STATE STREET CORP
Form 11-K
June 29, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)
x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015
OR
o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

STATE STREET SALARY SAVINGS PROGRAM

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

STATE STREET CORPORATION
One Lincoln Street
Boston, Massachusetts 02111

Audited Financial Statements and Supplemental Schedule
State Street Salary Savings Program
Years Ended December 31, 2015 and 2014
With Report of Independent Registered Public Accounting Firm

State Street Salary Savings Program
Audited Financial Statements and Supplemental Schedule
Years Ended December 31, 2015 and 2014

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Report of Independent Registered Public Accounting Firm

The North America Regional Benefits Committee and State Street Salary Savings Program Participants

We have audited the accompanying statements of net assets available for benefits of the State Street Salary Savings Program (the "Plan") as of December 31, 2015 and 2014, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the State Street Salary Savings Program at December 31, 2015 and 2014, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2015 has been subjected to audit procedures performed in conjunction with the audit of the State Street Salary Savings Program's financial statements. The information in the supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Ernst & Young LLP

Boston, Massachusetts
June 28, 2016

State Street Salary Savings Program
Statements of Net Assets Available for Benefits

	December 31, 2015	2014
Assets		
Investments at fair value:		
State Street Corporation ESOP Fund:		
State Street Corporation Common Stock	$189,664,445	$240,117,998
SSGA Short Term Investment Fund	5,908,584	738,472
SSGA Common and Collective Trust Funds	2,368,757,902	2,366,546,491
Self Managed Brokerage Accounts	119,313,499	108,018,416
Vanguard Prime Money Market Fund	187,769,539	188,485,652
Total investments at fair value	2,871,413,969	2,903,907,029
Notes receivable - participant loans	48,836,854	47,826,530
Receivable for investments sold	—	400,857
Interest / dividends receivable	1,013,702	927,406
Total assets at fair value	2,921,264,525	2,953,061,822
Liabilities		
Other liabilities	839,612	799,745
Net assets at fair value	2,920,424,913	2,952,262,077
Net assets available for benefits	$2,920,424,913	$2,952,262,077

See accompanying notes to financial statements.

State Street Salary Savings Program
Statements of Changes in Net Assets Available for Benefits

	Year Ended December 31, 2015	2014
Additions		
Contributions:		
Participants	$121,548,084	$108,337,037
Employer	62,721,081	60,044,533
Rollovers	15,473,763	10,411,625
Total contributions	199,742,928	178,793,195
Net appreciation (depreciation) in fair value of investments	(70,109,469)	178,424,520
Interest and dividend income	6,025,315	5,675,105
Net investment income (loss)	(64,084,154)	184,099,625
Transfer in (out)	(16,735)	6,660
Legal settlement	6,654,155	—
Other additions	6,637,420	6,660
Total additions, including net investment income	142,296,194	362,899,480
Deductions		
Benefits paid	171,979,341	185,995,454
Administrative expenses	2,154,017	1,076,926
Total deductions	174,133,358	187,072,380
Net increase (decrease)	(31,837,164)	175,827,100
Net assets available for benefits at beginning of year	2,952,262,077	2,776,434,977
Net assets available for benefits at end of year	$2,920,424,913	$2,952,262,077

See accompanying notes to financial statements.

State Street Salary Savings Program
Notes to Financial Statements
December 31, 2015

1. Description of the Plan

The description of the State Street Salary Savings Program (the Plan) is provided for general information purposes only. Employees should refer to the Summary Plan Description and Plan document for more complete information.

General

The Plan is a defined contribution plan. The Plan sponsor is State Street Corporation (Plan Sponsor or State Street). The Plan Sponsor is responsible for the general administration of the Plan. State Street Bank and Trust Company (Trustee) serves as the Trustee of the Plan. State Street Global Advisors (SSGA), a division of State Street Corporation, is the Investment Manager of the Common and Collective Trust Funds in the Plan. Vanguard is the Investment Manager for the Prime Money Market Mutual Fund. Fidelity is the participant record keeper for the Plan.

All employees of State Street and certain related companies (collectively, the Company) are immediately eligible to participate in the Plan except for the following categories of employees:

- Non-resident aliens with no U.S. source income
- Student interns and co-op employees
- Union employees
- Leased employees and independent contractors
- Employees of a non-participating affiliated company
- Employees of a participating employer who are not on the U.S. payroll

Contributions

Active participants may elect to make tax-deferred contributions and/or Roth after-tax contributions to the Plan equal to 1% to 50% of their compensation, subject to certain limitations. Participants may also contribute amounts representing rollover distributions from other qualified defined benefit or defined contribution plans.

