

CENTRAL STATES PENSION FUND  
FINANCIAL AND ANALYTICAL INFORMATION  
MARCH 31, 2020

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**PENSION FUND  
FINANCIAL REPORT**  
**March 31, 2020 and the Three Months Then Ended**  
Dollars in Thousands

- Net assets were \$11,752,136 at March 31, 2020, compared to \$12,309,907 at December 31, 2019, a decrease of \$557,771 compared to an increase of \$76,614 for the same period last year.

The \$634,385 difference is due to \$619,979 less net investment income combined with \$14,406 more net operating loss.

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

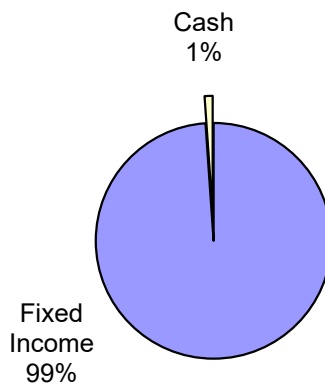
	Actives	Retirees
As of:		
February 2020	46,985	198,087
December 2019	48,319	198,513
Two-months average:		
February 2020	47,574	198,366
February 2019	52,025	200,381
% decrease	(8.56)%	(1.01)%

- For the three months ended March 2020, the Fund's net operating loss was \$564,432 compared to a loss of \$550,026 for the same period in 2019, or a \$14,406 unfavorable change:

- (\$13,038) less contributions,
- (\$2,291) more benefits and
- \$923 less general and administrative expenses.

- During the three months ended March 2020 and 2019, the Fund withdrew \$558,131 and \$548,158 respectively, from investment assets to fund the cash operating deficits.

- Investment asset allocation as of March 31, 2020:



Central States, Southeast and Southwest Areas Pension Fund  
Executive Summary of Financial Position  
March 31, 2020  
(Dollar amounts in thousands)

	March 31, 2020	December 31, 2019	Change in Net Assets	
			Dollars	Percentage
Investments:				
Cash equivalents	\$ 540,585	189,913	350,672	2.8
Fixed income	11,265,837	10,345,350	920,487	7.5
Equity	5,087	1,414,435	(1,409,348)	(11.4)
Other	550	97,535	(96,985)	(0.8)
Total investments	<u>11,812,059</u>	<u>12,047,233</u>	<u>(235,174)</u>	<u>(1.9)</u>
Investment related assets	3,441,212	2,440,536	1,000,676	8.1
Employer contributions receivable, net	66,548	63,404	3,144	-
Other assets	<u>4,888</u>	<u>4,976</u>	<u>(88)</u>	<u>-</u>
Total assets	<u>15,324,707</u>	<u>14,556,149</u>	<u>768,558</u>	<u>6.2</u>
Investment related liabilities	3,479,942	2,162,154	(1,317,788)	(10.7)
Other liabilities	<u>92,629</u>	<u>84,088</u>	<u>(8,541)</u>	<u>-</u>
Total liabilities	<u>3,572,571</u>	<u>2,246,242</u>	<u>(1,326,329)</u>	<u>(10.7)</u>
<b>NET ASSETS</b>	<u>\$ <u>11,752,136</u></u>	<u>12,309,907</u>	<u>(557,771)</u>	<u>(4.5)</u>

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Central States, Southeast and Southwest Areas Pension Fund  
 Executive Summary of Financial Operations  
 March 31, 2020  
 (Tabular dollar amounts in thousands)

	Year-to-Date		Change from Prior Year	
	2020	2019	Dollars	Percentage
<b><u>INCOME &amp; EXPENSES</u></b>				
Contributions (includes W/L)	\$ 156,192	169,230	(13,038)	(7.7)
Benefits	710,785	708,494	(2,291)	(0.3)
General and administrative expenses	<u>9,839</u>	<u>10,762</u>	<u>923</u>	8.6
Operating gain(loss)	(564,432)	(550,026)	(14,406)	N/A
Net investment income(loss)	<u>6,661</u>	<u>626,640</u>	<u>(619,979)</u>	N/A
Change in net assets	<u><u>\$ (557,771)</u></u>	<u><u>76,614</u></u>	<u><u>(634,385)</u></u>	N/A
<b><u>OPERATING STATISTICS</u></b>				
Benefits to contributions	455.1 %	418.7 %		
General and administrative expenses to:				
Contributions	6.3 %	6.4 %		
Benefits	1.4 %	1.5 %		
Two-month average FTEs	47,574	52,025		
Contributions per average FTE	\$ 3,283	3,253		
Benefits per average FTE	\$ 14,941	13,618		
Pensioners and beneficiaries - current month	198,072	199,700		
Current month average benefit per pensioner and beneficiary	\$ 1,189	1,177		

