is repaid in full
- Prepayment available: Yes

If you participate in both the 401(k) Plan and the 457 Plan, the amount available for a loan will be calculated within each Plan separately.

Hardship withdrawals from the 401(k) Plan:
You must meet one or more of the following conditions in order to qualify for a hardship withdrawal (which is subject to Plan Administrator approval). The maximum amount you can withdraw is the amount necessary to satisfy the need, which must be an immediate and heavy financial need that cannot be satisfied by another resource.

- Major medical expenses
- Purchase of a primary residence
- Payment to prevent eviction from your home
- Payment for higher education
- Payment of a family member's funeral expenses
- A financial emergency or stress, the satisfaction of which is necessary for the safety, well-being, livelihood, or health of yourself or your immediate family

Taxes, early withdrawal penalties, and other consequences may apply. Hardship withdrawals are subject to voluntary 10% federal income tax withholding.

Unforeseeable emergency distributions from the 457 Plan:
You may take a withdrawal from the Plan, subject to Plan Administrator approval, for severe financial hardship due to:

- An illness or accident suffered by you, your spouse, or your dependent.
- A casualty loss of your property.
- Another extraordinary loss beyond your control.

The maximum amount you can withdraw is the amount necessary to satisfy the need, which must be an immediate and heavy financial need that cannot be satisfied by another resource. Ordinary income taxes will apply to any withdrawal you make.

Distribution options at termination

When your employment with the MTA ends, you have the following options for the money in your account:

- Leave your funds in the Plans (subject to federal rules on required minimum distributions)
- Take a full or partial distribution
- Take a full or partial systematic withdrawal
- Roll over your vested account balance to an individual retirement account (IRA) or other eligible retirement plan

Disability options

If you should qualify for disability while you are an employee of the MTA, you have the following options for the money in your account:

- Leave your funds in the Plans (subject to federal rules on Required Minimum Distributions)
- Take a full or partial distribution
- Take a full or partial systematic withdrawal
- Roll over your vested account balance to an IRA or other eligible retirement plan

Consider all your options and their features and fees before moving money between accounts.

Taxes that apply to distributions

- The following is general information only. You should always consult a tax advisor for advice on your personal tax situation.
- Generally, any distributions (excluding Roth money) you take from the Plans are considered taxable income and will be subject to federal and state taxes at your current income tax rate for the year in which you receive the money.
- When you take a distribution, 20% of the total will be withheld for federal tax purposes automatically and be sent directly to the IRS. This will be reported to you for tax-filing purposes after the end of the calendar year in which you take the distribution. The actual amount of tax you owe may be more or less, and you may owe state and/or local taxes too, but the IRS requires only 20% federal withholding.
  - Withholding requirements may differ for certain types of distributions, such as required minimum distributions (RMDs) and systematic withdrawals.
- A 10% federal income tax penalty may apply for any withdrawals from the 401(k) Plan made before age 59½.
  - This penalty is waived in certain situations such as separation from service due to permanent disability at any age. The penalty may also be waived during or after the year you attain age 55 (age 50 for public safety officers, e.g., law enforcement officers).
  - There is no early distribution penalty for 457 Plan distributions.

Roth distributions

Each withdrawal is a pro rata combination of contributions and earnings.

- No federal taxes are due upon taking a "qualified" distribution from one of the Plans.
- A distribution is "qualified" if:
  - Your Roth money has fulfilled the five-taxable-year period of participation and
  - You are over age 59½, disabled, or deceased at the time of withdrawal.
- If your distribution is not qualified, the earnings portion is taxable. However, the contribution portion is never taxable.
- Roth contributions can be rolled into a Roth IRA; however, a Roth IRA cannot be rolled into the MTA Deferred Compensation Program.

In the event of your death

Your account balance will be paid to your beneficiary (or beneficiaries), who will be responsible for all taxes.

One-on-one assistance

Whether you have a question about how to use a certain plan feature or need some personalized assistance to set your financial goals, you have a direct line of access to Retirement Education Counselors at Empower. You may contact them directly or make a virtual appointment. Go to **mta.retirepru.com** and click the *Personal Assistance* tab. Counselors are listed with the locations they typically covered prior to the pandemic; however, you may contact any one of them for assistance. Schedule a virtual one-on-one session for when it works for you—and then attend from wherever you are. All you need is a phone and an internet-connected device (we recommend using a computer) to access your private, secure online meeting room.

