

FUNDAMENTALS

IMRF

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Louis W. Kosiba: Visionary leadership in pursuit of excellence

Under the far-sighted leadership of Executive Director Louis W. Kosiba, IMRF experienced exponential growth and has become one of the most respected public pension plans in the country. As Kosiba prepares to retire at the end of 2017, IMRF leaders reflect on his lasting legacy.

“Against the backdrop of negative stories regarding public pensions, IMRF is seen as a pension fund that works,” said Deputy Executive Director Dan Duquette. “Through Lou’s leadership and his outreach programs, we’ve become highly respected amongst all of our stakeholder groups—our members, our employers, the Illinois General Assembly, and the press.”

IMRF Board of Trustees President Sue Stanish said that Kosiba’s legacy is one of continuous improvement.

“That never stopped under his watch,” Stanish said. “By improving systems, improving teams, and improving processes, Lou leaves IMRF a much better place.”

Telling IMRF’s success story

With assets approaching \$40 billion, and a funded status nearing 95%, IMRF is universally recognized as a national leader within the public pension industry.

“One of Lou’s biggest accomplishments has been bringing IMRF to the

forefront of public pension plans—not only in Illinois, but on a national basis,” Duquette said. “He realized that in today’s environment, you just can’t keep your head down when it comes to public pensions—you need to tell the story.”

IMRF’s success was not always well-known to the Illinois General Assembly. After becoming Executive Director in 2001, Kosiba made a concerted effort to cultivate relationships with Illinois legislators, visiting them in their home districts and making them aware of the ways in which IMRF was unique.

As he developed relationships and trust, Kosiba became “the go-to guy in Illinois to talk to about pensions,” said IMRF General Counsel Kathy O’Brien. “Based on all the work that he’s done and that he’s had us do, we’re now very well-known and highly thought of in Springfield.”

Kosiba’s efforts to distinguish IMRF from the state pension funds have made a big difference for IMRF, its operations, and its membership. As the



Louis W. Kosiba speaks at the 2014 ILPEX Awards, where IMRF won a Silver Award.

public discussion surrounding Illinois pensions became more heated, IMRF’s sterling reputation enabled it to fend off any number of legislative attacks, including:

- Attempts to place governmental appointees on IMRF’s Board of Trustees. IMRF is one of the only public pension funds to have a Board solely composed of elected Trustees who are members of the plan, a structure that ensures

continued on page 3





Louis W. Kosiba
IMRF Executive Director

This will be my last column, for I am retiring at the end of the year. It is and has been an honor, a privilege, and a pleasure to serve you for more than 29 years, starting as your Manager for Field Services, then General Counsel, and finally Executive Director.

From the Executive Director:

A fond farewell

Dedicated support

My work was made immeasurably easier due to the vision and dedication of the many members of the IMRF Board of Trustees with whom I worked. Their vision is to ensure IMRF provides you with the highest quality retirement services. The Board has always been committed to providing the programs and staffing needed to fulfill IMRF’s responsibilities to you.

IMRF is also blessed with an engaged and dedicated staff which truly embraces our commitment to you. Yes, we make errors, and yes, we seem to be overly detailed at times. But, in our hearts we know it is all about serving you, whether you live and work in Zion or Cairo, Danville or Quincy, or any of the many places in between.

Continuous improvement

I am proud of the many accomplishments IMRF achieved while I was Executive Director (2001-2017). I am most proud of our *Journey of Excellence* and IMRF’s commitment to continuous process improvement. That journey developed a serious focus in 2008 when staff learned of the Baldrige Criteria for Performance Excellence. The criteria were crafted to foster the development of world class organizations. It challenges IMRF to achieve excellence in leadership, strategic planning, customer and staff focus, developing superior systems and methodologies, and gathering data so that decision making is fact based.

IMRF’s dream is to be recognized as a well-funded, outstanding organization which serves as a role model throughout the United States. It is a tough journey, but a worthy journey. To date, IMRF has been recognized for our commitment and progress towards satisfying the Baldrige Criteria. Achieving the top honor has eluded us—but we are working on it!

Looking to the future

As I move on, I know my successor will come to understand they will lead an organization well positioned to serve you and to achieve greatness.

