

CENTRAL STATES PENSION FUND
FINANCIAL AND ANALYTICAL INFORMATION
DECEMBER 31, 2015

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**PENSION FUND
FINANCIAL REPORT**
December 31, 2015 and the Twelve Months Then Ended
Does Not Include Final Year End Adjustments
Dollars in Thousands

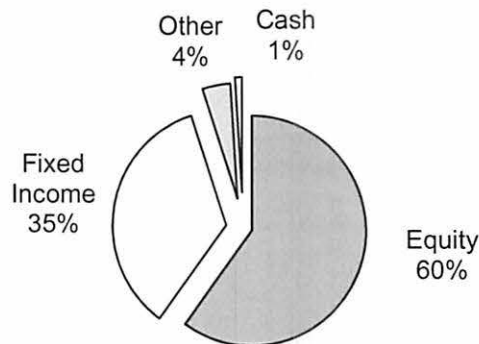
1. Net assets were \$16,123,719 at December 31, 2015, compared to \$17,863,106 at December 31, 2014, a decrease of \$1,739,387 compared to a decrease of \$877,653 for the same period last year.

The \$861,734 difference is due to \$1,311,980 less net investment income offset by \$450,246 less net operating loss.

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

	Actives	Retirees
As of:		
November 2015	59,959	205,547
December 2014	60,427	208,047
Eleven-month average:		
November 2015	60,209	206,579
November 2014	61,282	208,941
% decrease	(1.75)%	(1.13)%

3. For the twelve months ended December 2015, the Fund's net asset decrease from operations (before investment income) was \$1,594,885 compared to a decrease of \$2,045,131 for the same period in 2014, or a \$450,246 favorable change:
- \$456,233 more contributions, primarily increase in withdrawal liability receipts and recognition of withdrawal liability previously classified as potentially refundable,
 - \$7,910 less benefits and
 - (\$13,897) more general and administrative expenses.
4. During the twelve months ended December 2015 and 2014, the Fund withdrew \$1,718,259 and \$2,028,398 respectively, from investment assets to fund the cash operating deficit.
5. Investment asset allocation as of December 31, 2015:



Central States, Southeast and Southwest Areas Pension Fund
Executive Summary of Financial Position
December 31, 2015
(Dollar amounts in thousands)

	December 31, 2015 (1)	December 31, 2014	Change in Net Assets	
			Dollars	Percentage
Investments				
Cash equivalents	\$ 620,846	652,095	(31,249)	(0.2)
Fixed income	4,687,865	5,292,888	(605,023)	(3.4)
Equity	10,054,750	11,179,145	(1,124,395)	(6.3)
Other	688,239	808,375	(120,136)	(0.6)
Total investments	<u>16,051,700</u>	<u>17,932,503</u>	<u>(1,880,803)</u>	<u>(10.5)</u>
Investment related assets	2,300,069	2,559,951	(259,882)	(1.4)
Employer contributions receivable, net	69,121	84,074	(14,953)	(0.1)
Other assets	<u>9,602</u>	<u>7,775</u>	<u>1,827</u>	<u>-</u>
Total assets	<u>18,430,492</u>	<u>20,584,303</u>	<u>(2,153,811)</u>	<u>(12.0)</u>
Investment related liabilities	2,244,178	2,512,321	268,143	1.5
Other liabilities	<u>62,595</u>	<u>208,876</u>	<u>146,281</u>	<u>0.8</u>
Total liabilities	<u>2,306,773</u>	<u>2,721,197</u>	<u>414,424</u>	<u>2.3</u>
NET ASSETS	<u>\$ 16,123,719</u>	<u>17,863,106</u>	<u>(1,739,387)</u>	<u>(9.7)</u>

Note(s):

(1) Does not include final year end adjustments.