The MTA, through Empower, also provides you with access to Customer Care Center representatives who can answer your account-related questions and help you process your transactions. Representatives are available to assist you Monday through Friday from 8 a.m. to 9 p.m. ET. Simply call **877-PLN-4MTA (877-756-4682)** for the help you need.

Think of the MTA Deferred Compensation Program as your ticket to a stronger financial future!

Investors should consider the fund's investment objectives, risks, charges, and expenses before investing. The prospectus and, if available, the summary prospectus, contain complete information about the investment options available through your Plan. Please call 877-756-4682 for a free prospectus, and, if available, a summary prospectus, that contain this and other information about our mutual funds. You should read the prospectus and the summary prospectus, if available, carefully before investing. You can lose money when investing in securities.

1 This is the federal contribution limit for 2023.

2 Loan proceeds are disbursed from your account, and your account balance will be reduced at the time of loan initiation.

Brokerage services such as clearing, settlement, custody and other similar functions are provided by NFS, Member FINRA/NYSE/SIPC. Additional information may be obtained by calling 888-244-6237. Brokerage accounts are subject to Empower Financial Services, Inc. review and approval. EFSI and NFS are separate, unaffiliated brokerage firms. This material is for informational purposes only and is not intended to provide investment, legal, advice or tax recommendations.

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The MTA Target Year Funds are plan-level funds created at the direction of the MTA Deferred Compensation Committee. The underlying investments consist predominantly of certain of the other funds within the MTA Deferred Compensation Program. The specific funds and allocations can be found on the Fund Fact Sheets available at **mta.retirepru.com**.

The MTA Index Funds are plan-level funds created at the direction of the MTA Deferred Compensation Committee. The underlying funds include a mutual fund managed by Vanguard Investments and the commingled funds managed by State Street Global Advisors. Additional information is available on the Fund Fact Sheets at **mta.retirepru.com**.

The MTA Actively Managed Funds are plan-level funds created at the direction of the MTA Deferred Compensation Committee. The underlying investments consist of separate accounts and mutual funds provided at the direction of professional portfolio managers hired by the committee. Additional information is available on the Fund Fact Sheets at **mta.retirepru.com**.

The MTA Stable Value Fund is a master trust advised by Wells Fargo Bank, N.A. and subadvised by Galliard Capital Management, Inc., a wholly owned subsidiary of Wells Fargo Bank. The assets of the MTA Stable Value Fund are not deposits or obligations of, or guaranteed by, Wells Fargo Bank; are not FDIC-insured; and are not backed or guaranteed by the U.S. government. Registration with the Securities and Exchange Commission is not required for the MTA Stable Value Fund or The Wells Fargo Stable Return Fund. Wells Fargo Bank is not affiliated with Prudential Financial or any of its companies or subsidiaries.

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No action required: For your information

Overview

As of April 1, 2022, Empower acquired the full-service retirement business of Prudential Retirement. Over a period of time, you may see references to Prudential and Empower as we transition our experiences. Throughout this process, we want you to know that our focus is on you and making this transition as seamless as possible. For your reference, outlined below is the entity-level detail of the acquisition, including important information to help determine who will be servicing your account or other products. Empower Annuity Insurance Company of America (EAIC), formerly known as Great-West Life & Annuity Insurance Company, the parent company of Empower Retirement, LLC (Empower), acquired the full-service retirement business of Prudential Financial, Inc. In connection with the transaction, EAIC acquired all shares of the following entities, which are no longer affiliated with Prudential Financial, Inc.: Prudential Retirement Insurance and Annuity Company; Prudential Bank & Trust, FSB; Global Portfolio Strategies, Inc.; TBG Insurance Services Corporation; MC Insurance Agency Services, LLC; and Mullin TBG Insurance Agency Services, LLC. Beginning in October 2022, Empower will rename certain acquired entities, including Prudential Retirement Insurance and Annuity Company, which will become Empower Annuity Insurance Company. For additional information regarding the name changes, please see **empower.com/name-change**.

Please use the following to determine if Empower is now the service provider for your account. If you have multiple accounts, you may be a customer of Prudential Financial, Inc. and its affiliates (together, Prudential) and Empower.