All the best,
Louis

IMRF Book Club: Book #10

Feedback due date: December 15, 2017

A Man Called Ove • BY FREDRIK BACKMAN

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

Email: louiskosiba-executivedirector@imrf.org

Letter: IMRF, 2211 York Rd., Ste. 500, Oak Brook, IL 60523-2337

You can also reply on our website (click the “Retirees” tab, then “IMRF Book Club,” then select the book you would like to discuss).

As Louis retires, his last Book Club selection is *A Man Called Ove* by Swedish author Fredrik Backman.

In this bestselling novel, the “hero” loses a job and his purpose, but finds a new reason for living through helping others. Ove’s experience may be unique, but the underlying challenges are universal.

continued from page 1

Trustees are motivated to uphold the fund's success and are not beholden to outside interests.

- A push for IMRF to pursue 90% rather than 100% funding. IMRF believes that being 100% funded is the soundest long-term approach for managing its assets and liabilities. It also means that a pension fund has enough money in reserve today to meet all current and projected pension obligations for benefits earned to date.
- Several 2017 bills that would have created a Tier 3 for new IMRF members that included a defined contribution component. IMRF believes that defined benefit plans like IMRF, in which members receive a monthly pension for life, provide better retirement security for members, and are a valuable recruitment and retention tool for employers.

Pursuing world-class customer service

As IMRF's General Counsel and later as Executive Director, Kosiba led in defining a customer-oriented direction for IMRF as embodied in its mission, vision, and values (read more at www.imrf.org/mvv).

Even before Kosiba became Executive Director, he pushed to define IMRF's mission statement in the Illinois Pension Code. To date, IMRF is the only Illinois pension fund to have done so. Later, after he became Executive Director, he worked to develop IMRF's vision and values.

IMRF Board interviews candidates for Executive Director

In October, the IMRF Board of Trustees interviewed candidates to become the organization's next Executive Director. The Board's goal is to announce the next Executive Director during the fourth quarter, with a start date during early 2018. Check www.imrf.org for more information.

“Legislators knew him, the press knew him, employers knew him, members knew him—he really reached out to people and built relationships with our stakeholders.”

—Dan Duquette, IMRF Deputy Executive Director

As IMRF looked for ways to improve, Kosiba and Duquette attended a workshop focusing on the Baldrige Criteria for Performance Excellence, which provides a framework for continuous improvement of systems and operations.

“He was so excited about the Criteria of Excellence that he wanted to jump on board that train immediately,” Duquette said. “The enthusiasm that he showed, I think I’ll always remember.”

IMRF has used this framework to better understand its customers, its staff, its investments, and its operations, and has reengineered its business processes accordingly, even developing whole new channels for communicating with members, retirees, and employers.

Several of the most common ways that members and employers contact IMRF were developed under Kosiba's watch. These include:

- Member and Retiree workshops
- The 1-800-ASK-IMRF (275-4673) customer service line

- Formal Authorized Agent training
- Annual meetings with employers across Illinois to discuss the state of IMRF

IMRF's pursuit of excellence has been recognized three times by the Illinois Performance Excellence (ILPEX) Recognition Program, most recently in 2014, when IMRF earned a Silver Award for “Progress towards Excellence.”

Weathering storms of change

Beside the ongoing challenge of operating in a state where many defined benefit plans are in tough shape, the global financial markets experienced two major economic downturns during Kosiba's tenure. One of these was in 2001, shortly after Kosiba became Executive Director, and the other in 2008.

During these market corrections, Kosiba took a long-term view and assured IMRF members, employers, staff, and the Board of Trustees that this was not a time to panic, reminding them that IMRF wasn't saving for one year or two years, but for 50 years and 70 years.

“We stayed the course, and are now close to a \$40 billion pension fund,” Duquette said. “We're financially in much better shape than most public pension plans, and trending toward that 100% funding goal.”

Kosiba's lasting legacy

Kosiba will be remembered for being a “big picture” thinker who was open to transformative new ideas, and made himself accessible to everyone who had a stake in IMRF.

“He really became a leader in the state,” Duquette said. “Legislators knew him, the press knew him,

continued on page 8

2018 IMRF-endorsed health plans

Disclaimer: Descriptions of the benefits provided by these plans are not exhaustive, and the actual benefits are detailed in the plan document. For more information about what is covered, please call Doyle Rowe LTD at 1-800-564-7227 or visit their website at www.doyle Rowe.com.

