

**CENTRAL STATES PENSION FUND**  
**FINANCIAL AND ANALYTICAL INFORMATION**  
**SEPTEMBER 30, 2020**

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

**PENSION FUND  
FINANCIAL REPORT**  
September 30, 2020 and the Nine Months Then Ended  
Dollars in Thousands

1. Net assets were \$10,894,417 at September 30, 2020, compared to \$12,309,907 at December 31, 2019, a decrease of \$1,415,490 compared to a decrease of \$459,793 for the same period last year.

The \$955,697 difference is due to \$852,634 less net investment income combined with \$103,063 more net operating loss.

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

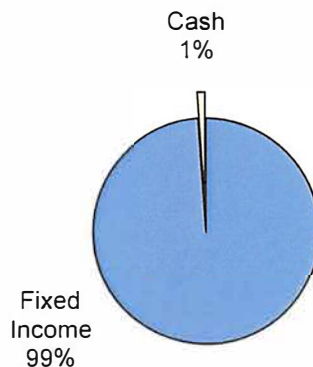
	Actives	Retirees
As of:		
August 2020	45,458	197,586
December 2019	48,325	198,513
Eight-months average:		
August 2020	45,238	197,994
August 2019	51,461	199,661
% decrease	(12.09)%	(0.83)%

3. For the nine months ended September 2020, the Fund's net operating loss was \$1,701,947 compared to a loss of \$1,598,884 for the same period in 2019, or a \$103,063 unfavorable change:

- (\$98,690) less contributions due to a decrease in FTEs and withdrawal liability income,
- (\$6,878) more benefits and
- \$2,505 less general and administrative expenses.

4. During the nine months ended September 2020 and 2019, the Fund withdrew \$1,676,423 and \$1,579,989 respectively, from investment assets to fund the cash operating deficits.

5. Investment asset allocation as of September 30, 2020:



Central States, Southeast and Southwest Areas Pension Fund  
Executive Summary of Financial Position  
September 30, 2020  
(Dollar amounts in thousands)

	September 30, 2020	December 31, 2019	Change in Net Assets	
			Dollars	Percentage
<b>Investments:</b>				
Cash equivalents	\$ 146,653	189,913	(43,260)	(0.4)
Fixed income	10,565,038	10,345,350	219,688	1.8
Equity	4,843	1,414,435	(1,409,592)	(11.4)
Other	48	97,535	(97,487)	(0.8)
<b>Total investments</b>	<u>10,716,582</u>	<u>12,047,233</u>	<u>(1,330,651)</u>	<u>(10.8)</u>
<b>Investment related assets</b>	<b>2,031,566</b>	<b>2,440,536</b>	<b>(408,970)</b>	<b>(3.3)</b>
<b>Employer contributions receivable, net</b>	<b>56,919</b>	<b>63,404</b>	<b>(6,485)</b>	<b>(0.1)</b>
<b>Other assets</b>	<u>5,394</u>	<u>4,976</u>	<u>418</u>	<u>-</u>
<b>Total assets</b>	<u>12,810,461</u>	<u>14,556,149</u>	<u>(1,745,688)</u>	<u>(14.2)</u>
<b>Investment related liabilities</b>	<b>1,811,228</b>	<b>2,162,154</b>	<b>350,926</b>	<b>2.9</b>
<b>Other liabilities</b>	<u>104,816</u>	<u>84,088</u>	<u>(20,728)</u>	<u>(0.2)</u>
<b>Total liabilities</b>	<u>1,916,044</u>	<u>2,246,242</u>	<u>330,198</u>	<u>2.7</u>
<b>NET ASSETS</b>	<u>\$ 10,894,417</u>	<u>12,309,907</u>	<u>(1,415,490)</u>	<u>(11.5)</u>

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Central States, Southeast and Southwest Areas Pension Fund  
Executive Summary of Financial Operations  
September 30, 2020  
(Tabular dollar amounts in thousands)

