

CENTRAL STATES PENSION FUND
FINANCIAL AND ANALYTICAL INFORMATION
MARCH 31, 2017

CENTRAL STATES PENSION FUND
FINANCIAL AND ANALYTICAL INFORMATION
MARCH 31, 2017

Financial Report	FR
Financial Statements:	
Executive Summaries	1-3
Financial Statements	4-5
Statement of Receipts and Disbursements	6
Graph	7

**PENSION FUND
FINANCIAL REPORT**
March 31, 2017 and the Three Months Then Ended
Dollars in Thousands

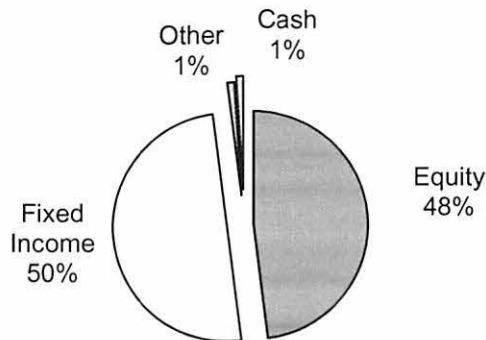
1. Net assets were \$15,446,835 at March 31, 2017, compared to \$15,267,533 at December 31, 2016, an increase of \$179,302 compared to a decrease of \$314,608 for the same period last year.

The \$493,910 difference is due to \$507,463 more net investment income offset by \$13,553 more net operating loss.

2. A comparison of Full-Time Equivalent (FTE) actives and retirees follows:

As of:	Actives	Retirees
February 2017	57,283	202,998
December 2016	58,507	203,457
Two-month average:		
February 2017	57,739	203,330
February 2016	58,356	205,101
% decrease	(1.06)%	(0.86)%

3. For the three months ended March 2017, the Fund's net operating loss was \$533,156 compared to a loss of \$519,603 for the same period in 2016, or a \$13,553 unfavorable change:
- (\$15,480) less contributions primarily due to a decrease in withdrawal liability revenue in 2017 and an extra billing week in 2016,
 - \$1,791 less benefits and
 - \$136 less general and administrative expenses.
4. During the three months ended March 2017 and 2016, the Fund withdrew \$714,271 and \$539,303 respectively, from investment assets to fund the cash operating deficit.
5. Investment asset allocation as of March 31, 2017:



Central States, Southeast and Southwest Areas Pension Fund
Executive Summary of Financial Position
March 31, 2017
(Dollar amounts in thousands)

	March 31, 2017	December 31, 2016	Change in Net Assets	
			Dollars	Percentage
Investments:				
Cash equivalents	\$ 804,922	798,514	6,408	0.1
Fixed income	6,861,770	4,434,445	2,427,325	15.9
Equity	7,675,894	9,474,397	(1,798,503)	(11.8)
Other	267,847	466,901	(199,054)	(1.3)
Total investments	<u>15,610,433</u>	<u>15,174,257</u>	<u>436,176</u>	<u>2.9</u>
Investment related assets	1,582,046	2,006,244	(424,198)	(2.8)
Employer contributions receivable, net	58,609	74,176	(15,567) (1)	(0.1)
Other assets	<u>225,676</u>	<u>7,821</u>	<u>217,855</u> (2)	<u>1.4</u>
Total assets	<u>17,476,764</u>	<u>17,262,498</u>	<u>214,266</u>	<u>1.4</u>
Investment related liabilities	1,941,835	1,929,463	(12,372)	(0.1)
Other liabilities	<u>88,094</u>	<u>65,502</u>	<u>(22,592)</u>	<u>(0.1)</u>
Total liabilities	<u>2,029,929</u>	<u>1,994,965</u>	<u>(34,964)</u>	<u>(0.2)</u>
NET ASSETS	<u>\$ 15,446,835</u>	<u>15,267,533</u>	<u>179,302</u>	<u>1.2</u>

Note(s):

(1) Primarily a four week billing period for March 2017 compared to a five week billing period for December 2016.

