

CENTRAL STATES PENSION FUND
FINANCIAL AND ANALYTICAL INFORMATION
JUNE 30, 2014

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**PENSION FUND
FINANCIAL REPORT
June 30, 2014 and the Six Months Then Ended
Dollars in Thousands**

1. Net assets were \$18,735,388 at June 30, 2014, compared to \$18,740,759 at December 31, 2013, a decrease of \$5,371 compared to an increase of \$19,655 for the same period last year.

The \$25,026 difference is due to \$98,930 less net investment income offset by \$73,904 more net operating income.

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

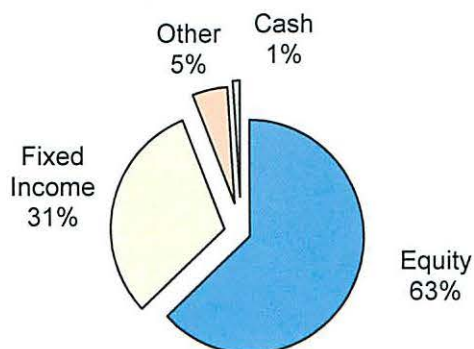
	Actives	Retirees
As of:		
May 2014	61,466	208,936
December 2013	60,631	209,721
Five-month average:		
May 2014	60,130	209,345
May 2013	61,738	211,003
% decrease	(2.60)%	(0.79)%

3. For the six months ended June 2014, the Fund's net asset decrease from operations (before investment income) was \$1,022,586 compared to a decrease of \$1,096,490 for the same period in 2013, or a \$73,904 favorable change:

- \$74,138 more contributions, primarily an increase in withdrawal liability income,
- \$261 less benefits and
- (\$495) more general and administrative expenses.

4. During the six months ended June 2014 and 2013, the Fund withdrew \$1,045,785 and \$1,088,198 respectively, from investment assets to fund the cash operating deficit.

5. Investment asset allocation as of June 30, 2014:



Central States, Southeast and Southwest Areas Pension Fund
Executive Summary of Financial Position
June 30, 2014
(Dollar amounts in thousands)

	June 30, 2014	December 31, 2013	Change in Net Assets	
			Dollars	Percentage
Investments				
Cash equivalents	\$ 745,668	503,084	242,584	1.3
Fixed income	5,159,820	5,067,648	92,172	0.5
Equity	12,017,146	12,412,410	(395,264)	(2.1)
Other	881,790	834,714	47,076	0.2
Total investments	<u>18,804,424</u>	<u>18,817,856</u>	<u>(13,432)</u>	<u>(0.1)</u>
Investment related assets	2,783,182	2,302,621	480,561	2.6
Employer contributions receivable, net	80,921	82,385	(1,464)	-
Other assets	<u>18,231</u>	<u>4,196</u>	<u>14,035</u>	<u>0.1</u>
Total assets	<u>21,686,758</u>	<u>21,207,058</u>	<u>479,700</u>	<u>2.6</u>
Investment related liabilities	2,778,703	2,287,176	(491,527)	(2.6)
Other liabilities	<u>172,667</u>	<u>179,123</u>	<u>6,456</u>	<u>-</u>
Total liabilities	<u>2,951,370</u>	<u>2,466,299</u>	<u>(485,071)</u>	<u>(2.6)</u>
NET ASSETS	<u>\$ 18,735,388</u>	<u>18,740,759</u>	<u>(5,371)</u>	<u>-</u>

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Central States, Southeast and Southwest Areas Pension Fund
Executive Summary of Financial Operations
June 30, 2014
(Tabular dollar amounts in thousands)

	Year-to-Date		Change from Prior Year	
	2014	2013	Dollars	Percentage
<u>INCOME & EXPENSES</u>				
Contributions (includes W/L)	\$ 406,589	332,451	74,138 (1)	22.3
Benefits	1,410,979	1,411,240	261	-
General and administrative expenses	<u>18,196</u>	<u>17,701</u>	<u>(495)</u>	(2.8)
Change in net assets before net investment income(loss)	(1,022,586)	(1,096,490)	73,904	N/A
Net investment income(loss)	<u>1,017,215</u>	<u>1,116,145</u>	<u>(98,930)</u>	N/A
Change in net assets	<u><u>\$ (5,371)</u></u>	<u><u>19,655</u></u>	<u><u>(25,026)</u></u>	N/A
<u>OPERATING STATISTICS</u>				
Benefits to contributions	347.0 %	424.5 %		
General and administrative expenses to:				
Contributions	4.5 %	5.3 %		
Benefits	1.3 %	1.3 %		
Five-month average FTEs	60,130	61,738		
Contributions per average FTE	\$ 6,762	5,385		
Benefits per average FTE	\$ 23,465	22,859		
Pensioners and beneficiaries - current month	208,762	210,325		
Current month average benefit per pensioner and beneficiary	\$ 1,123	1,114		

Note(s):

(1) Primarily an increase in withdrawal liability income.