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Central States, Southeast and Southwest Areas Pension Fund
Executive Summary of Financial Operations
December 31, 2015
(Tabular dollar amounts in thousands)

	Year-to-Date		Change from Prior Year	
	2015	(1) 2014	Dollars	Percentage
<u>INCOME & EXPENSES</u>				
Contributions (includes W/L)	\$ 1,271,428	815,195	456,233 (2)	56.0
Benefits	2,814,338	2,822,248	7,910	0.3
General and administrative expenses	<u>51,975</u>	<u>38,078</u>	<u>(13,897)</u>	(36.5)
Change in net assets before net investment income(loss)	(1,594,885)	(2,045,131)	450,246	N/A
Net investment income(loss)	<u>(144,502)</u>	<u>1,167,478</u>	<u>(1,311,980)</u>	N/A
Change in net assets	<u>\$ (1,739,387)</u>	<u>(877,653)</u>	<u>(861,734)</u>	N/A
<u>OPERATING STATISTICS</u>				
Benefits to contributions	221.4 %	346.2 %		
General and administrative expenses to:				
Contributions	4.1 %	4.7 %		
Benefits	1.8 %	1.3 %		
Eleven-month average FTEs	60,209	61,282		
Contributions per average FTE	\$ 21,117	13,302		
Benefits per average FTE	\$ 46,743	46,053		
Pensioners and beneficiaries - current month	205,502	208,047		
Current month average benefit per pensioner and beneficiary	\$ 1,138	1,127		

Note(s):

- (1) Does not include final year end adjustments.
(2) Increase in withdrawal liability receipts and recognition of withdrawal liability previously classified as potentially refundable.

Central States, Southeast and Southwest Areas Pension Fund
 Executive Summary of Current and Projected Operations
 For Year Ending December 31, 2016
 (Dollar amounts in thousands)

	Projection		
	January 2016	Remainder of 2016	Year Ending December 2016
Contributions (includes W/L)	\$ 64,500	614,200	678,700
Benefits	234,300	2,573,600	2,807,900
General and administrative expenses	<u>4,400</u>	<u>48,600</u>	<u>53,000</u>
Change in net assets before net investment income(loss)	<u>\$ (174,200)</u>	<u>(2,008,000)</u>	<u>(2,182,200)</u>

Assumptions Used in 2016 Projections

Contributions - No change in plan mix and \$83.6 million in estimated withdrawal liability income.

Benefits - Level benefits.

General and administrative expenses - 2% increase over 2015.

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

	<u>December 31,</u> 2015	<u>(1)</u>	<u>December 31,</u> 2014	<u>2013</u>
ASSETS				
Investments:				
Cash equivalents	\$	620,846	652,095	503,084
Fixed income		4,687,865	5,292,888	5,067,648
Equity		10,054,750	11,179,145	12,412,410
Other, primarily real estate related		688,239	808,375	834,714
Total investments		<u>16,051,700</u>	<u>17,932,503</u>	<u>18,817,856</u>
Receivables:				
Employer contributions, less allowance for uncollectible contributions (2)		69,121	84,074	82,385
Interest and dividends		57,278	62,986	55,082
Other, primarily for securities sold		360,708	354,774	412,160
Total receivables		<u>487,107</u>	<u>501,834</u>	<u>549,627</u>
Cash		1,518	1,295	1,320
Assets held in securities lending program		1,882,083	2,142,191	1,835,379
Other, primarily furniture and equipment - net		8,084	6,480	2,876
Total assets		<u>18,430,492</u>	<u>20,584,303</u>	<u>21,207,058</u>
LIABILITIES				
Liability to return collateral held under securities lending agreements		1,882,083	2,142,191	1,835,379
Payable for securities purchased		350,687	357,263	439,737
Accounts payable and accrued expenses (3)		68,366	67,532	64,601
Deferred withdrawal liability receipts		5,637	154,211	126,582
Total liabilities		<u>2,306,773</u>	<u>2,721,197</u>	<u>2,466,299</u>
NET ASSETS	\$	<u>16,123,719</u>	<u>17,863,106</u>	<u>18,740,759</u>

Note(s):

(1) Does not include final year end adjustments.

