

CENTRAL STATES PENSION FUND
FINANCIAL AND ANALYTICAL INFORMATION
JUNE 30, 2021

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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**
June 30, 2021 and the Six Months Then Ended
Dollars in Thousands

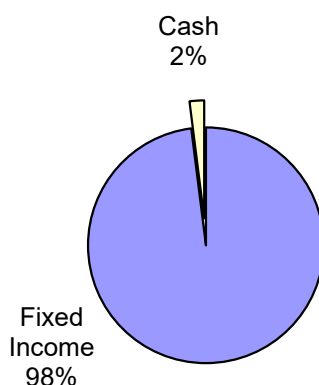
1. Net assets were \$9,313,384 at June 30, 2021, compared to \$10,409,441 at December 31, 2020, a decrease of \$1,096,057 compared to a decrease of \$894,996 for the same period last year.

The \$201,061 difference is due to \$242,850 less net investment income offset by \$41,789 less net operating loss.

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

	<u>Actives</u>	<u>Retirees</u>
As of:		
May 2021	43,724	195,223
December 2020	44,645	196,854
Five-months average:		
May 2021	43,865	195,810
May 2020	45,308	198,154
% decrease	(3.18)%	(1.18)%

3. For the six months ended June 2021, the Fund's net operating loss was \$1,101,794 compared to a loss of \$1,143,583 for the same period in 2020, or a \$41,789 favorable change:
 - \$38,740 more contributions, primarily due to an increase in 2021 withdrawal liability revenue,
 - \$4,674 less benefits and
 - (\$1,625) more general and administrative expenses.
4. During the six months ended June 2021 and 2020, the Fund withdrew \$1,112,569 and \$1,126,980 respectively, from investment assets to fund the cash operating deficits.
5. Investment asset allocation as of June 30, 2021:



Central States, Southeast and Southwest Areas Pension Fund
Executive Summary of Financial Position
June 30, 2021
(Dollar amounts in thousands)

	June 30, 2021	December 31, 2020	Change in Net Assets	
			Dollars	Percentage
Investments:				
Cash equivalents	\$ 303,944	235,845	68,099	0.7
Fixed income	8,872,270	10,004,846	(1,132,576)	(10.9)
Equity	5,658	5,354	304	-
Other	53	40	13	-
Total investments	<u>9,181,925</u>	<u>10,246,085</u>	<u>(1,064,160)</u>	<u>(10.2)</u>
Investment related assets	1,425,927	1,691,553	(265,626)	(2.6)
Employer contributions receivable, net	52,463	55,304	(2,841)	-
Other assets	<u>9,014</u>	<u>6,693</u>	<u>2,321</u>	<u>-</u>
Total assets	<u>10,669,329</u>	<u>11,999,635</u>	<u>(1,330,306)</u>	<u>(12.8)</u>
Investment related liabilities	1,254,856	1,494,419	239,563	2.3
Other liabilities	<u>101,089</u>	<u>95,775</u>	<u>(5,314)</u>	<u>-</u>
Total liabilities	<u>1,355,945</u>	<u>1,590,194</u>	<u>234,249</u>	<u>2.3</u>
NET ASSETS	<u>\$ <u>9,313,384</u></u>	<u><u>10,409,441</u></u>	<u><u>(1,096,057)</u></u>	<u><u>(10.5)</u></u>

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Central States, Southeast and Southwest Areas Pension Fund
Executive Summary of Financial Operations
June 30, 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)	\$ 337,237	298,497	38,740 (1)	13.0
Benefits	1,417,100	1,421,774	4,674	0.3
General and administrative expenses	21,931	20,306	(1,625)	(8.0)
Operating gain(loss)	(1,101,794)	(1,143,583)	41,789	N/A
Net investment income(loss)	5,737	248,587	(242,850)	N/A
Change in net assets	\$ (1,096,057)	(894,996)	(201,061)	N/A
<u>OPERATING STATISTICS</u>				
Benefits to contributions	420.2 %	476.3 %		
General and administrative expenses to:				
Contributions	6.5 %	6.8 %		
Benefits	1.5 %	1.4 %		
Five-month average FTEs	43,865	45,308		
Contributions per average FTE	\$ 7,688	6,588		
Benefits per average FTE	\$ 32,306	31,380		
Pensioners and beneficiaries				
- current month	195,073	197,762		
Current month average benefit per pensioner and beneficiary	\$ 1,205	1,192		

Note(s):

(1) Primarily an increase in 2021 withdrawal liability revenue.