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Central States, Southeast and Southwest Areas Pension Fund
 Executive Summary of Current and Projected Operations
 June 30, 2014
 (Dollar amounts in thousands)

	Actual through June 2014	July 2014	Projection Remainder of 2014	Year Ending December 2014
Contributions (includes W/L)	\$ 406,589	100,300	273,811	780,700
Benefits	1,410,979	235,400	1,177,121	2,823,500
General and administrative expenses	18,196	3,100	15,704	37,000
Change in net assets before net investment income(loss)	\$ <u>(1,022,586)</u>	<u>(138,200)</u>	<u>(919,014)</u>	<u>(2,079,800)</u>

Assumptions Used in 2014 Projections

Contributions - No change in plan mix and \$204.5 million in estimated withdrawal liability income.

Benefits - Level benefits.

General and administrative expenses - Actual expenses to date plus 2% increase over 2013 expenses for remaining months.

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

	<u>June 30,</u> <u>2014</u>	<u>December 31,</u>	
		<u>2013</u>	<u>2012</u>
ASSETS			
Investments:			
Cash equivalents	\$ 745,668	503,084	866,454
Fixed income	5,159,820	5,067,648	4,584,906
Equity	12,017,146	12,412,410	11,970,744
Other, primarily real estate related	881,790	834,714	336,430
Total investments	<u>18,804,424</u>	<u>18,817,856</u>	<u>17,758,534</u>
Receivables:			
Employer contributions, less allowance for uncollectible contributions (1)	80,921	82,385	86,934
Interest and dividends	55,918	55,082	44,677
Other, primarily for securities sold	415,212	412,160	34,161
Total receivables	<u>552,051</u>	<u>549,627</u>	<u>165,772</u>
Cash	14,113	1,320	2,412
Assets held in securities lending program	2,312,052	1,835,379	1,340,179
Other, primarily furniture and equipment - net	4,118	2,876	1,292
Total assets	<u>21,686,758</u>	<u>21,207,058</u>	<u>19,268,189</u>
LIABILITIES			
Liability to return collateral held under securities lending agreements	2,312,052	1,835,379	1,343,398
Payable for securities purchased	456,324	439,737	57,041
Accounts payable and accrued expenses (2)	66,266	64,601	56,354
Deferred withdrawal liability receipts	116,728	126,582	46,137
Total liabilities	<u>2,951,370</u>	<u>2,466,299</u>	<u>1,502,930</u>
NET ASSETS	<u>\$ 18,735,388</u>	<u>18,740,759</u>	<u>17,765,259</u>
Note(s):			
(1) Allowance for uncollectible contributions:	\$ 71,936	71,930	74,785
Reserve for YRC included in above allowance:	\$ 60,593	60,593	65,473
(2) Includes a liability for 401(h) plan assets:	\$ 47,257	44,545	37,078

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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	
	2014	2013	2014	2013
Revenue:				
Contributions	\$ 46,423	53,803	284,308	278,783
Withdrawal liability	37,551	19,909	122,281 (1)	53,668
Total revenue	<u>83,974</u>	<u>73,712</u>	<u>406,589</u>	<u>332,451</u>
Benefits and expenses:				
Benefits to participants	235,045	234,888	1,410,979	1,411,240
General and administrative expenses	3,091	2,826	18,196	17,701
Total benefits and expenses	<u>238,136</u>	<u>237,714</u>	<u>1,429,175</u>	<u>1,428,941</u>
Change in net assets before net investment income(loss)	(154,162)	(164,002)	(1,022,586)	(1,096,490)
Investment income(loss):				
Interest, dividends and other	40,146	35,570	203,195	181,595
Realized and unrealized gain(loss) on investments, net	263,761	(393,453)	837,681	957,094
Investment expenses	(4,031)	(3,602)	(23,661)	(22,544)
Net investment income(loss)	<u>299,876</u>	<u>(361,485)</u>	<u>1,017,215</u>	<u>1,116,145</u>
Change in net assets	145,714	(525,487)	(5,371)	19,655
NET ASSETS:				
Beginning of period	<u>18,589,674</u>	<u>18,310,401</u>	<u>18,740,759</u>	<u>17,765,259</u>
End of period	<u>\$ 18,735,388</u>	<u>17,784,914</u>	<u>18,735,388</u>	<u>17,784,914</u>

Note(s):

(1) Recognition of Sysco Corp prior withdrawal liability payment as income - \$41 million.