(2) Includes timing for EFT funding and related withholdings of \$218 million.

FOR INTERNAL USE ONLY

Central States, Southeast and Southwest Areas Pension Fund
Executive Summary of Financial Operations
March 31, 2017
(Tabular dollar amounts in thousands)

	Year-to-Date		Change from Prior Year	
	2017	2016	Dollars	Percentage
<u>INCOME & EXPENSES</u>				
Contributions (includes W/L)	\$ 178,992	194,472	(15,480) (1)	(8.0)
Benefits	701,151	702,942	1,791	0.3
General and administrative expenses	10,997	11,133	136	1.2
Operating gain(loss)	(533,156)	(519,603)	(13,553)	N/A
Net investment income(loss)	712,458	204,995	507,463	N/A
Change in net assets	\$ 179,302	(314,608)	493,910	N/A
<u>OPERATING STATISTICS</u>				
Benefits to contributions	391.7 %	361.5 %		
General and administrative expenses to:				
Contributions	6.1 %	5.7 %		
Benefits	1.6 %	1.6 %		
Two-month average FTEs	57,739	58,356		
Contributions per average FTE	\$ 3,100	3,333		
Benefits per average FTE	\$ 12,143	12,046		
Pensioners and beneficiaries - current month	202,485	204,473		
Current month average benefit per pensioner and beneficiary	\$ 1,151	1,140		

Note(s):

(1) Decrease in withdrawal liability revenue in 2017 and an extra billing week in 2016.

Central States, Southeast and Southwest Areas Pension Fund
 Executive Summary of Current and Projected Operations
 March 31, 2017
 (Dollar amounts in thousands)

	Actual through March 2017	April 2017	Projection Remainder of 2017	Year Ending December 2017
Contributions (includes W/L)	\$ 178,992	74,500	464,308	717,800
Benefits	701,151	234,000	1,871,049	2,806,200
General and administrative expenses	10,997	4,000	32,403	47,400
Operating gain(loss)	\$ <u>(533,156)</u>	<u>(163,500)</u>	<u>(1,439,144)</u>	<u>(2,135,800)</u>

Assumptions Used in 2017 Projections

Contributions - No change in plan mix and \$111.9 million in estimated withdrawal liability income.

Benefits - Level benefits.

General and administrative expenses - Actual expenses to date plus 2% increase over 2016 expenses for remaining months.

FOR INTERNAL USE ONLY

Central States, Southeast and Southwest Areas Pension Fund
Statement of Net Assets
(In thousands)

	March 31, 2017	December 31, 2016	2015
ASSETS			
Investments:			
Cash equivalents	\$ 804,922	798,514	620,846
Fixed income	6,861,770	4,434,445	4,689,031
Equity	7,675,894	9,474,397	10,054,750
Other, primarily real estate related	267,847	466,901	687,073
Total investments	15,610,433	15,174,257	16,051,700
Receivables:			
Employer contributions, less allowance for uncollectible contributions (1)	58,609	74,176	72,206
Interest and dividends	62,153	54,569	57,278
Other, primarily for securities sold	184,420	317,636	360,790
Total receivables	305,182	446,381	490,274
Cash	563	545	1,518
Assets held in securities lending program	1,335,473	1,634,039	1,882,083
Other, primarily furniture and equipment - net (2)	225,113	7,276	8,084
Total assets	17,476,764	17,262,498	18,433,659
LIABILITIES			
Liability to return collateral held under securities lending agreements	1,335,473	1,634,039	1,882,083
Payable for securities purchased	594,321	285,277	350,687
Accounts payable and accrued expenses (3)	96,211	71,727	69,044
Deferred withdrawal liability receipts	3,924	3,922	5,637
Total liabilities	2,029,929	1,994,965	2,307,451
NET ASSETS	\$ 15,446,835	15,267,533	16,126,208
<u>Note(s):</u>			
(1) Allowance for uncollectible contributions:	\$ 65,894	65,932	71,779
Reserve for YRC included in above allowance:	\$ 55,509	55,509	59,862
(2) Includes timing for EFT funding and related withholdings:	\$ 218,390	0	0
(3) Includes a liability for 401(h) plan assets:	\$ 55,441	52,842	48,347

