

# FUNDAMENTALS

IMRF

RETIRED MEMBER EDITION

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## IMRF's Strategic Plan: Roadmap to the future

IMRF's overarching goal is to provide world-class retirement services for its members and beneficiaries. To ensure the organization accomplishes its goal, it follows a strategic planning process. Since 2005, IMRF has developed Strategic Plans for periodically reassessing the best direction to take in fulfilling its promise of world-class service to you as a retiree.

"The Strategic Plan provides the roadmap for meeting our challenges and leveraging our strengths and opportunities to provide excellent service to our annuitants, members, and employers," said Dan Duquette, Deputy Executive Director. "It provides us with the structure to ensure that we're sustainable and positioned to fulfill our promises. It tells us where we are, and where we need to go."

### Composition of the plan

IMRF's Strategic Plan identifies Key Result Areas, the main areas in which IMRF's performance will define success for the organization. For the 2017-2019 Strategic Plan, those four areas are Financial Health, Customer Engagement, Workforce Engagement, and Operational Excellence.

"If we're successful in those four areas, we're going to be

very successful in fulfilling our promises," Duquette said.

For each Key Result Area, there is a corresponding Strategic Objective. In the area of Financial Health, for example, the Strategic Objective is "To achieve and maintain a funding level that sustains the Plan."

Then, for each Strategic Objective, IMRF identifies benchmarks for achieving that objective, and specific Action Plans for meeting those benchmarks.

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**"We want to be a world-class organization that fulfills all the promises we made to our members, so we have to follow the right path."**

*—Dan Duquette, IMRF Deputy Executive Director*

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From the Executive Director:

# Charting the way forward



Louis W. Kosiba  
IMRF Executive Director

*Back in 2002, I wrote to the IMRF Board of Trustees identifying what I personally thought were nine critical issues facing IMRF—issues which needed to be addressed for IMRF to succeed in its efforts to provide you and your employer with an efficient, timely and accurate, and cost-effective pension system.*

## Developing our path

Back then, the Internet was in its infancy. IMRF had a website, but you were not able to directly conduct business through it. IMRF did not conduct succession planning/training, which developed staff to take over management positions. IMRF did not undertake strategic planning—in effect, our budget (and planned projects) for the coming year was the plan. Finally, IMRF had not selected a path to achieve world-class service levels. We knew we wanted to be world class; we just didn't know how to go about it.

Fast forward to 2017, and most of the critical issues facing IMRF have been resolved in one fashion or another. IMRF expanded its Internet capabilities—providing, among other things, for member access to real data and for employers to process most transactions with IMRF electronically (which is important when we collect data from nearly 3,000 employers/twelve times a year for 174,000+ active members). We implemented succession development organization-wide, along with individual learning plans to improve both the technical and the management skills of staff.

## Refining our strategy

In 2005, IMRF developed its first formal Strategic Plan with four goals: three concerned advocacy: for defined benefit plans, our existing independence, and a 100% funding goal. The fourth goal was to create a distinguishing IMRF “brand” or identity.

Times change, and our Strategic Plan is more focused. Today we work to ensure IMRF's financial health, to engage you as a “customer,” to engage IMRF staff to achieve top performance, and to provide world-class customer service at a reasonable cost through operational excellence.

We do this by implementing national criteria for performance excellence. It is a path known as the Baldrige Criteria for Performance Excellence. Numerous units of government have taken this approach in the past—school districts, cities, state agencies. It is an effective approach which has led and will continue to lead IMRF into improved levels of service. After all, you deserve the best. ■

## IMRF Book Club—Feedback on Book #8

# Making the space to breathe

In *The Life-Changing Magic of Tidying Up*, organizing consultant Marie Kondo takes you through her tidying journey, which began when she was a child, and ushers you into your own. Promising a clearer vision of what your life could be like, she walks readers through a few basic tidying principles and shows you how to apply them. IMRF Book Club members enthused over Kondo's tips and shared a few of the ways her advice is helping them organize and winnow down their possessions, all with an eye toward having even more appreciation for the belongings they decide to keep. ■

"I've finished *The Life-Changing Magic of Tidying Up*! Now, onto the house! Reading "Free Novelty Goods" on page 133 made me feel like Marie Kondo was in the room—if that paragraph were for a scavenger hunt, I would've won!