	<u>Year-to-Date</u>		<u>Change from Prior Year</u>	
	<u>2020</u>	<u>2019</u>	<u>Dollars</u>	<u>Percentage</u>
<b><u>INCOME &amp; EXPENSES</u></b>				
Contributions (includes W/L)	\$ 461,171	559,861	(98,690) (1)	(17.6)
Benefits	2,132,349	2,125,471	(6,878)	(0.3)
General and administrative expenses	<u>30,769</u>	<u>33,274</u>	<u>2,505</u>	7.5
Operating gain(loss)	(1,701,947)	(1,598,884)	(103,063)	N/A
Net investment income(loss)	<u>286,457</u>	<u>1,139,091</u>	<u>(852,634)</u>	N/A
Change in net assets	<u>\$ (1,415,490)</u>	<u>(459,793)</u>	<u>(955,697)</u>	N/A
<b><u>OPERATING STATISTICS</u></b>				
Benefits to contributions	462.4 %	379.6 %		
General and administrative expenses to:				
Contributions	6.7 %	5.9 %		
Benefits	1.4 %	1.6 %		
Eight-month average FTEs	45,238	51,461		
Contributions per average FTE	\$ 10,194	10,879		
Benefits per average FTE	\$ 47,136	41,303		
Pensioners and beneficiaries - current month	197,490	198,848		
Current month average benefit per pensioner and beneficiary	\$ 1,194	1,182		

**Note(s):**

(1) Decrease in FTEs and W/L.

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Central States, Southeast and Southwest Areas Pension Fund  
 Executive Summary of Current and Projected Operations  
 September 30, 2020  
 (Dollar amounts in thousands)

	Actual through September 2020	Projection		Year Ending December 2020
		October 2020	Remainder of 2020	
Contributions (includes W/L)	\$ 461,171	60,300	92,829	614,300
Benefits	2,132,349	237,400	474,751	2,844,500
General and administrative expenses	<u>30,769</u>	<u>3,800</u>	<u>7,531</u>	<u>42,100</u>
Operating gain(loss)	<u>\$ (1,701,947)</u>	<u>(180,900)</u>	<u>(389,453)</u>	<u>(2,272,300)</u>

Assumptions Used in 2020 Projections

Contributions - No change in plan mix and \$120.6 million in estimated withdrawal liability income.

Benefits - Level benefits.

General and administrative expenses - Actual expenses to date plus 2% increase over 2019 expenses for remaining months.

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

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>2018</u>
<b>ASSETS</b>			
Investments:			
Cash equivalents	\$ 146,653	189,913	273,974
Fixed income	10,565,038	10,345,350	9,243,651
Equity	4,843	1,414,435	3,260,515
Other	48	97,535	136,004
Total investments	<u>10,716,582</u>	<u>12,047,233</u>	<u>12,914,144</u>
Receivables:			
Employer contributions, less allowance for uncollectible contributions (1)	56,919	63,404	70,802
Interest and dividends	54,891	71,061	66,234
Other, including investment related	497,579	342,127	431,326
Total receivables	<u>609,389</u>	<u>476,592</u>	<u>568,362</u>
Cash	108	438	1,954
Assets held in securities lending program	1,479,338	2,027,590	2,381,248
Other, primarily fixed assets - net	5,044	4,296	3,854
Total assets	<u>12,810,461</u>	<u>14,556,149</u>	<u>15,869,562</u>
<b>LIABILITIES</b>			
Liability to return collateral held under securities lending agreements	1,479,338	2,027,590	2,381,248
Investment related	328,098	131,539	241,709
Accounts payable and accrued expenses (2)	87,024	73,490	73,614
Deferred withdrawal liability receipts	21,584	13,623	4,947
Total liabilities	<u>1,916,044</u>	<u>2,246,242</u>	<u>2,701,518</u>
<b>NET ASSETS</b>	<u>\$ 10,894,417</u>	<u>12,309,907</u>	<u>13,168,044</u>
<b>Note(s):</b>			
(1) Allowance for uncollectible contributions:	\$ 66,784	58,896	58,637
Reserve for YRC (2009 deferral) included in above allowance:	\$ 35,269	35,269	36,669
(2) Includes a liability for 401(h) plan assets:	\$ 67,050	65,910	59,757