Central States, Southeast and Southwest Areas Pension Fund
Statement of Changes in Net Assets
(In thousands)

	March		Three Months Ended March	
	2017	2016	2017	2016
Revenue:				
Contributions	\$ 48,423	44,682	137,865	143,468
Withdrawal liability	25,146	36,351	41,127	51,004
Total revenue	<u>73,569</u>	<u>81,033</u>	<u>178,992</u>	<u>194,472</u>
Benefits and expenses:				
Benefits to participants	234,180	234,389	701,151	702,942
General and administrative expenses	3,801	3,760	10,997	11,133
Total benefits and expenses	<u>237,981</u>	<u>238,149</u>	<u>712,148</u>	<u>714,075</u>
Operating gain(loss)	(164,412)	(157,116)	(533,156)	(519,603)
Investment income(loss):				
Interest, dividends and other	30,716	30,126	74,754	82,574
Realized and unrealized gain(loss) on investments, net	61,319	787,247	646,868	132,466
Investment expenses	(2,323)	(3,467)	(9,164)	(10,045)
Net investment income(loss)	<u>89,712</u>	<u>813,906</u>	<u>712,458</u>	<u>204,995</u>
Change in net assets	(74,700)	656,790	179,302	(314,608)
NET ASSETS:				
Beginning of period	<u>15,521,535</u>	<u>15,154,810</u>	<u>15,267,533</u>	<u>16,126,208</u>
End of period	<u>\$ 15,446,835</u>	<u>15,811,600</u>	<u>15,446,835</u>	<u>15,811,600</u>

FOR INTERNAL USE ONLY

Central States, Southeast and Southwest Areas Pension Fund
Statement of Changes in Net Assets
(In thousands)

	Years Ended			
	2016	2015	2014	2013
Revenue:				
Contributions	\$ 612,393	586,686	582,359	571,104
Withdrawal liability	162,981	687,827 (1)(2)	232,836	153,928
Total revenue	<u>775,374</u>	<u>1,274,513</u>	<u>815,195</u>	<u>725,032</u>
Benefits and expenses:				
Benefits to participants	2,809,605	2,814,338	2,822,248	2,822,508
General and administrative expenses	47,599	52,562	38,078	36,799
Total benefits and expenses	<u>2,857,204</u>	<u>2,866,900</u>	<u>2,860,326</u>	<u>2,859,307</u>
Operating gain(loss)	(2,081,830)	(1,592,387)	(2,045,131)	(2,134,275)
Investment income(loss):				
Interest, dividends and other	336,410	368,132	370,170	348,708
Realized and unrealized gain(loss) on investments, net	927,249	(470,066)	843,954	2,807,635
Investment expenses	(40,504)	(42,577)	(46,646)	(46,568)
Net investment income(loss)	<u>1,223,155</u>	<u>(144,511)</u>	<u>1,167,478</u>	<u>3,109,775</u>
Change in net assets	(858,675)	(1,736,898)	(877,653)	975,500
NET ASSETS:				
Beginning of period	<u>16,126,208</u>	<u>17,863,106</u>	<u>18,740,759</u>	<u>17,765,259</u>
End of period	<u>\$ 15,267,533</u>	<u>16,126,208</u>	<u>17,863,106</u>	<u>18,740,759</u>

Note(s):

- (1) Includes \$138.8 million from Republic Services Inc. and \$97.1 million from USF Holding Corp.
(2) Recognition of withdrawal liability previously classified as potentially refundable (\$184 million).

