

# FUNDAMENTALS

IMRF

INACTIVE 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 member.

"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.

### 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.

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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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# 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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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 [by Antoine de Saint-Exupéry], '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 the 2017-2019 Strategic Plan in full and learn more about the process, go to [www.imrf.org](http://www.imrf.org), click "About IMRF," then "Strategic Plan."

# Applying for your pension

IMRF encourages you as an inactive member to apply for retirement as soon as you reach your earliest retirement age (55 for Tier 1, 62 for Tier 2).

Although your pension amount may be reduced, you are still likely to come out ahead financially, because you will be receiving monthly pension payments for a longer period of time.

Applying online is the fastest and easiest way! One month before you want to retire:

- Sign in to your Member Access account.
- Hover on “My Account” and click “Tools,” then click “Secure Online Forms.”
- Click “Apply for an IMRF pension.”

Don't have a Member Access account? Go to [www.imrf.org](http://www.imrf.org), look for the green box in the upper right corner, and click “Register.” From there, the site will walk you through the registration steps.

You can also complete a paper “Application for IMRF Pension” form and mail or fax it to IMRF one month before you want to retire. ■

## IMRF Executive Director Louis Kosiba to retire in 2017

Louis 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.”

Throughout the year, IMRF will be highlighting Kosiba's personal route to retirement as a way to give members a closer look at IMRF's services. Stay tuned for more information in this newsletter, IMRF's Twitter and Facebook ([TheIMRF](https://www.facebook.com/TheIMRF)), and [www.imrf.org](http://www.imrf.org). ■

## After you apply for your pension...

**1. IMRF receives your application and sends you your retirement packet.** You may need to complete additional forms provided in this packet, such as the tax withholding form, if you haven't already completed them. All members should complete the beneficiary form for retirement death benefits.

**2. IMRF processes your application and determines your pension effective date.** This is the official date that you are considered an IMRF retiree, used when determining other IMRF benefits such as the 13<sup>th</sup> Payment and surviving spouse eligibility.

**3. You begin receiving pension payments.**

**4. IMRF sends your retirement Option Letter to you.** Your Option Letter will tell you which pension payment options you are eligible for and any refunds at retirement you may be eligible for. Note: If you are over age 62 and are not eligible for a refund, you will not get an option letter.

**5. If you are provided with options, select your choice and return your Option Letter to IMRF.** Depending upon your final pension amount and which payment option you choose, we may have either overpaid you or underpaid you during the time you received estimated payments. We will make any final adjustments as needed to “true up” the amount you should have received.

**6. IMRF will send you a Certificate of Benefits with your final pension amount.**

## Financial Corner



2016 investment return **7.71 PERCENT**

2016 investment income **\$2.58 BILLION**

*After investment and administrative expenses. Numbers are preliminary and unaudited. Read more about IMRF's 2016 financials in the next issue of Fundamentals, coming this fall.*



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**FUNDAMENTALS**

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**Your Personal Statement of Benefits**

When you receive your 2016 Personal Statement of Benefits, please take a moment to look it over for accuracy.

If there are any problems, resolving them now could save you time and trouble when you're ready to retire. Please make especially sure to review the front and back pages of your statement, along with your beneficiary information.

**What's on your statement?**

Your annual Personal Statement of Benefits provides detailed information about the benefits available to you as an inactive IMRF member, including retirement and survivor benefits. It includes any IMRF account activity for 2016 as well as an overview of past earnings, contributions, and employers.

**When are statements sent?**

You should generally receive your 2016 statement in March. Once you have received your paper statement, you will also be able to find a copy in your Member Access account; click "My Account," then "Documents," then "Member Statements."

**Your Member ID**

Your Personal Statement of Benefits also includes your Member Identification Number. To protect your information, you can use this number in place of your Social Security Number when calling or completing paperwork for IMRF. ■