Account type	Service provider
If you are an annuitant, contingent annuitant, or other beneficiary under a group annuity contract issued or reinsured by Prudential's pension risk transfer business OR a plan participant whose benefit is administered by Prudential's pension risk transfer business... **How do I know if this applies to me?** You were previously issued an annuity certificate from the Prudential Insurance Company of America in connection with your employer's defined benefit plan OR you previously received a communication from your employer that Prudential has issued a guaranteed annuity covering all or a portion of your pension benefit or pays your pension benefit.	...Your account remains with Prudential and was not impacted by the transaction. The "Important Disclosures Regarding the Empower Transaction" listed below **do not apply** to your account.
If you independently purchased an individual annuity, life insurance or investment product with Prudential... **How do I know if this applies to me?** • You independently purchased a product from Prudential (other than a SmartSolution IRA) that is unrelated to an employer workplace plan. • The product you purchased is issued by The Prudential Insurance Company of America (PICA), Prudential Annuities Life Assurance Corporation (PALAC), Pruco Life Insurance Company or Pruco Life Insurance Company of New Jersey. • You purchased an investment product or service through Pruco Securities, LLC.	...Your account remains with Prudential and was not impacted by the transaction. The "Important Disclosures Regarding the Empower Transaction" listed below **do not apply to** your account.
If you are a participant in the Prudential Employee Savings Plan (PESP); the Jennison Associates Savings Plan; the Assurance Savings Plan; the Prudential Supplemental Employee Savings Plan; the Prudential Financial, Inc. 2021 Omnibus Incentive Plan and the attendant Prudential Long-Term Incentive Program; the Prudential Financial, Inc. 2016 Deferred Compensation Plan for Non-Employee Directors; or the PGIM, Inc. Omnibus Deferred Compensation Plan... **How do I know if this applies to me?** • You receive statements and other notifications from Prudential in connection with one or more of these plans.	...Prudential remains the service provider for these plans. Empower is currently providing services as a sub-contractor for a transitional period. Please carefully review the "Important Disclosures Regarding the Empower Transaction" below as they **apply to you**.

Account type	Service provider
If you are a participant in a retirement plan previously serviced by Prudential Retirement, which may include defined benefit plans, nonqualified plans, defined contribution plans and 401(k) plans (including a plan that permits self-directed brokerage accounts), or you are an account holder of a SmartSolution IRA, an Auto Roll IRA, or an NFS Prudential Brokerage Account… **How do I know if this applies to me?** • You receive a notification from Prudential Retirement notifying you that Empower will become the service provider for your account. • You receive a welcome email or letter from Empower.	…Empower is now the service provider for your account. However, with respect to SmartSolution IRAs and certain Auto Roll IRAs, Prudential Investment Management Services LLC (PIMS) remains the broker-dealer for a transitional period. Please carefully review the "Important Disclosures Regarding the Empower Transaction" below as they **apply to you**.

Important disclosures regarding the Empower transaction

Effective April 1, 2022, the following apply to you:

- All references to "Prudential Retirement" refer to Empower. Prudential Retirement is no longer a business unit of Prudential.
- Certain insurance products written by The Prudential Insurance Company of America were reinsured to EAIC and Empower Life & Annuity Insurance Company of New York (for New York business). Empower will become the administrator of this business acquired from Prudential.
- Empower refers to the products and services offered by EAIC and its subsidiaries, including Empower Retirement, LLC. Empower is not affiliated with Prudential or its affiliates.
- Full-service retirement sales personnel and certain service personnel are no longer registered representatives of Prudential Investment Management Services LLC (PIMS) and are registered representatives of Empower Financial Services, Inc., formerly known as GWFS Equities, Inc. For a transitional period, certain back office and service personnel will remain registered representatives of PIMS.
- During a transition period, Prudential and, as applicable, its affiliates will continue to provide services to Empower. PIMS will continue to provide certain broker-dealer services under the terms of existing service agreements for certain plans and will continue to be the broker-dealer of record for existing SmartSolution IRAs and certain Auto Roll IRAs for a transitional period.
- Any documents pertaining to fraud or security commitments by Prudential Retirement are no longer applicable and are replaced with Empower's commitments set forth at **participant.empower-retirement.com/participant/#/articles/securityGuarantee**.
- If Empower is the service provider for your account, Prudential's Privacy Statements and Privacy Notices are replaced with Empower's Privacy Notice as set forth at **empower-retirement.com/privacy** for that account.

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Have additional questions? For Prudential accounts and products, please call 800-621-1089. For Empower accounts and products, please call 877-778-2100.