

CENTRAL STATES PENSION FUND
FINANCIAL AND ANALYTICAL INFORMATION
MARCH 31, 2021

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**PENSION FUND
FINANCIAL REPORT**
March 31, 2021 and the Three Months Then Ended
Dollars in Thousands

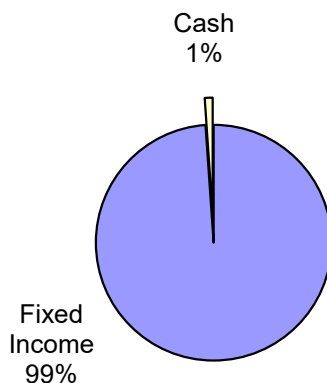
1. Net assets were \$9,835,886 at March 31, 2021, compared to \$10,409,441 at December 31, 2020, a decrease of \$573,555 compared to a decrease of \$557,771 for the same period last year.

The \$15,784 difference is due to \$14,810 less net investment income combined with \$974 more net operating loss.

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

	<u>Actives</u>	<u>Retirees</u>
As of:		
February 2021	42,796	195,577
December 2020	44,628	196,854
Two-months average:		
February 2021	43,748	196,318
February 2020	47,538	198,366
% decrease	(7.97)%	(1.03)%

3. For the three months ended March 2021, the Fund's net operating loss was \$565,406 compared to a loss of \$564,432 for the same period in 2020, or a \$974 unfavorable change:
 - (\$1,838) less contributions,
 - \$1,770 less benefits and
 - (\$906) more general and administrative expenses.
4. During the three months ended March 2021 and 2020, the Fund withdrew \$561,062 and \$558,131 respectively, from investment assets to fund the cash operating deficits.
5. Investment asset allocation as of March 31, 2021:



Central States, Southeast and Southwest Areas Pension Fund
Executive Summary of Financial Position
March 31, 2021
(Dollar amounts in thousands)

	March 31, 2021	December 31, 2020	Change in Net Assets	
			Dollars	Percentage
Investments:				
Cash equivalents	\$ 272,655	235,845	36,810	0.3
Fixed income	9,407,653	10,004,846	(597,193)	(5.7)
Equity	5,644	5,354	290	-
Other	38	40	(2)	-
Total investments	9,685,990	10,246,085	(560,095)	(5.4)
Investment related assets	1,473,259	1,691,553	(218,294)	(2.1)
Employer contributions receivable, net	50,337	55,304	(4,967)	-
Other assets	5,704	6,693	(989)	-
Total assets	11,215,290	11,999,635	(784,345)	(7.5)
Investment related liabilities	1,285,122	1,494,419	209,297	2.0
Other liabilities	94,282	95,775	1,493	-
Total liabilities	1,379,404	1,590,194	210,790	2.0
NET ASSETS	\$ 9,835,886	10,409,441	(573,555)	(5.5)

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Central States, Southeast and Southwest Areas Pension Fund
Executive Summary of Financial Operations
March 31, 2021
(Tabular dollar amounts in thousands)

	Year-to-Date		Change from Prior Year	
	2021	2020	Dollars	Percentage
<u>INCOME & EXPENSES</u>				
Contributions (includes W/L)	\$ 154,354	156,192	(1,838)	(1.2)
Benefits	709,015	710,785	1,770	0.2
General and administrative expenses	10,745	9,839	(906)	(9.2)
Operating gain(loss)	(565,406)	(564,432)	(974)	N/A
Net investment income(loss)	(8,149)	6,661	(14,810)	N/A
Change in net assets	<u>\$ (573,555)</u>	<u>(557,771)</u>	<u>(15,784)</u>	N/A
<u>OPERATING STATISTICS</u>				
Benefits to contributions	459.3 %	455.1 %		
General and administrative expenses to:				
Contributions	7.0 %	6.3 %		
Benefits	1.5 %	1.4 %		
Two-month average FTEs	43,748	47,538		
Contributions per average FTE	\$ 3,528	3,286		
Benefits per average FTE	\$ 16,207	14,952		
Pensioners and beneficiaries - current month	195,349	198,072		
Current month average benefit per pensioner and beneficiary	\$ 1,202	1,189		

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Central States, Southeast and Southwest Areas Pension Fund
Executive Summary of Current and Projected Operations
March 31, 2021
(Dollar amounts in thousands)

	Actual through March 2021	April 2021	Projection Remainder of 2021	Year Ending December 2021
Contributions (includes W/L)	\$ 154,354	61,600	434,746	650,700
Benefits	709,015	236,000	1,889,685	2,834,700
General and administrative expenses	<u>10,745</u>	<u>3,600</u>	<u>28,755</u>	<u>43,100</u>
Operating gain(loss)	\$ <u><u>(565,406)</u></u>	<u><u>(178,000)</u></u>	<u><u>(1,483,694)</u></u>	<u><u>(2,227,100)</u></u>

Assumptions Used in 2021 Projections

Contributions - No change in plan mix and \$136.5 million in estimated withdrawal liability income.