(2) Allowance for uncollectible contributions:
Reserve for YRC included in above allowance:

(3) Includes a liability for 401(h) plan assets:

	\$	73,913	73,876	71,930
	\$	60,060	60,060	60,593
	\$	48,345	48,058	44,545

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

	December		Twelve Months Ended December			
	2015	(1)	2014	2015	(1)	2014
Revenue:						
Contributions	\$ 34,976		43,776	583,655		582,359
Withdrawal liability	267,834	(2)	11,158	687,773	(2)	232,836
Total revenue	302,810		54,934	1,271,428		815,195
Benefits and expenses:						
Benefits to participants	234,235		234,948	2,814,338		2,822,248
General and administrative expenses	4,900		3,814	51,975		38,078
Total benefits and expenses	239,135		238,762	2,866,313		2,860,326
Change in net assets before net investment income(loss)	63,675		(183,828)	(1,594,885)		(2,045,131)
Investment income(loss):						
Interest, dividends and other	30,837		32,140	368,130		370,170
Realized and unrealized gain(loss) on investments, net	(276,783)		(161,851)	(470,066)		843,954
Investment expenses	(3,131)		(3,456)	(42,566)		(46,646)
Net investment income(loss)	(249,077)		(133,167)	(144,502)		1,167,478
Change in net assets	(185,402)		(316,995)	(1,739,387)		(877,653)
NET ASSETS:						
Beginning of period	16,309,121		18,180,101	17,863,106		18,740,759
End of period	\$ 16,123,719		17,863,106	16,123,719		17,863,106

Note(s):

(1) Does not include final year end adjustments.

(2) Includes \$138.8 million from Republic Services Inc. and \$97.1 million from USF Holding Corp.

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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)

	December		Twelve Months Ended December			
	2015	(1)	2014	2015	(1)	2014
Operations:						
Contributions	\$ 49,172		54,412	598,052		580,516
Benefits paid, net (2)	(234,552)		(235,342)	(2,814,126)		(2,822,084)
	<u>(185,380)</u>		<u>(180,930)</u>	<u>(2,216,074)</u>		<u>(2,241,568)</u>
Payroll	(2,064)		(1,692)	(17,741)		(16,145)
Employee benefits	(666)		(756)	(7,816)		(7,456)
Fees, services and software	(792)		(697)	(7,689)		(4,102)
Rent	(141)		(140)	(1,730)		(1,663)
Office (3)	(300)		(292)	(15,380)		(8,358)
Withdrawal liability receipts	264,188	(4)	20,803	548,565	(4)	255,800
Other	(3,200)		(810)	(975)		(5,523)
	<u>257,025</u>		<u>16,416</u>	<u>497,234</u>		<u>212,553</u>
Net from operations	71,645		(164,514)	(1,718,840)		(2,029,015)
Investments:						
Net sales(purchases)	(97,585)		138,419	1,398,511		1,707,729
Interest and dividends	28,846		28,593	364,574		367,079
Management fees	(3,347)		(2,761)	(44,022)		(45,818)
Investments, net	<u>(72,086)</u>		<u>164,251</u>	<u>1,719,063</u>		<u>2,028,990</u>
Change in cash	(441)		(263)	223		(25)
Cash:						
Beginning of period	<u>1,959</u>		<u>1,558</u>	<u>1,295</u>		<u>1,320</u>
End of period	<u>\$ 1,518</u>		<u>1,295</u>	<u>1,518</u>		<u>1,295</u>

Note(s):

(1) Does not include final year end adjustments.

(2) Includes change in overdraft: \$ (318) (394) 210 163

(3) PBGC payment: \$ 0 0 (10,335) (4,820)

(4) Includes \$138.8 million from Republic Services Inc. and \$97.1 million from USF Holding Corp.

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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)	<u>(2,822,084)</u>	<u>(2,822,571)</u>	<u>(2,823,666)</u>	<u>(2,826,482)</u>
	<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	<u>(5,523)</u>	<u>(1,084)</u>	<u>1,394</u>	<u>(1,409)</u>
	<u>212,553</u>	<u>196,567</u>	<u>185,004</u>	<u>135,204</u>
Net from operations	<u>(2,029,015)</u>	<u>(2,053,102)</u>	<u>(2,069,828)</u>	<u>(2,143,097)</u>
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	<u>(45,818)</u>	<u>(46,282)</u>	<u>(44,704)</u>	<u>(49,908)</u>
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):