FOR INTERNAL USE ONLY

Central States, Southeast and Southwest Areas Pension Fund
Statement of Cash Receipts and Disbursements
(In thousands)

	March		Three Months Ended March	
	2017	2016	2017	2016
Operations:				
Contributions	\$ 50,096	47,786	154,365	147,354
Benefits paid, net (1)(2)	(433,681)	(234,555)	(900,079)	(702,380)
	(383,585)	(186,769)	(745,714)	(555,026)
Payroll	(1,483)	(1,134)	(4,307)	(3,860)
Employee benefits	(605)	(571)	(1,926)	(1,864)
Fees, services and software	(258)	(729)	(796)	(1,931)
Rent	(118)	(119)	(354)	(355)
Office	(234)	(240)	(783)	(924)
Withdrawal liability receipts	25,056	43,133	41,084	57,985
Other	(788)	(2,149)	(2,637)	(2,983)
	21,570	38,191	30,281	46,068
Net from operations	(362,015)	(148,578)	(715,433)	(508,958)
Investments:				
Net sales(purchases)	338,748	121,782	655,489	443,401
Interest and dividends	22,696	28,588	67,215	78,818
Management fees	(1,382)	(2,379)	(7,253)	(11,865)
Investments, net	360,062	147,991	715,451	510,354
Change in cash	(1,953)	(587)	18	1,396
Cash:				
Beginning of period	2,516	3,501	545	1,518
End of period	\$ 563	2,914	563	2,914
Note(s):				
(1) Includes change in overdraft:	\$ (254)	(167)	320	562
(2) Includes timing for EFT funding:	\$ (199,248)	0	(199,248)	0

FOR INTERNAL USE ONLY

Central States, Southeast and Southwest Areas Pension Fund
Statement of Cash Receipts and Disbursements
(In thousands)

	Years Ended			
	2016	2015	2014	2013
Operations:				
Contributions	\$ 609,598	597,999	580,516	572,902
Benefits paid, net (1)	(2,809,397)	(2,814,127)	(2,822,084)	(2,822,571)
	<u>(2,199,799)</u>	<u>(2,216,128)</u>	<u>(2,241,568)</u>	<u>(2,249,669)</u>
Payroll	(16,401)	(17,741)	(16,145)	(15,941)
Employee benefits	(7,623)	(7,816)	(7,456)	(7,532)
Fees, services and software	(6,427)	(7,687)	(4,102)	(2,726)
Rent	(1,380)	(1,730)	(1,663)	(1,717)
Office (2)	(14,405)	(15,380)	(8,358)	(8,850)
Withdrawal liability receipts	161,234	548,619 (3)	255,800	234,417
Other	(548)	(980)	(5,523)	(1,084)
	<u>114,450</u>	<u>497,285</u>	<u>212,553</u>	<u>196,567</u>
Net from operations	(2,085,349)	(1,718,843)	(2,029,015)	(2,053,102)
Investments:				
Net sales(purchases)	1,786,994	1,398,513	1,707,729	1,760,498
Interest and dividends	339,149	364,575	367,079	337,794
Management fees	(41,767)	(44,022)	(45,818)	(46,282)
Investments, net	<u>2,084,376</u>	<u>1,719,066</u>	<u>2,028,990</u>	<u>2,052,010</u>
Change in cash	(973)	223	(25)	(1,092)
Cash:				
Beginning of period	<u>1,518</u>	<u>1,295</u>	<u>1,320</u>	<u>2,412</u>
End of period	<u>\$ 545</u>	<u>1,518</u>	<u>1,295</u>	<u>1,320</u>