State Street provides for matching contributions to the Plan in amounts equal to 100% of the first 5% of the employee's contributions.

Employees must have one year of service to be 100% vested in matching contributions.

All contributions to the Plan are paid to the Trustee. The Trustee holds contributions in trust exclusively for participants and their beneficiaries, invests the contributions as instructed by the participants, and makes benefit payments as they become due.

Investment Options

Participant contributions and Employer contributions are allocated to various investment fund options at the participant's direction. A wide range of investment choices, including various SSGA Common and Collective Trust Funds, a money market mutual fund, a company stock fund (ESOP) and a Self Managed Brokerage Account (SMBA) are available to participants. Limitations and restrictions apply to direct contributions to the ESOP fund and the Plan limits the amount a participant can invest in the ESOP fund to 25% of the participant's account balance.

State Street Salary Savings Program
Notes to Financial Statements
December 31, 2015

1. Description of the Plan (continued)

In the event a participant does not make an investment election, and in the event of automatic enrollment, funds are invested in the Target Retirement Date Fund (a common and collective investment fund) that corresponds to the participant's assumed target retirement year based on the participant's date of birth.

Participant Accounts

Each participant's account is credited with the participant's contributions, employer matching contributions, and related earnings. The benefit to which a participant is entitled is the value of the participant's vested account balance, including earnings.

Vesting

Participant pre-tax deferral contributions and Roth after-tax contributions are always fully vested. Matching contributions are 100% vested upon completion of one full year of employment with the Company except in the event of death, disability or retirement, in which case, Company contributions become fully vested.

Forfeitures

Upon termination of employment, participants forfeit their unvested balances. Forfeited balances of terminated participants' unvested accounts may be used to either pay Plan administrative expenses or offset future company contributions to the Plan. Unallocated forfeiture balances as of December 31, 2015 and 2014, were $14,873 and $4,326, respectively. The forfeiture balances that were used to reduce employer contribution expense or to pay Plan administrative expenses as of December 31, 2015 and 2014 were $112,088 and $570,044, respectively. Plan forfeitures are invested in the Plan's Vanguard Prime Money Market Fund until the funds are otherwise allocated.

In-Service Withdrawals

The Plan provides that in-service withdrawals are available as follows:

- Age 59-1/2 (all sources)
- Disability withdrawals (all sources)
- Rollover withdrawals (rollover account)
- Post-tax withdrawals (Pre-1987 Thrift Incentive Plan (TIP) balances)
- Hardship withdrawals (TIP, Roth post-tax - excluding earnings, rollover and employee pre-tax - excluding earnings)

Hardship withdrawals are available to satisfy an immediate and heavy financial need, provided the need cannot be satisfied with all other resources (as defined in the Plan).

Payment of Benefits

Upon retirement or other termination of employment, a participant eligible to receive a benefit may receive an immediate lump-sum distribution directly or in the form of a rollover. If the vested value of the participant's account balance is greater than $5,000, the participant may elect to defer the payment of their benefits and remain in the Plan, at which time the participant becomes non-active. If the value of the participant's account

State Street Salary Savings Program
Notes to Financial Statements
December 31, 2015

1. Description of the Plan (continued)
balance is greater than $1,000 but not more than $5,000, a distribution in the form of an automatic rollover to an IRA will be made if the participant does not provide distribution instructions within 90 days of his or her termination date. Account balances of $1,000 or less will be automatically distributed to the participant in cash (by check) if no distribution instruction is received within 90 days of the participant's termination.

Installment payments are also available to participants who are retiree eligible at the time of termination. In order to be retiree eligible, a participant must be at least age 55 with a minimum of five years of eligible service upon termination of employment. Installment periods available include monthly, quarterly, semi-annually and annually.

Participant Loans

Participants may borrow from their fund accounts a minimum of $1,000, up to a maximum equal to the lesser of one-half of the participant’s vested balance, or $50,000. Loans are secured by the balance in the participant’s account and bear interest at a rate comparable to a similar loan with a commercial institution. Repayment of principal plus interest is required within five years, unless the loan is for the purchase of a principal residence. Principal and interest are paid ratably through payroll deductions. In the event of termination of employment, participants with outstanding loans may elect to continue to repay their outstanding loan balance directly to the Trustee; such loan shall not become immediately due and payable until such time as there is an event of a default.

Plan Termination

Although it has not expressed any intent to do so, the Plan Sponsor has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). In the event of termination of the Plan, all participants will become fully vested.