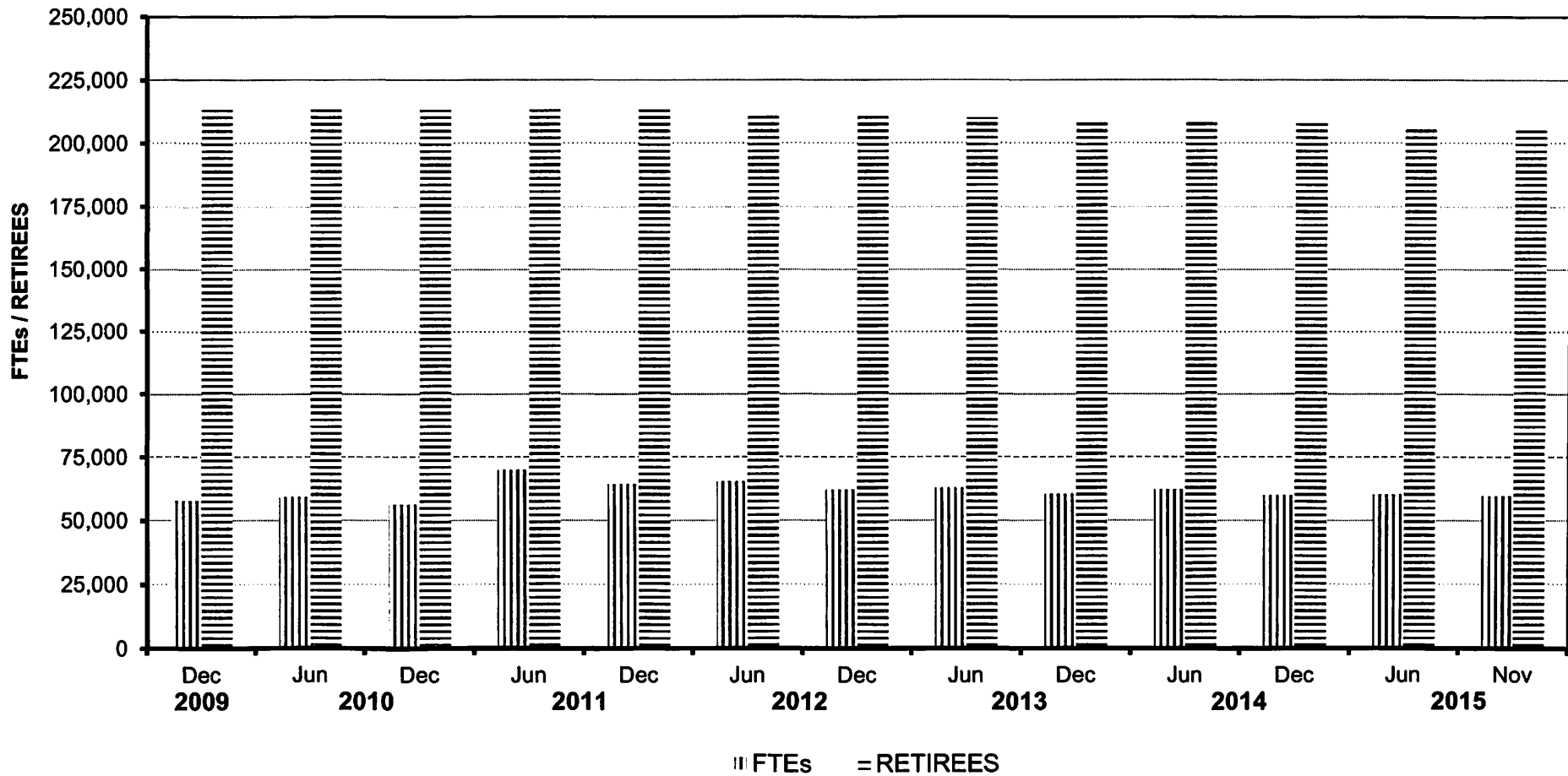
- (1) Includes change in overdraft:
(2) Includes rent abatement of \$248.

\$	163	(62)	(84)	113
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Central States Pension Fund

Full Time Equivalents vs. Retirees
December 2009 Through November 2015



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