Delta Dental

IMRF retirees can choose between two dental plans offered by Delta Dental. Both plans are PPO plans, and reimbursement is based on the PPO dentist's reduced fees.

DELTA DENTAL HIGH OPTION AND STANDARD OPTION PLANS

High Option*

\$2,000 Annual Maximum
\$50 Deductible for Basic & Major services

Diagnostic & Preventive (100% of PPO Reduced Fee)

Includes:

- Routine exams twice a year
- Bitewing X-rays twice a year
- Full mouth X-rays every three years
- Cleanings twice a year
- Fluoride treatments for children once a year
- Space maintainers

Basic (80% of PPO Reduced Fee)

Includes: Fillings • Endodontics • Periodontics
Oral Surgery • General Anesthesia w/Oral Surgery

Major (50% of PPO Reduced Fee)

Includes: Crowns • Bridges • Dentures
Implants & Associated Services

High Option Premium

(guaranteed through December 31, 2018)

Single	\$43.44
Single +1	\$86.93
Family	\$135.40

Standard Option*

\$1,000 Annual Maximum
\$50 Deductible for Basic & Major services

Diagnostic & Preventive (100% of PPO Reduced Fee)

Includes:

- Routine exams twice a year
- Bitewing X-rays twice a year
- Full-mouth X-rays every three years
- Cleanings twice a year
- Fluoride treatments for children once a year
- Space maintainers

Basic & Major (50% of PPO Reduced Fee)

Includes:

Fillings • Endodontics
Periodontics • Oral Surgery
General Anesthesia w/Oral Surgery
Crowns • Bridges • Dentures

Standard Option Premium

(guaranteed through December 31, 2018)

Single	\$32.35
Single +1	\$64.73
Family	\$100.83

**There is no waiting period. A one-year enrollment is required.*

Looking for a vision care plan?



The following premiums for the United Healthcare vision plan are guaranteed through September 30, 2018. Monthly premiums will be deducted from your IMRF benefit payment. One year enrollment is required. (The premium amounts listed below are per month.)

2018 Premiums: Individual \$7.50, Retiree + One \$13.25, Family \$21.70

Vision Care Services	In-Network provider	Out-of-Network provider
Exam twice every 12 months	You pay \$10 copay	Plan pays \$40
Retinal Screening Photography	You pay \$39 copay	Plan pays \$0
Frames once every 24 months	Plan pays 100% up to \$130 retail	Plan pays \$45
Lenses once every 12 months	In-Network provider	Out-of-Network provider
Standard Single Vision	You pay \$10 copay	Plan pays \$40
Standard Bifocal	You pay \$10 copay	Plan pays \$60
Standard Trifocal	You pay \$10 copay	Plan pays \$80
Contact Lenses	In-Network provider	Out-of-Network provider
Standard (includes disposable/frequent wear)	You pay \$10 copay	Plan pays \$125
Premium (includes toric/multifocal)	Plan pays 100% up to \$125 retail	Plan pays \$125

Interested in long-term care insurance?

Doyle Rowe LTD has partnered with ACSIA Partners to provide education for IMRF retirees about a variety of long-term care insurance plans. Contact Doyle Rowe LTD at 1-800-564-7227.

IMRF-endorsed health plan—Under age 65

Blue Cross Blue Shield of Illinois Comprehensive Major Medical

- Available to retirees and/or their family members under age 65 residing in Illinois.
- You may be able to continue your employer-provided coverage until age 65 at your own cost—check with your employer. However, the Affordable Care Act may provide you with additional health insurance options that are less expensive than the options provided by your employer.
- HMO is now available in multiple counties.
- You may qualify for a subsidy; contact Doyle Rowe LTD for eligibility information.

2018 Open Enrollment runs November 1, 2017—December 15, 2017. Those not enrolling during this time must meet Special Enrollment Eligibility criteria. To review your options, please visit www.doyle Rowe.com after November 1.

IMRF-endorsed health plans—Age 65 & older

Blue Cross Blue Shield of Illinois Plan F*

- Available to Illinois residents age 65 and older with Medicare Parts A & B and certain other disabled Illinois residents with Medicare Parts A & B.
 - Traditional Medicare supplement that covers Part A & B deductibles and coinsurance amounts for Medicare-approved expenses.
 - Freedom to choose doctors and hospitals. Med-Select option requires that participating hospitals are used for non-emergency inpatient hospitalizations.
- * Plans A, C, G, K, L, and N are also available.