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

	September		Nine Months Ended September	
	2020	2019	2020	2019
<b>Revenue:</b>				
Contributions	\$ 30,266	39,164	365,357	422,104
Withdrawal liability	12,136	49,304	95,814	137,757
<b>Total revenue</b>	<u>42,402</u>	<u>88,468</u>	<u>461,171</u>	<u>559,861</u>
<b>Benefits and expenses:</b>				
Benefits to participants	236,451	235,786	2,132,349	2,125,471
General and administrative expenses	3,397	3,562	30,769	33,274
<b>Total benefits and expenses</b>	<u>239,848</u>	<u>239,348</u>	<u>2,163,118</u>	<u>2,158,745</u>
<b>Operating gain(loss)</b>	(197,446)	(150,880)	(1,701,947)	(1,598,884)
<b>Investment income(loss):</b>				
Interest, dividends and other	19,374	25,236	198,419	229,076
Realized and unrealized gain(loss) on investments, net	(22,022)	(35,589)	96,933	920,567
Investment expenses	(863)	(1,135)	(8,895)	(10,552)
<b>Net investment income(loss)</b>	<u>(3,511)</u>	<u>(11,488)</u>	<u>286,457</u>	<u>1,139,091</u>
<b>Change in net assets</b>	(200,957)	(162,368)	(1,415,490)	(459,793)
<b>NET ASSETS:</b>				
Beginning of period	<u>11,095,374</u>	<u>12,870,619</u>	<u>12,309,907</u>	<u>13,168,044</u>
End of period	<u>\$ 10,894,417</u>	<u>12,708,251</u>	<u>10,894,417</u>	<u>12,708,251</u>

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

	Years Ended			
	2019	2018	2017	2016
<b>Revenue:</b>				
Contributions	\$ 554,886	586,194	621,562	612,393
Withdrawal liability	186,676	556,449 (1)	187,985	162,981
<b>Total revenue</b>	<b>741,562</b>	<b>1,142,643</b>	<b>809,547</b>	<b>775,374</b>
<b>Benefits and expenses:</b>				
Benefits to participants	2,836,579	2,830,161	2,813,547	2,809,605
General and administrative expenses	44,442	44,236	46,006	47,599
<b>Total benefits and expenses</b>	<b>2,881,021</b>	<b>2,874,397</b>	<b>2,859,553</b>	<b>2,857,204</b>
<b>Operating gain(loss)</b>	<b>(2,139,459)</b>	<b>(1,731,754)</b>	<b>(2,050,006)</b>	<b>(2,081,830)</b>
<b>Investment income(loss):</b>				
Interest, dividends and other	301,117	312,387	294,896	336,410
Realized and unrealized gain(loss) on investments, net	994,052	(407,175)	1,525,729	927,577
Investment expenses	(13,847)	(17,066)	(26,500)	(40,832)
<b>Net investment income(loss)</b>	<b>1,281,322</b>	<b>(111,854)</b>	<b>1,794,125</b>	<b>1,223,155</b>
<b>Change in net assets</b>	<b>(858,137)</b>	<b>(1,843,608)</b>	<b>(255,881)</b>	<b>(858,675)</b>
<b>NET ASSETS:</b>				
Beginning of period	13,168,044	15,011,652	15,267,533	16,126,208
End of period	\$ 12,309,907	13,168,044	15,011,652	15,267,533

**Note(s):**

(1) Includes \$416.9 million from The Kroger Co. and \$47.7 million from Southstar LLC.