Benefits - Level benefits.

General and administrative expenses - Actual expenses to date plus 2% increase over 2020 expenses for remaining months.

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

	March 31, 2021	December 31, 2020	2019
ASSETS			
Investments:			
Cash equivalents	\$ 272,655	235,845	189,913
Fixed income	9,407,653	10,004,846	10,345,350
Equity	5,644	5,354	1,414,435
Other	38	40	97,535
Total investments	<u>9,685,990</u>	<u>10,246,085</u>	<u>12,047,233</u>
Receivables:			
Employer contributions, less allowance for uncollectible contributions (1)	50,337	55,304	63,404
Interest and dividends	44,631	55,376	71,061
Other, including investment related	496,517	419,060	342,127
Total receivables	<u>591,485</u>	<u>529,740</u>	<u>476,592</u>
Cash	455	1,406	438
Assets held in securities lending program	932,304	1,217,310	2,027,590
Other, primarily fixed assets - net	5,056	5,094	4,296
Total assets	<u>11,215,290</u>	<u>11,999,635</u>	<u>14,556,149</u>
LIABILITIES			
Liability to return collateral held under securities lending agreements	932,304	1,217,310	2,027,590
Investment related	348,856	273,984	131,539
Accounts payable and accrued expenses (2)	83,655	86,312	73,490
Deferred withdrawal liability receipts	14,589	12,588	13,623
Total liabilities	<u>1,379,404</u>	<u>1,590,194</u>	<u>2,246,242</u>
NET ASSETS	<u>\$ 9,835,886</u>	<u>10,409,441</u>	<u>12,309,907</u>

Note(s):

(1) Allowance for uncollectible contributions:	\$ 65,371	64,796	58,896
Reserve for YRC (2009 deferral) included in above allowance:	\$ 34,211	34,211	35,269
(2) Includes a liability for 401(h) plan assets:	\$ 66,993	67,287	65,910

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

	March		Three Months Ended March	
	2021	2020	2021	2020
Revenue:				
Contributions	\$ 36,992	39,746	124,824	132,047
Withdrawal liability	8,268	7,000	29,530	24,145
Total revenue	<u>45,260</u>	<u>46,746</u>	<u>154,354</u>	<u>156,192</u>
Benefits and expenses:				
Benefits to participants	235,769	237,522	709,015	710,785
General and administrative expenses	3,815	3,280	10,745	9,839
Total benefits and expenses	<u>239,584</u>	<u>240,802</u>	<u>719,760</u>	<u>720,624</u>
Operating gain(loss)	(194,324)	(194,056)	(565,406)	(564,432)
Investment income(loss):				
Interest, dividends and other	16,084	23,548	49,759	68,487
Realized and unrealized gain(loss) on investments, net	(19,039)	(213,565)	(55,577)	(58,703)
Investment expenses	(768)	(995)	(2,331)	(3,123)
Net investment income(loss)	<u>(3,723)</u>	<u>(191,012)</u>	<u>(8,149)</u>	<u>6,661</u>
Change in net assets	(198,047)	(385,068)	(573,555)	(557,771)
NET ASSETS:				
Beginning of period	<u>10,033,933</u>	<u>12,137,204</u>	<u>10,409,441</u>	<u>12,309,907</u>
End of period	<u>\$ 9,835,886</u>	<u>11,752,136</u>	<u>9,835,886</u>	<u>11,752,136</u>