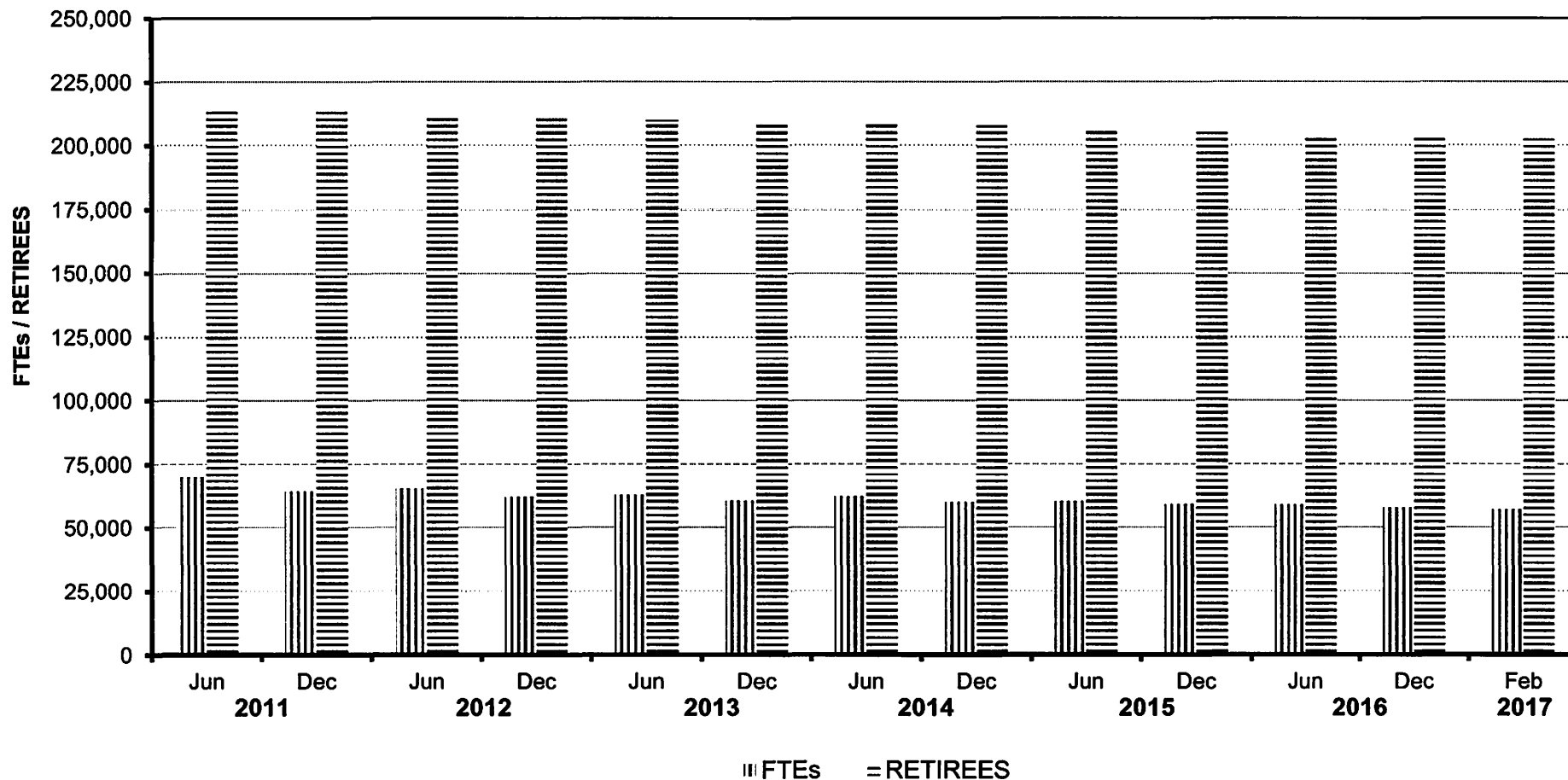
Note(s):

(1) Includes change in overdraft:	\$ 207	210	163	(62)
(2) Includes PBGC payment:	\$ 10,555	10,335	4,820	4,893
(3) Includes \$138.8 million from Republic Services Inc. and \$97.1 million from USF Holding Corp.				

FOR INTERNAL USE ONLY

Central States Pension Fund

Full Time Equivalents vs. Retirees
June 2011 Through February 2017



FOR INTERNAL USE ONLY