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

	Years Ended			
	2013	2012	2011	2010
Revenue:				
Contributions	\$ 571,104	568,878	545,533	502,886
Withdrawal liability	153,928	188,828	173,227	119,415
Total revenue	<u>725,032</u>	<u>757,706</u>	<u>718,760</u>	<u>622,301</u>
Benefits and expenses:				
Benefits to participants	2,822,508	2,823,581	2,826,596	2,806,934
General and administrative expenses	36,799	34,498	35,038	35,627
Total benefits and expenses	<u>2,859,307</u>	<u>2,858,079</u>	<u>2,861,634</u>	<u>2,842,561</u>
Change in net assets before net investment income(loss)	(2,134,275)	(2,100,373)	(2,142,874)	(2,220,260)
Investment income(loss):				
Interest, dividends and other	348,708	379,051	388,829	430,198
Realized and unrealized gain(loss) on investments, net	2,807,635	1,881,196	(393,546)	2,151,686
Investment expenses	(46,568)	(44,490)	(46,493)	(59,707)
Net investment income(loss)	<u>3,109,775</u>	<u>2,215,757</u>	<u>(51,210)</u>	<u>2,522,177</u>
Change in net assets	975,500	115,384	(2,194,084)	301,917
NET ASSETS:				
Beginning of period	<u>17,765,259</u>	<u>17,649,875</u>	<u>19,843,959</u>	<u>19,542,042</u>
End of period	<u>\$ 18,740,759</u>	<u>17,765,259</u>	<u>17,649,875</u>	<u>19,843,959</u>

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

	June		Six Months Ended June	
	2014	2013	2014	2013
Operations:				
Contributions	\$ 55,911	43,436	285,775	275,874
Benefits paid, net (1)(2)	(38,405)	(39,302)	(1,410,475)	(1,410,664)
	<u>17,506</u>	<u>4,134</u>	<u>(1,124,700)</u>	<u>(1,134,790)</u>
Payroll	(1,147)	(1,105)	(7,708)	(7,644)
Employee benefits	(713)	(554)	(3,677)	(3,618)
Fees and services	(271)	(254)	(1,966)	(1,236)
Rent	(139)	(141)	(807)	(847)
Office	(251)	(110)	(2,059)	(7,296)
Withdrawal liability receipts	38,608	7,172	110,754	66,300
Other	(368)	(414)	(3,022)	(1,835)
	<u>35,719</u>	<u>4,594</u>	<u>91,515</u>	<u>43,824</u>
Net from operations	53,225	8,728	(1,033,185)	(1,090,966)
Investments:				
Net sales(purchases)	(80,028)	(39,383)	867,322	948,423
Interest and dividends	43,810	30,250	204,031	163,759
Management fees	(5,668)	(1,920)	(25,375)	(23,073)
Investments, net	<u>(41,886)</u>	<u>(11,053)</u>	<u>1,045,978</u>	<u>1,089,109</u>
Change in cash	11,339	(2,325)	12,793	(1,857)
Cash:				
Beginning of period	<u>2,774</u>	<u>2,880</u>	<u>1,320</u>	<u>2,412</u>
End of period	<u>\$ 14,113</u>	<u>555</u>	<u>14,113</u>	<u>555</u>
Note(s):				
(1) Includes change in overdraft:	\$ (500)	(186)	503	576
(2) Includes timing for EFT funding:	\$ 197,139	195,772	0	0

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

	Years Ended			
	2013	2012	2011	2010
Operations:				
Contributions	\$ 572,902	568,834	548,181	525,899
Benefits paid, net (1)	(2,822,571)	(2,823,666)	(2,826,482)	(2,806,913)
	<u>(2,249,669)</u>	<u>(2,254,832)</u>	<u>(2,278,301)</u>	<u>(2,281,014)</u>
Payroll	(15,941)	(15,364)	(15,693)	(15,728)
Employee benefits	(7,532)	(7,113)	(7,358)	(7,417)
Fees and services	(2,726)	(2,341)	(2,285)	(3,285)
Rent	(1,717)	(1,658)	(1,437) (2)	(1,481) (3)
Office	(8,850)	(7,659)	(7,917)	(7,306)
Withdrawal liability receipts	234,417	217,745	171,303	85,307
Other	(1,084)	1,394	(1,409)	(697)
	<u>196,567</u>	<u>185,004</u>	<u>135,204</u>	<u>49,393</u>
Net from operations	<u>(2,053,102)</u>	<u>(2,069,828)</u>	<u>(2,143,097)</u>	<u>(2,231,621)</u>
Investments:				
Net sales(purchases)	1,760,498	1,731,937	1,814,358	1,873,869
Interest and dividends	337,794	380,470	382,884	412,939
Management fees	(46,282)	(44,704)	(49,908)	(63,844)
Investments, net	<u>2,052,010</u>	<u>2,067,703</u>	<u>2,147,334</u>	<u>2,222,964</u>
Change in cash	(1,092)	(2,125)	4,237	(8,657)
Cash:				
Beginning of period	<u>2,412</u>	<u>4,537</u>	<u>300</u>	<u>8,957</u>
End of period	<u>\$ 1,320</u>	<u>2,412</u>	<u>4,537</u>	<u>300</u>

Note(s):

(1) Includes change in overdraft:	\$ (62)	(84)	113	22
(2) Includes rent abatement of \$248.				
(3) Includes unused building improvement allowance of \$229.				

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Central States Pension Fund

Full Time Equivalents vs. Retirees
June 2008 Through May 2014