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

	Years Ended			
	2020	2019	2018	2017
Revenue:				
Contributions	\$ 496,513	554,886	586,194	621,562
Withdrawal liability	164,315	186,676	556,449 (1)	187,985
Total revenue	<u>660,828</u>	<u>741,562</u>	<u>1,142,643</u>	<u>809,547</u>
Benefits and expenses:				
Benefits to participants	2,842,184	2,836,579	2,830,161	2,813,547
General and administrative expenses	42,242	44,442	44,236	46,006
Total benefits and expenses	<u>2,884,426</u>	<u>2,881,021</u>	<u>2,874,397</u>	<u>2,859,553</u>
Operating gain(loss)	(2,223,598)	(2,139,459)	(1,731,754)	(2,050,006)
Investment income(loss):				
Interest, dividends and other	253,778	301,117	312,387	294,896
Realized and unrealized gain(loss) on investments, net	80,664	994,052	(407,175)	1,525,729
Investment expenses	<u>(11,310)</u>	<u>(13,847)</u>	<u>(17,066)</u>	<u>(26,500)</u>
Net investment income(loss)	<u>323,132</u>	<u>1,281,322</u>	<u>(111,854)</u>	<u>1,794,125</u>
Change in net assets	(1,900,466)	(858,137)	(1,843,608)	(255,881)
NET ASSETS:				
Beginning of period	<u>12,309,907</u>	<u>13,168,044</u>	<u>15,011,652</u>	<u>15,267,533</u>
End of period	<u>\$ 10,409,441</u>	<u>12,309,907</u>	<u>13,168,044</u>	<u>15,011,652</u>

Note(s):

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

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

	March		Three Months Ended March	
	2021	2020	2021	2020
Operations:				
Contributions	\$ 38,199	49,353	129,972	135,852
Benefits paid, net (1)(2)	(236,965)	(31,438)	(708,926)	(710,609)
	<u>(198,766)</u>	<u>17,915</u>	<u>(578,954)</u>	<u>(574,757)</u>
Payroll	(1,165)	(1,037)	(3,855)	(3,656)
Employee benefits	(561)	(657)	(1,820)	(1,785)
Fees, services and software	(461)	(425)	(908)	(834)
Rent, including equipment	(84)	(93)	(245)	(252)
Office	(334)	(165)	(661)	(679)
Withdrawal liability receipts	8,984	7,866	31,360	26,741
Other	(10,777)	624	(6,706)	(2,835)
	<u>(4,398)</u>	<u>6,113</u>	<u>17,165</u>	<u>16,700</u>
Net from operations	(203,164)	24,028	(561,789)	(558,057)
Investments:				
Net sales(purchases)	177,557	(43,572)	501,657	490,703
Interest and dividends	24,125	21,372	60,675	70,488
Management fees	(1,276)	(2,233)	(1,494)	(3,305)
Investments, net	<u>200,406</u>	<u>(24,433)</u>	<u>560,838</u>	<u>557,886</u>
Change in cash	(2,758)	(405)	(951)	(171)
Cash:				
Beginning of period	<u>3,213</u>	<u>672</u>	<u>1,406</u>	<u>438</u>
End of period	<u>\$ 455</u>	<u>267</u>	<u>455</u>	<u>267</u>
<u>Note(s):</u>				
(1) Includes change in overdraft:	\$ (1,197)	(194)	89	175
(2) Includes timing for EFT funding:	\$ 0	206,278	0	0

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

	Years Ended			
	2020	2019	2018	2017
Operations:				
Contributions	\$ 511,681	554,895	588,551	623,525
Benefits paid, net (1)	(2,842,046)	(2,836,717)	(2,830,037)	(2,813,694)
	<u>(2,330,365)</u>	<u>(2,281,822)</u>	<u>(2,241,486)</u>	<u>(2,190,169)</u>
Payroll	(15,097)	(15,507)	(15,297)	(16,777)
Employee benefits	(6,992)	(7,399)	(7,095)	(7,696)
Fees, services and software	(3,759)	(4,388)	(4,218)	(4,196)
Rent, including equipment	(1,004)	(1,679)	(1,237)	(1,408)
Office (2)	(13,886)	(14,420)	(14,628)	(14,063)
Withdrawal liability receipts	163,390	194,804	565,749 (3)	179,764
Other	2,975	44	(2,032)	(2,669)
	<u>125,627</u>	<u>151,455</u>	<u>521,242</u>	<u>132,955</u>
Net from operations	<u>(2,204,738)</u>	<u>(2,130,367)</u>	<u>(1,720,244)</u>	<u>(2,057,214)</u>
Net sales(purchases)	1,947,567	1,847,559	1,435,950	1,796,324
Interest and dividends	269,350	296,838	304,571	290,993
Management fees	(11,211)	(15,546)	(20,038)	(28,933)
Investments, net	<u>2,205,706</u>	<u>2,128,851</u>	<u>1,720,483</u>	<u>2,058,384</u>
Change in cash	968	(1,516)	239	1,170
Cash:				
Beginning of period	<u>438</u>	<u>1,954</u>	<u>1,715</u>	<u>545</u>
End of period	<u>\$ 1,406</u>	<u>438</u>	<u>1,954</u>	<u>1,715</u>

