

CENTRAL STATES PENSION FUND
FINANCIAL AND ANALYTICAL INFORMATION
JUNE 30, 2015

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**PENSION FUND
FINANCIAL REPORT**
June 30, 2015 and the Six Months Then Ended
Dollars in Thousands

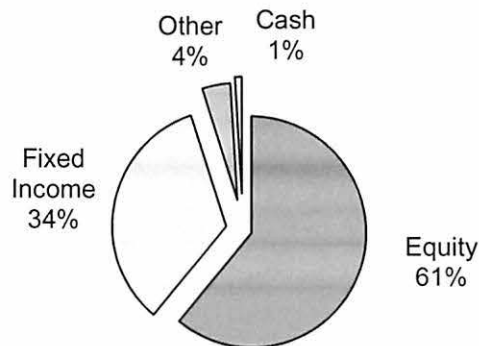
1. Net assets were \$17,330,922 at June 30, 2015, compared to \$17,863,106 at December 31, 2014, a decrease of \$532,184 compared to a decrease of \$5,371 for the same period last year.

The \$526,813 difference is due to \$672,856 less net investment income offset by \$146,043 less net operating loss.

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

As of:	Actives	Retirees
May 2015	60,735	206,418
December 2014	60,429	208,047
Five-month average:		
May 2015	59,529	207,284
May 2014	60,235	209,345
% decrease	(1.17)%	(0.98)%

3. For the six months ended June 2015, the Fund's net asset decrease from operations (before investment income) was \$876,543 compared to a decrease of \$1,022,586 for the same period in 2014, or a \$146,043 favorable change:
- \$149,387 more contributions, primarily recognition of withdrawal liability previously classified as potentially refundable,
 - \$4,036 less benefits and
 - (\$7,380) more general and administrative expenses.
4. During the six months ended June 2015 and 2014, the Fund withdrew \$1,012,615 and \$1,045,785 respectively, from investment assets to fund the cash operating deficit.
5. Investment asset allocation as of June 30, 2015:



Central States, Southeast and Southwest Areas Pension Fund
Executive Summary of Financial Position
June 30, 2015
(Dollar amounts in thousands)

	June 30, 2015	December 31, 2014	Change in Net Assets	
			Dollars	Percentage
Investments				
Cash equivalents	\$ 589,611	652,095	(62,484)	(0.4)
Fixed income	5,157,450	5,292,888	(135,438)	(0.8)
Equity	10,736,071	11,179,145	(443,074)	(2.5)
Other	749,788	808,375	(58,587)	(0.3)
Total investments	<u>17,232,920</u>	<u>17,932,503</u>	<u>(699,583)</u>	<u>(4.0)</u>
Investment related assets	2,411,522	2,559,951	(148,429)	(0.8)
Employer contributions receivable, net	79,415	84,074	(4,659)	-
Other assets	<u>9,806</u>	<u>7,775</u>	<u>2,031</u>	<u>-</u>
Total assets	<u>19,733,663</u>	<u>20,584,303</u>	<u>(850,640)</u>	<u>(4.8)</u>
Investment related liabilities	2,336,750	2,512,321	175,571	1.0
Other liabilities (1)	<u>65,991</u>	<u>208,876</u>	<u>142,885</u>	<u>0.8</u>
Total liabilities	<u>2,402,741</u>	<u>2,721,197</u>	<u>318,456</u>	<u>1.8</u>
NET ASSETS	\$ <u>17,330,922</u>	<u>17,863,106</u>	<u>(532,184)</u>	<u>(3.0)</u>

Note(s):

(1) Recognition of withdrawal liability previously
classified as potentially refundable - \$197 million (including interest).

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Central States, Southeast and Southwest Areas Pension Fund
 Executive Summary of Financial Operations
 June 30, 2015
 (Tabular dollar amounts in thousands)

	Year-to-Date		Change from Prior Year	
	2015	2014	Dollars	Percentage
<u>INCOME & EXPENSES</u>				
Contributions (includes W/L)	\$ 555,976	406,589	149,387 (1)	36.7
Benefits	1,406,943	1,410,979	4,036	0.3
General and administrative expenses	<u>25,576</u>	<u>18,196</u>	<u>(7,380)</u>	(40.6)
Change in net assets before net investment income(loss)	(876,543)	(1,022,586)	146,043	N/A
Net investment income(loss)	<u>344,359</u>	<u>1,017,215</u>	<u>(672,856)</u>	N/A
Change in net assets	<u>\$ (532,184)</u>	<u>(5,371)</u>	<u>(526,813)</u>	N/A
<u>OPERATING STATISTICS</u>				
Benefits to contributions	253.1 %	347.0 %		
General and administrative expenses to:				
Contributions	4.6 %	4.5 %		
Benefits	1.8 %	1.3 %		
Five-month average FTEs	59,529	60,235		
Contributions per average FTE	\$ 9,340	6,750		
Benefits per average FTE	\$ 23,635	23,425		
Pensioners and beneficiaries - current month	206,338	208,762		
Current month average benefit per pensioner and beneficiary	\$ 1,134	1,123		

Note(s):

(1) Primarily recognition of withdrawal liability previously classified as potentially refundable.