Central States, Southeast and Southwest Areas Pension Fund  
 Executive Summary of Current and Projected Operations  
 March 31, 2020  
 (Dollar amounts in thousands)

	Actual through March 2020	Projection		
		April 2020	Remainder of 2020	Year Ending December 2020
Contributions (includes W/L)	\$ 156,192	64,900	428,908	650,000
Benefits	710,785	237,000	1,897,915	2,845,700
General and administrative expenses	<u>9,839</u>	<u>3,800</u>	<u>30,161</u>	<u>43,800</u>
Operating gain(loss)	<u>\$ (564,432)</u>	<u>(175,900)</u>	<u>(1,499,168)</u>	<u>(2,239,500)</u>

Assumptions Used in 2020 Projections

Contributions - No change in plan mix and \$103.3 million in estimated withdrawal liability income.

Benefits - Level benefits.

General and administrative expenses - Actual expenses to date plus 2% increase over 2019 expenses for remaining months.

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

	March 31, 2020	December 31, 2019	December 31, 2018
<b>ASSETS</b>			
Investments:			
Cash equivalents	\$ 540,585	189,913	273,974
Fixed income	11,265,837	10,345,350	9,243,651
Equity	5,087	1,414,435	3,260,515
Other	550	97,535	136,004
Total investments	11,812,059	12,047,233	12,914,144
Receivables:			
Employer contributions, less allowance for uncollectible contributions (1)	66,548	63,404	70,802
Interest and dividends	69,305	71,061	66,234
Other, including investment related	297,815	342,127	431,326
Total receivables	433,668	476,592	568,362
Cash	267	438	1,954
Assets held in securities lending program	3,074,334	2,027,590	2,381,248
Other, primarily fixed assets - net	4,379	4,296	3,854
Total assets	15,324,707	14,556,149	15,869,562
<b>LIABILITIES</b>			
Liability to return collateral held under securities lending agreements	3,074,334	2,027,590	2,381,248
Investment related	402,764	131,539	241,709
Accounts payable and accrued expenses (2)	79,007	73,490	73,614
Deferred withdrawal liability receipts	16,466	13,623	4,947
Total liabilities	3,572,571	2,246,242	2,701,518
<b>NET ASSETS</b>	\$ 11,752,136	12,309,907	13,168,044

Note(s):

(1) Allowance for uncollectible contributions:	\$ 59,001	58,896	58,637
Reserve for YRC included in above allowance:	\$ 35,269	35,269	36,669
(2) Includes a liability for 401(h) plan assets:	\$ 65,673	65,910	59,757

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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	
	2020	2019	2020	2019
Revenue:				
Contributions	\$ 39,746	55,095	132,047	142,823
Withdrawal liability	7,000	5,844	24,145	26,407
Total revenue	<u>46,746</u>	<u>60,939</u>	<u>156,192</u>	<u>169,230</u>
Benefits and expenses:				
Benefits to participants	237,522	236,244	710,785	708,494
General and administrative expenses	3,280	3,704	9,839	10,762
Total benefits and expenses	<u>240,802</u>	<u>239,948</u>	<u>720,624</u>	<u>719,256</u>
Operating gain(loss)	(194,056)	(179,009)	(564,432)	(550,026)
Investment income(loss):				
Interest, dividends and other	23,548	25,969	68,487	73,515
Realized and unrealized gain(loss) on investments, net	(213,565)	135,990	(58,703)	556,973
Investment expenses	(995)	(1,254)	(3,123)	(3,848)
Net investment income(loss)	<u>(191,012)</u>	<u>160,705</u>	<u>6,661</u>	<u>626,640</u>
Change in net assets	(385,068)	(18,304)	(557,771)	76,614
<b>NET ASSETS:</b>				
Beginning of period	<u>12,137,204</u>	<u>13,262,962</u>	<u>12,309,907</u>	<u>13,168,044</u>
End of period	<u>\$ 11,752,136</u>	<u>13,244,658</u>	<u>11,752,136</u>	<u>13,244,658</u>