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Central States, Southeast and Southwest Areas Pension Fund
Executive Summary of Current and Projected Operations
June 30, 2021
(Dollar amounts in thousands)

	Actual through June 2021	July 2021	Projection Remainder of 2021	Year Ending December 2021
Contributions (includes W/L)	\$ 337,237	67,900	260,163	665,300
Benefits	1,417,100	236,200	1,181,300	2,834,600
General and administrative expenses	<u>21,931</u>	<u>3,600</u>	<u>17,969</u>	<u>43,500</u>
Operating gain(loss)	\$ <u><u>(1,101,794)</u></u>	<u><u>(171,900)</u></u>	<u><u>(939,106)</u></u>	<u><u>(2,212,800)</u></u>

Assumptions Used in 2021 Projections

Contributions - No change in plan mix and \$158.1 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)

	June 30, 2021	December 31, 2020	2019
ASSETS			
Investments:			
Cash equivalents	\$ 303,944	235,845	189,913
Fixed income	8,872,270	10,004,846	10,345,350
Equity	5,658	5,354	1,414,435
Other	53	40	97,535
Total investments	<u>9,181,925</u>	<u>10,246,085</u>	<u>12,047,233</u>
Receivables:			
Employer contributions, less allowance for uncollectible contributions (1)	52,463	55,304	63,404
Interest and dividends	45,301	55,376	71,061
Other, including investment related	373,035	419,060	342,127
Total receivables	<u>470,799</u>	<u>529,740</u>	<u>476,592</u>
Cash	3,558	1,406	438
Assets held in securities lending program	1,007,784	1,217,310	2,027,590
Other, primarily fixed assets - net	5,263	5,094	4,296
Total assets	<u>10,669,329</u>	<u>11,999,635</u>	<u>14,556,149</u>
LIABILITIES			
Liability to return collateral held under securities lending agreements	1,007,784	1,217,310	2,027,590
Investment related	244,956	273,984	131,539
Accounts payable and accrued expenses (2)	86,750	86,312	73,490
Deferred withdrawal liability receipts	16,455	12,588	13,623
Total liabilities	<u>1,355,945</u>	<u>1,590,194</u>	<u>2,246,242</u>
NET ASSETS	<u>\$ 9,313,384</u>	<u>10,409,441</u>	<u>12,309,907</u>

Note(s):

(1) Allowance for uncollectible contributions:	\$ 66,638	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:	\$ 66,924	67,287	65,910

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

	June		Six Months Ended June	
	2021	2020	2021	2020
Revenue:				
Contributions	\$ 38,505	44,099	248,797	239,016
Withdrawal liability	33,622	14,797	88,440	59,481
Total revenue	<u>72,127</u>	<u>58,896</u>	<u>337,237</u>	<u>298,497</u>
Benefits and expenses:				
Benefits to participants	236,362	237,038	1,417,100	1,421,774
General and administrative expenses	3,534	3,478	21,931	20,306
Total benefits and expenses	<u>239,896</u>	<u>240,516</u>	<u>1,439,031</u>	<u>1,442,080</u>
Operating gain(loss)	(167,769)	(181,620)	(1,101,794)	(1,143,583)
Investment income(loss):				
Interest, dividends and other	14,573	22,090	94,924	136,674
Realized and unrealized gain(loss) on investments, net	(25,651)	19,766	(84,623)	118,108
Investment expenses	(755)	(1,019)	(4,564)	(6,195)
Net investment income(loss)	<u>(11,833)</u>	<u>40,837</u>	<u>5,737</u>	<u>248,587</u>
Change in net assets	(179,602)	(140,783)	(1,096,057)	(894,996)
NET ASSETS:				
Beginning of period	<u>9,492,986</u>	<u>11,555,694</u>	<u>10,409,441</u>	<u>12,309,907</u>
End of period	<u>\$ 9,313,384</u>	<u>11,414,911</u>	<u>9,313,384</u>	<u>11,414,911</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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5b

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

	June		Six Months Ended June	
	2021	2020	2021	2020
Operations:				
Contributions	\$ 47,157	36,699	251,710	244,070
Benefits paid, net (1)	(236,060)	(237,364)	(1,416,787)	(1,421,249)
	<u>(188,903)</u>	<u>(200,665)</u>	<u>(1,165,077)</u>	<u>(1,177,179)</u>
Payroll	(1,172)	(1,043)	(7,673)	(7,149)
Employee benefits	(703)	(639)	(3,652)	(3,476)
Fees, services and software	(288)	(325)	(2,040)	(1,718)
Rent, including equipment	(85)	(81)	(500)	(489)
Office	(242)	(190)	(1,886)	(1,760)
Withdrawal liability receipts	34,338	15,663	91,942	64,777
Other	2,297	3,771	(4,943)	274
	<u>34,145</u>	<u>17,156</u>	<u>71,248</u>	<u>50,459</u>
Net from operations	(154,758)	(183,509)	(1,093,829)	(1,126,720)
Investments:				
Net sales(purchases)	140,353	164,214	996,190	989,266
Interest and dividends	15,425	20,701	105,364	142,814
Management fees	(655)	(1,576)	(5,573)	(5,500)
Investments, net	<u>155,123</u>	<u>183,339</u>	<u>1,095,981</u>	<u>1,126,580</u>
Change in cash	365	(170)	2,152	(140)
Cash:				
Beginning of period	<u>3,193</u>	<u>468</u>	<u>1,406</u>	<u>438</u>
End of period	<u>\$ 3,558</u>	<u>298</u>	<u>3,558</u>	<u>298</u>
<u>Note(s):</u>				
(1) Includes change in overdraft:	\$ 173	(324)	313	526