Administrative Expenses

The Plan’s administrative expenses are paid by either the Plan or by State Street, according to the Plan’s provisions, and include such expenses as recordkeeping fees. Expenses relating to investment management fees are charged to the particular investment fund to which the expenses relate. All other administrative expenses not paid by the Plan are paid by State Street.

Plan Amendments and Other Investment Strategy Changes

During 2015, the following material amendments were made to the Plan:

- Effective January 1, 2016, the Plan’s automatic escalation feature cap was modified to provide for 1% increases to base pay and to cash bonuses/commissions each January 1st (with no increases occurring until there has been an initial skip year) to a total cap of 30%, such automatic escalation design to be implemented consistent with the Plan record-keeper’s auto-escalation system.
- Effective April 1, 2016 the Plan was amended to accommodate the appointment of an independent fiduciary by the North America Regional Benefits Committee to provide fiduciary oversight of the Employee Stock Ownership Plan feature.

State Street Salary Savings Program
Notes to Financial Statements
December 31, 2015

1. Description of the Plan (continued)
During 2014, the following material amendments were made to the Plan:
- Effective November 3, 2014, the definition of "Commissions" was clarified to encompass cash sales incentives, but excluding amounts subject to automatic deferral under the subject sales incentive plan.
- Effective for hardship withdrawals taken on or after November 3, 2014, elective contributions are automatically suspended for six months following approval of a hardship withdrawal.
- Effective January 1, 2015, the determination of "Highly Compensated Employee" is limited to the top 20 percent paid employees during the look-back year.

During 2014, the following additional changes occurred relative to the Plan or the Plan's investment strategies:
- The 2010 Target Date Fund merged into the SSGA Target Retirement Income Fund on March 31, 2015 consistent with the stated design of those funds, which calls for such merger five-years following the target date.

2. Significant Accounting Policies
Basis of Accounting
The accounting records of the Plan are in conformity with generally accepted accounting principles in the United States (GAAP) and are maintained on the accrual basis.
Investment Valuation and Income Recognition
Investments held by the Plan are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 4 for further discussion of fair value measurements.
Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as changes in fair value on investments held during the year.
Payment of Benefits
Benefits are recorded when paid.
Notes Receivable from Participants
Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. No allowance for credit losses has been recorded as of December 31, 2015 or 2014. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

State Street Salary Savings Program
Notes to Financial Statements
December 31, 2015

2. Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The most significant estimate in the Plan's financial statements is the estimate of fair value of the Plan's investments, which is discussed in more detail in Note 4.

Reclassification

Certain prior year amounts in the statements of net assets available for benefits have been reclassified to conform to the current year presentation.

New Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2015-07, Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent), (ASU 2015-07). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy investments for which fair values are estimated using the net asset value practical expedient provided by Accounting Standards Codification 820, Fair Value Measurement. Disclosures about investments in certain entities that calculate net asset value per share are limited under ASU 2015-07 to those investments for which the entity has elected to estimate the fair value using the net asset value practical expedient. ASU 2015-07 is effective for entities (other than public business entities) for fiscal years beginning after December 15, 2016, with retrospective application to all periods presented. Management has elected to adopt ASU 2015-07 early, as permitted. Common and collective investments are no longer categorized within the fair value hierarchy in Note 4.

In July 2015, the FASB issued Accounting Standards Update 2015-12, (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient, (ASU 2015-12). ASU 2015-12 removes the requirement that employee benefit plans measure the fair value of fully benefit-responsive investment contracts and provide the fair value disclosures. ASU 2015-12 also requires plans to disaggregate their investments measured using fair value by general type, either on the face of the financial statements or in the notes, and self-managed brokerage accounts are one general type. Plans are no longer required to disclose the net appreciation/depreciation in fair value of investments by general type of individual investments equal to or greater that 5% of net assets available for benefits. ASU 2015-12 is effective for entities (other than public business entities) for fiscal years beginning after December 15, 2015, with retrospective application to all periods presented. Management has elected to adopt Part II of ASU 2015-12 early, as permitted. Common and collective investments are now reported in aggregate within the Statements of Net Assets Available for Benefits, the net appreciation/depreciation table previously included in Note 3 has been eliminated, and self-managed brokerage investments are reported in aggregate within the fair value tables in Note 4. Part I and Part III of ASU 2015-12 were not applicable to the Plan.

3. Investments

The Plan does not engage directly in securities lending, however, the Plan's investment options include funds that participate directly in securities lending. The securities lending activities within these funds are done with/through an affiliate of State Street. The Daily Emerging Markets Index Fund and the Vanguard Prime Money Market fund are the only non-lending investment options remaining in the Plan.