Central States, Southeast and Southwest Areas Pension Fund
 Executive Summary of Current and Projected Operations
 June 30, 2015
 (Dollar amounts in thousands)

	Actual through June 2015	Projection		Year Ending December 2015
		July 2015	Remainder of 2015	
Contributions (includes W/L)	\$ 555,976	126,600	308,224	990,800
Benefits	1,406,943	234,200	1,171,257	2,812,400
General and administrative expenses	<u>25,576</u>	<u>3,900</u>	<u>19,624</u>	<u>49,100</u>
Change in net assets before net investment income(loss)	<u>\$ (876,543)</u>	<u>(111,500)</u>	<u>(882,657)</u>	<u>(1,870,700)</u>

Assumptions Used in 2015 Projections

Contributions - No change in plan mix and \$399.3 million in estimated withdrawal liability income.

Benefits - Level benefits.

General and administrative expenses - Actual PBGC and actual expenses to date plus 2% increase over other 2014 expenses adjusted for increased headcount and MPRA expenses.

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

	<u>June 30,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>	<u>2013</u>
ASSETS			
Investments:			
Cash equivalents	\$ 589,611	652,095	503,084
Fixed income	5,157,450	5,292,888	5,067,648
Equity	10,736,071	11,179,145	12,412,410
Other, primarily real estate related	749,788	808,375	834,714
Total investments	<u>17,232,920</u>	<u>17,932,503</u>	<u>18,817,856</u>
Receivables:			
Employer contributions, less allowance for uncollectible contributions (1)	79,415	84,074	82,385
Interest and dividends	66,687	62,986	55,082
Other, primarily for securities sold	363,314	354,774	412,160
Total receivables	<u>509,416</u>	<u>501,834</u>	<u>549,627</u>
Cash	1,542	1,295	1,320
Assets held in securities lending program	1,981,521	2,142,191	1,835,379
Other, primarily furniture and equipment - net	8,264	6,480	2,876
Total assets	<u>19,733,663</u>	<u>20,584,303</u>	<u>21,207,058</u>
LIABILITIES			
Liability to return collateral held under securities lending agreements	1,981,521	2,142,191	1,835,379
Payable for securities purchased	345,801	357,263	439,737
Accounts payable and accrued expenses (2)	69,324	67,532	64,601
Deferred withdrawal liability receipts (3)	6,095	154,211	126,582
Total liabilities	<u>2,402,741</u>	<u>2,721,197</u>	<u>2,466,299</u>
NET ASSETS	<u>\$ 17,330,922</u>	<u>17,863,106</u>	<u>18,740,759</u>
Note(s):			
(1) Allowance for uncollectible contributions:	\$ 73,958	73,876	71,930
Reserve for YRC included in above allowance:	\$ 60,060	60,060	60,593
(2) Includes a liability for 401(h) plan assets:	\$ 49,176	48,058	44,545
(3) Recognition of withdrawal liability previously classified as potentially refundable (including interest):	\$ 197,288	0	0

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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	
	2015	2014	2015	2014
Revenue:				
Contributions	\$ 47,749	46,423	290,988	284,308
Withdrawal liability	214,932 (1)	37,551	264,988 (1)	122,281 (2)
Total revenue	<u>262,681</u>	<u>83,974</u>	<u>555,976</u>	<u>406,589</u>
Benefits and expenses:				
Benefits to participants	234,765	235,045	1,406,943	1,410,979
General and administrative expenses	4,561	3,091	25,576	18,196
Total benefits and expenses	<u>239,326</u>	<u>238,136</u>	<u>1,432,519</u>	<u>1,429,175</u>
Change in net assets before net investment income(loss)	23,355	(154,162)	(876,543)	(1,022,586)
Investment income(loss):				
Interest, dividends and other	47,636	40,146	197,617	203,195
Realized and unrealized gain(loss) on investments, net	(333,000)	263,761	169,204	837,681
Investment expenses	(3,450)	(4,031)	(22,462)	(23,661)
Net investment income(loss)	<u>(288,814)</u>	<u>299,876</u>	<u>344,359</u>	<u>1,017,215</u>
Change in net assets	(265,459)	145,714	(532,184)	(5,371)
NET ASSETS:				
Beginning of period	<u>17,596,381</u>	<u>18,589,674</u>	<u>17,863,106</u>	<u>18,740,759</u>
End of period	<u>\$ 17,330,922</u>	<u>18,735,388</u>	<u>17,330,922</u>	<u>18,735,388</u>

Note(s):

(1) Recognition of withdrawal liability previously classified as potentially refundable - \$184 million.