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):

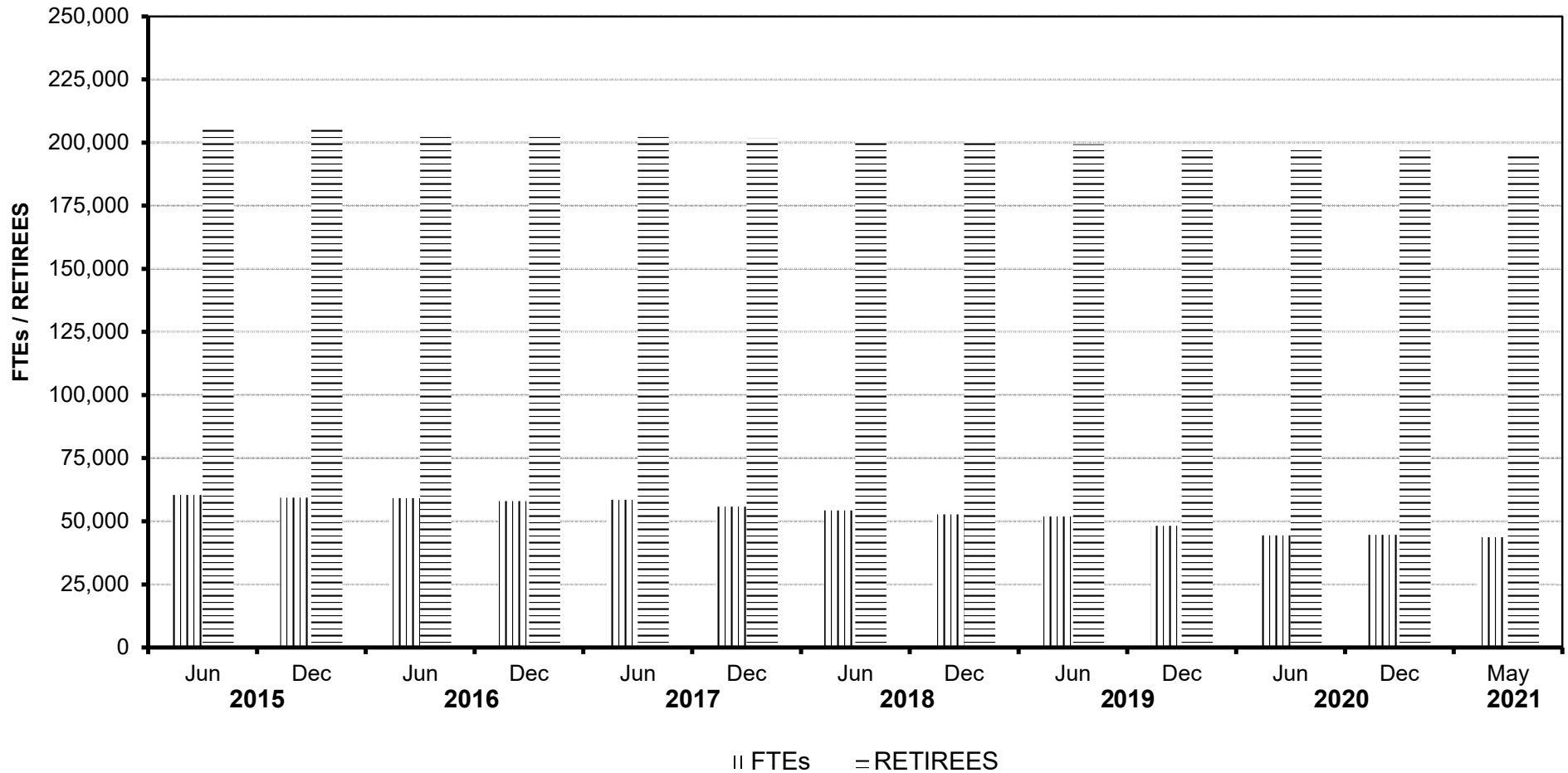
(1) Includes change in overdraft:	\$ 137	(138)	1,122	(146)
(2) Includes PBGC payment:	\$ (11,173)	(11,008)	(10,835)	(10,778)
(3) Includes \$416.9 million from The Kroger Co. and \$47.7 million from Southstar LLC.				

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Central States Pension Fund

Full Time Equivalents vs. Retirees

June 2015 Through May 2021



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