"[Regarding Kondo's advice about] thanking your items: When my boys were little, we would shout 'We're home!' when we walked in the house if my husband was not with us. We continued this even if there was no one waiting for us. I find myself doing it to this day. I'm now so glad I do!"

"Bought this book a few months ago and was super-impressed. Since my husband passed I sold our large house and bought a much smaller one—over 1,000 square feet smaller. It was a real struggle getting all my things situated in the place even though I sold and donated at least three quarters of our furniture and more than half of our clothes.

"When I saw this book title, I knew it must hold some answers, and it didn't fail. In my closet alone I ended up with two empty drawers and two empty shelves after organizing just tee shirts and my collection of purses! The same can be said for the linen closet, kitchen towels, and dresser drawers. I estimate Marie Kondo's methods have freed two thirds of the storage space in the bedroom alone. Now I have pictures of a visit to Amsterdam on my closet shelves instead of boxes crammed with socks and clutter."

## IMRF Book Club—Book #9

# Year of Yes

How to Dance It Out, Stand In the Sun and Be Your Own Person

by Shonda Rhimes

Feedback due date: July 19, 2017

Send your feedback to: Louis W. Kosiba, IMRF Executive Director

Email: [louiskosiba-executivedirector@imrf.org](mailto:louiskosiba-executivedirector@imrf.org)

Letter: IMRF, 2211 York Road, Suite 500, Oak Brook, IL 60523-2337

We welcome all feedback, whether by email, written letter, or as a reply on our website (click the "Retirees" tab, then "IMRF Book Club," then select the book you would like to discuss).





## Board of Trustees

# Two Trustees re-elected

*The IMRF Board of Trustees certified the results of the 2016 Board Elections at its December meeting.*

### Executive Trustee

**David Miller**, Deputy Executive Director and Treasurer for the North Shore Water Reclamation District, was re-elected to the Board as Executive Trustee by IMRF employers. Miller's new term will run from January 1, 2017, through December 31, 2021. Miller has served on the Board since 2015.

### Employee Trustee

Employee Trustee **Alex Wallace, Jr.**, a bus driver for Oswego Community Unit School District 308, was elected to the Board as Employee Trustee by IMRF

members. His new term will run from January 1, 2017, through December 31, 2020. Wallace has served on the Board since 2016.

### 2017 Board Officers

Additionally, the Board has selected its officers for 2017:

- President: Sue Stanish (Executive Trustee)
- Vice President: Natalie Copper (Employee Trustee)
- Secretary: David Miller (Executive Trustee) ■

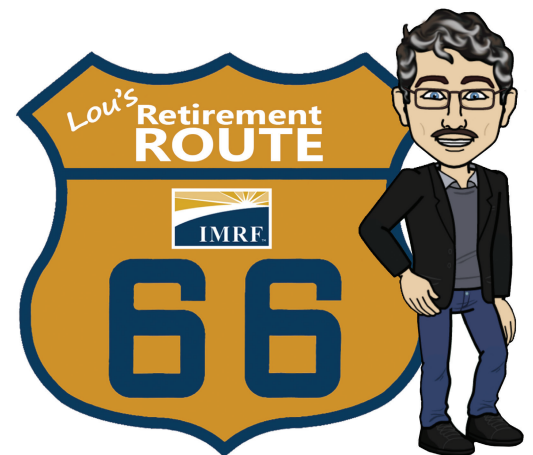


## IMRF Executive Director Louis Kosiba to retire in 2017

Louis W. Kosiba, IMRF's Executive Director since 2001, has announced his retirement at the end of this year, effective December 31, 2017. IMRF will embark on a nationwide search for his replacement over the course of 2017, with IMRF's next Executive Director to be announced before the end of the year.