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5b

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

	September		Nine Months Ended September	
	2020	2019	2020	2019
<b>Operations:</b>				
Contributions	\$ 47,554	48,589	378,535	426,577
Benefits paid, net (1)(2)	(236,608)	(29,759)	(2,132,118)	(2,124,709)
	(189,054)	18,830	(1,753,583)	(1,698,132)
Payroll	(1,085)	(1,131)	(10,654)	(11,342)
Employee benefits	(667)	(695)	(5,204)	(5,618)
Fees, services and software	(283)	(230)	(2,769)	(3,329)
Rent, including equipment	(90)	(94)	(739)	(951)
Office	(298)	(197)	(2,284)	(2,639)
Withdrawal liability receipts	12,535	50,181 (3)	103,045	143,394 (3)
Other	(5,233)	(943)	(4,092)	(2,683)
	4,879	46,891	77,303	116,832
Net from operations	(184,175)	65,721	(1,676,280)	(1,581,300)
<b>Investments:</b>				
Net sales(purchases)	161,078	(90,295)	1,468,761	1,367,043
Interest and dividends	23,894	28,793	215,317	224,859
Management fees	(1,113)	(3,898)	(8,128)	(11,936)
Investments, net	183,859	(65,400)	1,675,950	1,579,966
Change in cash	(316)	321	(330)	(1,334)
<b>Cash:</b>				
Beginning of period	424	299	438	1,954
End of period	\$ 108	620	108	620
<u>Note(s):</u>				
(1) Includes change in overdraft:	\$ (158)	252	230	761
(2) Includes timing for EFT funding:	\$ 0	205,775	0	0
(3) Includes \$45.6 million from Marsh Supermarkets Inc.				

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

	Years Ended			
	2019	2018	2017	2016
<b>Operations:</b>				
Contributions	\$ 554,895	588,551	623,525	609,598
Benefits paid, net (1)	<u>(2,836,717)</u>	<u>(2,830,037)</u>	<u>(2,813,694)</u>	<u>(2,809,397)</u>
	<u>(2,281,822)</u>	<u>(2,241,486)</u>	<u>(2,190,169)</u>	<u>(2,199,799)</u>
Payroll	(15,507)	(15,297)	(16,777)	(16,401)
Employee benefits	(7,399)	(7,095)	(7,696)	(7,623)
Fees, services and software	(4,388)	(4,218)	(4,196)	(6,427)
Rent, including equipment	(1,679)	(1,237)	(1,408)	(1,380)
Office (2)	(14,420)	(14,628)	(14,063)	(14,405)
Withdrawal liability receipts	194,804	565,749 (3)	179,764	161,234
Other	44	(2,032)	(2,669)	(548)
	<u>151,455</u>	<u>521,242</u>	<u>132,955</u>	<u>114,450</u>
Net from operations	<u>(2,130,367)</u>	<u>(1,720,244)</u>	<u>(2,057,214)</u>	<u>(2,085,349)</u>
Net sales(purchases)	1,847,559	1,435,950	1,796,324	1,786,994
Interest and dividends	296,838	304,571	290,993	339,149
Management fees	<u>(15,546)</u>	<u>(20,038)</u>	<u>(28,933)</u>	<u>(41,767)</u>
Investments, net	<u>2,128,851</u>	<u>1,720,483</u>	<u>2,058,384</u>	<u>2,084,376</u>
Change in cash	(1,516)	239	1,170	(973)
<b>Cash:</b>				
Beginning of period	<u>1,954</u>	<u>1,715</u>	<u>545</u>	<u>1,518</u>
End of period	<u>\$ 438</u>	<u>1,954</u>	<u>1,715</u>	<u>545</u>

**Note(s):**

(1) Includes change in overdraft:	\$ (138)	1,122	(146)	207
(2) Includes PBGC payment:	\$ (11,008)	(10,835)	(10,778)	(10,555)
(3) Includes \$416.9 million from The Kroger Co. and \$47.7 million from Southstar LLC.				

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6b

# Central States Pension Fund

## Full Time Equivalents vs. Retirees

### December 2014 Through August 2020