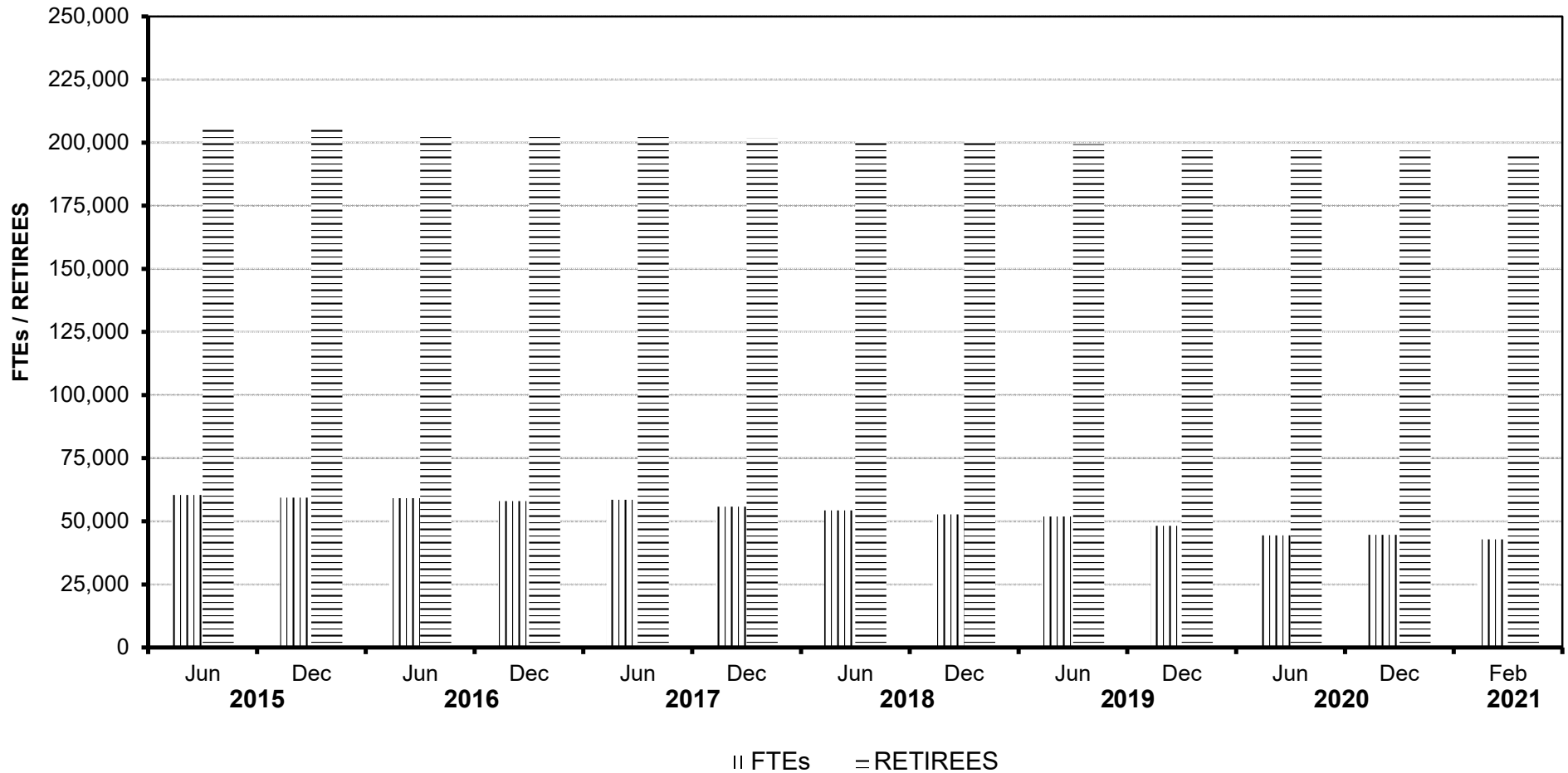
Note(s):

(1) Includes change in overdraft:	\$ 137	(138)	1,122	(146)
(2) Includes PBGC payment:	\$ (11,173)	(11,008)	(10,835)	(10,778)
(3) Includes \$416.9 million from The Kroger Co. and \$47.7 million from Southstar LLC.				

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Central States Pension Fund

Full Time Equivalents vs. Retirees
June 2015 Through February 2021



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