"I am looking forward to my retirement at the end of 2017, but more importantly, I'm excited about working to ensure that there is a smooth transition for whomever takes my place," Kosiba said. "I will be focusing on the transition and ensuring our Journey of Excellence continues."

Stay tuned for more information in future editions of *Fundamentals*, on IMRF's Twitter and Facebook, and at [www.imrf.org](http://www.imrf.org). ■



### Lou needs you!

What tips would you offer Louis Kosiba as he prepares to retire? Send him your best retirement advice through IMRF's Twitter or Facebook ([TheIMRF](https://www.facebook.com/TheIMRF)) or by email ([ecochran@imrf.org](mailto:ecochran@imrf.org)), and we'll publish it in a future issue!

## IMRF's 75<sup>th</sup> Anniversary

# IMRF honors its employers

*Last fall, IMRF presented its first five employers with a custom shadowbox to commemorate their 75 years of participation in IMRF.*

The City of Evanston, the Village of Riverside, the City of Galesburg, the City of Rockford, and the Rockford Park District have a prominent place in IMRF's history as the first five employers to participate in IMRF.

In September and October 2016, IMRF visited each of these employers to present them with a custom shadowbox in celebration of IMRF's 75<sup>th</sup> Anniversary.

This commemorative piece of art featured a collage of items highlighting IMRF's past and future, as well as each employer's history with the Fund.

During September 2016, IMRF also held informal "Meet and Greet" receptions at its Oak Brook and Springfield locations to express appreciation for IMRF employers across the state. ■



Mayor Lance Morrissey of the City of Rockford accepts the "First Five" commemorative plaque.



Village of Riverside Trustee Michael Sedivy listens as Trustee Ellen Hamilton acknowledges receipt of IMRF's 75<sup>th</sup> Anniversary "First Five" commemorative plaque.



Alderman/Mayor Pro Tem Don Wilson of the City of Evanston (left) receives the commemorative plaque from Louis W. Kosiba, IMRF's Executive Director.



Rockford Park District Board of Commissioners President Ian K. Linnabary (left) receives recognition as one of the "First Five" from IMRF's Deputy Executive Director Dan Duquette.



City of Galesburg Mayor John Pritchard (left) receives the commemorative plaque from IMRF Executive Director Louis W. Kosiba.

2017-2019

# Strategic Objectives

## FINANCIAL HEALTH

To achieve and maintain a funding level that sustains the Plan

As measured by:

- Achieving stable/declining employer contribution rates
- Achieving top decile funding level on a market-value basis relative to a universe of public pension funds
- Achieving progress toward 100% funding
- Achieving or exceeding a 7.5% annual return over the long term (over a 5-, 10-, and 15-year basis)
- Outperforming the total portfolio benchmark (over a 3-, 5-, and 10-year basis)

## CUSTOMER ENGAGEMENT

To foster and maintain engaged members and employers

As measured by:

- Achieving 90% "Very Likely to Promote" rating on member engagement survey
- Achieving 90% "Very Likely to Promote" rating on employer engagement survey

## WORKFORCE ENGAGEMENT

To foster and maintain an engaged workforce

As measured by:

- Achieving top decile ranking on the Employee Engagement Survey
- Achieving employee turnover levels below averages as measured by CompData Surveys

## OPERATIONAL EXCELLENCE

To provide world class customer service at a reasonable cost

As measured by:

- Achieving top decile "Overall Service Score" ranking for the CEM Benchmarking Survey
- Achieving top decile "American Customer Satisfaction Index" ranking for the Cobalt Retirement Fund Benchmarking Survey
- Achieving 90% "Overall Satisfaction" ratings on member and employer "Voice of the Customer" surveys
- Achieving per-member-cost at or below the median of the CEM administrative cost measure

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## Refinements to the plan

Following the best practice of "Using the Balanced Scorecard as a Strategic Management System" (Kaplan and Norton, Harvard Business Review, 1992), IMRF has tightened the focus in this year's Strategic Plan from five Key Result Areas to four.