(2) 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			
	2014	2013	2012	2011
Revenue:				
Contributions	\$ 582,359	571,104	568,878	545,533
Withdrawal liability	232,836	153,928	188,828	173,227
Total revenue	<u>815,195</u>	<u>725,032</u>	<u>757,706</u>	<u>718,760</u>
Benefits and expenses:				
Benefits to participants	2,822,248	2,822,508	2,823,581	2,826,596
General and administrative expenses	38,078	36,799	34,498	35,038
Total benefits and expenses	<u>2,860,326</u>	<u>2,859,307</u>	<u>2,858,079</u>	<u>2,861,634</u>
Change in net assets before net investment income(loss)	(2,045,131)	(2,134,275)	(2,100,373)	(2,142,874)
Investment income(loss):				
Interest, dividends and other	370,170	348,708	379,051	388,829
Realized and unrealized gain(loss) on investments, net	843,954	2,807,635	1,881,196	(393,546)
Investment expenses	(46,646)	(46,568)	(44,490)	(46,493)
Net investment income(loss)	<u>1,167,478</u>	<u>3,109,775</u>	<u>2,215,757</u>	<u>(51,210)</u>
Change in net assets	(877,653)	975,500	115,384	(2,194,084)
NET ASSETS:				
Beginning of period	<u>18,740,759</u>	<u>17,765,259</u>	<u>17,649,875</u>	<u>19,843,959</u>
End of period	<u>\$ 17,863,106</u>	<u>18,740,759</u>	<u>17,765,259</u>	<u>17,649,875</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	
	2015	2014	2015	2014
Operations:				
Contributions	\$ 55,384	55,911	289,674	285,775
Benefits paid, net (1)(2)	(234,711)	(38,405)	(1,406,124)	(1,410,475)
	(179,327)	17,506	(1,116,450)	(1,124,700)
Payroll	(1,304)	(1,147)	(8,395)	(7,708)
Employee benefits	(764)	(713)	(3,837)	(3,677)
Fees, services and software	(697)	(271)	(3,535)	(1,966)
Rent	(153)	(139)	(880)	(807)
Office	(684)	(251)	(3,190)	(2,059)
Withdrawal liability receipts	34,798	38,608	125,979	110,754
Other	(1,601)	(368)	(2,350)	(3,022)
	29,595	35,719	103,792	91,515
Net from operations	(149,732)	53,225	(1,012,658)	(1,033,185)
Investments:				
Net sales(purchases)	129,973	(80,028)	853,921	867,322
Interest and dividends	31,680	43,810	184,878	204,031
Management fees	(11,044)	(5,668)	(25,894)	(25,375)
Investments, net	150,609	(41,886)	1,012,905	1,045,978
Change in cash	877	11,339	247	12,793
Cash:				
Beginning of period	665	2,774	1,295	1,320
End of period	\$ 1,542	14,113	1,542	14,113
<u>Note(s):</u>				
(1) Includes change in overdraft:	\$ 54	(500)	818	503
(2) Includes timing for EFT funding:	\$ 0	197,139	0	0

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

	Years Ended			
	2014	2013	2012	2011
Operations:				
Contributions	\$ 580,516	572,902	568,834	548,181
Benefits paid, net (1)	(2,822,084)	(2,822,571)	(2,823,666)	(2,826,482)
	<u>(2,241,568)</u>	<u>(2,249,669)</u>	<u>(2,254,832)</u>	<u>(2,278,301)</u>
Payroll	(16,145)	(15,941)	(15,364)	(15,693)
Employee benefits	(7,456)	(7,532)	(7,113)	(7,358)
Fees, services and software	(4,102)	(2,726)	(2,341)	(2,285)
Rent	(1,663)	(1,717)	(1,658)	(1,437) (2)
Office	(8,358)	(8,850)	(7,659)	(7,917)
Withdrawal liability receipts	255,800	234,417	217,745	171,303
Other	(5,523)	(1,084)	1,394	(1,409)
	<u>212,553</u>	<u>196,567</u>	<u>185,004</u>	<u>135,204</u>
Net from operations	(2,029,015)	(2,053,102)	(2,069,828)	(2,143,097)
Investments:				
Net sales(purchases)	1,707,729	1,760,498	1,731,937	1,814,358
Interest and dividends	367,079	337,794	380,470	382,884
Management fees	(45,818)	(46,282)	(44,704)	(49,908)
Investments, net	<u>2,028,990</u>	<u>2,052,010</u>	<u>2,067,703</u>	<u>2,147,334</u>
Change in cash	(25)	(1,092)	(2,125)	4,237
Cash:				
Beginning of period	<u>1,320</u>	<u>2,412</u>	<u>4,537</u>	<u>300</u>
End of period	<u>\$ 1,295</u>	<u>1,320</u>	<u>2,412</u>	<u>4,537</u>
Note(s):				
(1) Includes change in overdraft:	\$ 163	(62)	(84)	113
(2) Includes rent abatement of \$248.				

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Central States Pension Fund

Full Time Equivalents vs. Retirees
June 2009 Through May 2015