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

	Years Ended			
	2019	2018	2017	2016
Revenue:				
Contributions	\$ 554,886	586,194	621,562	612,393
Withdrawal liability	186,676	556,449 (1)	187,985	162,981
Total revenue	<u>741,562</u>	<u>1,142,643</u>	<u>809,547</u>	<u>775,374</u>
Benefits and expenses:				
Benefits to participants	2,836,579	2,830,161	2,813,547	2,809,605
General and administrative expenses	44,442	44,236	46,006	47,599
Total benefits and expenses	<u>2,881,021</u>	<u>2,874,397</u>	<u>2,859,553</u>	<u>2,857,204</u>
Operating gain(loss)	(2,139,459)	(1,731,754)	(2,050,006)	(2,081,830)
Investment income(loss):				
Interest, dividends and other	301,117	312,387	294,896	336,410
Realized and unrealized gain(loss) on investments, net	994,052	(407,175)	1,525,729	927,577
Investment expenses	(13,847)	(17,066)	(26,500)	(40,832)
Net investment income(loss)	<u>1,281,322</u>	<u>(111,854)</u>	<u>1,794,125</u>	<u>1,223,155</u>
Change in net assets	(858,137)	(1,843,608)	(255,881)	(858,675)
<b>NET ASSETS:</b>				
Beginning of period	<u>13,168,044</u>	<u>15,011,652</u>	<u>15,267,533</u>	<u>16,126,208</u>
End of period	<u>\$ 12,309,907</u>	<u>13,168,044</u>	<u>15,011,652</u>	<u>15,267,533</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	
	2020	2019	2020	2019
Operations:				
Contributions	\$ 49,353	45,963	135,852	137,792
Benefits paid, net (1)(2)	(31,438)	(236,266)	(710,609)	(707,707)
	17,915	(190,303)	(574,757)	(569,915)
Payroll	(1,037)	(1,462)	(3,656)	(4,086)
Employee benefits	(657)	(597)	(1,785)	(1,838)
Fees, services and software	(425)	(296)	(834)	(925)
Rent, including equipment	(93)	(105)	(252)	(318)
Office	(165)	(216)	(679)	(796)
Withdrawal liability receipts	7,866	6,298	26,741	27,593
Other	624	(1,378)	(2,835)	600
	6,113	2,244	16,700	20,230
Net from operations	24,028	(188,059)	(558,057)	(549,685)
Investments:				
Net sales(purchases)	(43,572)	176,780	490,703	492,733
Interest and dividends	21,372	11,517	70,488	58,883
Management fees	(2,233)	(952)	(3,305)	(3,567)
Investments, net	(24,433)	187,345	557,886	548,049
Change in cash	(405)	(714)	(171)	(1,636)
<b>Cash:</b>				
Beginning of period	672	1,032	438	1,954
End of period	\$ 267	318	267	318
<u>Note(s):</u>				
(1) Includes change in overdraft:	\$ (194)	(21)	175	788
(2) Includes timing for EFT funding:	\$ 206,278	0	0	0

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

	Years Ended			
	2019	2018	2017	2016
Operations:				
Contributions	\$ 554,895	588,551	623,525	609,598
Benefits paid, net (1)	<u>(2,836,717)</u>	<u>(2,830,037)</u>	<u>(2,813,694)</u>	<u>(2,809,397)</u>
	<u>(2,281,822)</u>	<u>(2,241,486)</u>	<u>(2,190,169)</u>	<u>(2,199,799)</u>
Payroll	(15,507)	(15,297)	(16,777)	(16,401)
Employee benefits	(7,399)	(7,095)	(7,696)	(7,623)
Fees, services and software	(4,388)	(4,218)	(4,196)	(6,427)
Rent, including equipment	(1,679)	(1,237)	(1,408)	(1,380)
Office (2)	(14,420)	(14,628)	(14,063)	(14,405)
Withdrawal liability receipts	194,804	565,749 (3)	179,764	161,234
Other	44	(2,032)	(2,669)	(548)
	<u>151,455</u>	<u>521,242</u>	<u>132,955</u>	<u>114,450</u>
Net from operations	<u>(2,130,367)</u>	<u>(1,720,244)</u>	<u>(2,057,214)</u>	<u>(2,085,349)</u>
Net sales(purchases)	1,847,559	1,435,950	1,796,324	1,786,994
Interest and dividends	296,838	304,571	290,993	339,149
Management fees	<u>(15,546)</u>	<u>(20,038)</u>	<u>(28,933)</u>	<u>(41,767)</u>
Investments, net	<u>2,128,851</u>	<u>1,720,483</u>	<u>2,058,384</u>	<u>2,084,376</u>
Change in cash	(1,516)	239	1,170	(973)
<b>Cash:</b>				
Beginning of period	<u>1,954</u>	<u>1,715</u>	<u>545</u>	<u>1,518</u>
End of period	<u>\$ 438</u>	<u>1,954</u>	<u>1,715</u>	<u>545</u>

Note(s):

(1) Includes change in overdraft:	\$ (138)	1,122	(146)	207
(2) Includes PBGC payment:	\$ (11,008)	(10,835)	(10,778)	(10,555)
(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 Equivalent vs. Retirees  
 June 2014 Through February 2020