In addition, IMRF made Customer Engagement a Key Result Area of its own to emphasize its importance.

"If we truly engage our members, they feel more of an ownership of the organization," Duquette said.

## Origins of the plan

Prior to 2005, IMRF senior leadership held regular Strategic Planning Sessions, but in practice those meetings tended to focus on the issues of the day and solving problems as they arose rather than long-term strategic planning.

Recognizing this, senior leaders, including Duquette and Executive Director Louis W. Kosiba, began to discuss how IMRF could become more strategic in its approach.

Kosiba charged Duquette with developing IMRF's first formal strategic planning process, which aimed to develop a proactive approach for leveraging IMRF's strengths to meet future challenges, and to define what success looks like for IMRF as an organization. The Board of Trustees and staff launched its first Strategic Plan in 2006.



IMRF develops a new Strategic Plan every three years. Originally it was every two years, but three years is more appropriate for an organization that has a long-term horizon, Duquette said. The 2017-2019 plan is IMRF's fifth Strategic Plan.

### **The strategic planning process**

As the strategic planning process begins, IMRF's senior leadership and Board of Trustees examine IMRF's Mission, Vision, and Values to determine whether they continue to reflect where IMRF needs to be as an organization. IMRF collects input from key stakeholders, including representatives from member and employee interest groups.

With these interested parties, IMRF staff and leadership, and the Board of Trustees, IMRF conducts a SWOT analysis to identify the organization's major strengths, weaknesses, opportunities, and threats.

Then, IMRF analyzes that information to determine its key strategic advantages, challenges, and opportunities for improvement. Potential challenges that IMRF might face over the next three years include volatile markets or legislative challenges. But IMRF also has key advantages: "We're well-funded, we have an experienced staff, we have a good brand, and we have good processes, so we want to leverage those strengths," Duquette said.

A few of the opportunities for improvement identified by the analysis include:

- Improving IMRF's current funded status from 90% to 100%.
- Continuing to stabilize employer contribution rates.
- Ensuring that IMRF staff is engaged and stays focused on providing the best service to members, retirees, and employers.
- Improving our technology, including cybersecurity strategies.

With an eye toward making progress in these areas, senior leadership and staff develop corresponding Strategic Objectives and action plans for achieving them.

### **The importance of strategy**

"You really need a plan," Duquette said. "Per an old quote, 'A goal without a plan is just a wish.'"

He described a scene from Alice in Wonderland, in which Alice comes to a fork in the road and asks the Cheshire Cat which way she should go. When the Cheshire Cat asks where she wants to go, Alice says that she doesn't know. The Cheshire Cat responds, "Then it doesn't much matter which way you go."

"But we know where we want to go. We want to be a world-class organization that fulfills all the promises we made to our members, so we have to follow the right path," Duquette said. ■



To read IMRF's 2017-2019 Strategic Plan in full and learn more about the strategic planning process, go to [www.imrf.org](http://www.imrf.org), hover over "About IMRF," then click "Strategic Plan."



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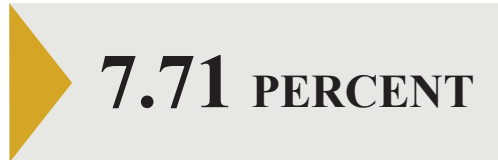
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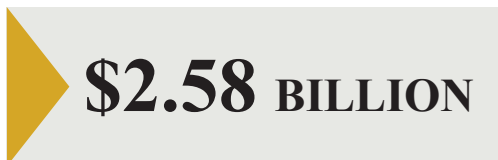
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# Financial Corner

2016  
investment  
return



2016  
investment  
income



*After investment and administrative expenses. Numbers are preliminary and unaudited.*