2018 rates will not change until April 1, 2018, and have not yet been released. Current members will be notified of new rates prior to April 1, 2018.

Blue Cross Blue Shield of Illinois Group Medicare Advantage PPO plans

2018 Monthly Premium Rates: Premium Plan \$281.31; Value Plus Plan \$218.00; Value Plan \$199.70

Open enrollment for plan year beginning January 1, 2018, runs October 15—December 31, 2017.

- For IMRF retirees and their spouses who are age 65 and older; have Medicare Parts A & B, reside in Cook, DuPage, Kane, or Will counties; and meet other CMS (Center for Medicare and Medicaid Services) eligibility criteria.
- All three plans include Medicare Part D prescription drug coverage, with full coverage through the coverage gap (“donut hole”), and a preferred pharmacy network that will help you save on prescription copays.
- All plans use a network of doctors and hospitals; out-of-network cost-sharing is generally greater.
- Separate copays for prescriptions in and out of network.

Blue Cross and Blue Shield Group Prescription Drug Plan (PDP)

2018 Monthly Premium Rate: \$126.40

- Available to retirees with Medicare Part A and/or Part B nationwide, this PDP includes coverage of all tiers through the coverage gap (no “donut hole”) and provides opportunities for greater savings when a preferred pharmacy is used.
- Preferred pharmacy copays: \$0 Preferred Generic; \$6 Non-preferred Generic; \$39 Preferred Brand; \$85 Non-preferred Brand; and 33% Specialty.
- Non-preferred Pharmacy copay: \$5 Generic; \$11 Non-preferred Generic; \$44 Preferred Brand; \$95 Non-preferred Brand; and 33% Specialty.

United Healthcare Medicare Complete — 2018 Monthly Premium Rate: \$10

- Available to retirees and spouses age 65 and older with Medicare Parts A & B residing in Monroe, Madison, Jersey, and St. Clair counties in Illinois, and St. Louis City, St. Louis County, St. Charles, Jefferson, Warren, Franklin, Crawford, Lincoln, Washington, and Gasconade counties in Missouri.
- 100% of specified preventative services including annual routine physical, diabetes self-management, bone mass measurement (one per year), immunizations, colorectal screening (one per year), and the like.
- A variety of copays for physicians, specialists, and other medical services.

Health Alliance Point of Service (POS)

2018 Monthly Premium Rate: \$249

- Available to retirees and spouses age 65 and older with Medicare Parts A & B residing in Boone, Brown, Bureau, Cass, Champaign, Christian, Clark, Coles, Crawford, Cumberland, DeKalb, DeWitt, Douglas, Edgar, Effingham, Ford, Franklin, Fulton, Hancock, Henry, Iroquois, Jasper, Johnson, Kankakee, Knox, LaSalle, Livingston, Logan, Macon, Macoupin, Marshall, Mason, McDonough, McLean, Menard, Mercer, Montgomery, Morgan, Moultrie, Peoria, Perry, Piatt, Pike, Putnam, Richland, Rock Island, Saline, Sangamon, Schuyler, Scott, Stark, Tazewell, Vermillion, Williamson, Winnebago, and Woodford counties in Illinois, and Fountain, Vermillion, and Warren counties in Indiana.
- Medicare Advantage Prescription Drug Plan includes prescription coverage through the coverage gap.

Health Alliance HMO

2018 Monthly

Premium Rate: \$230

Available to retirees and spouses age 65 and older with Medicare Parts A & B residing in the counties listed to the left for the Health Alliance Point of Service plan. Medicare Advantage Prescription Drug Plan includes prescription coverage through the coverage gap.

Seniors Choice — 2018 monthly medical plan rates (based on plan choice and age): \$186.93—\$437.58

Seniors Choice offers three group retiree medical plans and three prescription drug plans available nationwide to retirees and spouses age 65 and older with Medicare Parts A & B. Prescription drug plans have separate monthly premiums (rates unavailable at press time) and are underwritten by Humana. Contact Doyle Rowe LTD for more information and pricing.

Humana Regional PPO

2018 Monthly Premium Rate:

\$63—\$164 (Rates vary by city of residence)

- Available to retirees and spouses age 65 and older with Medicare Parts A & B nationwide.
- A variety of copays for physicians, specialists, and other medical services.
- Includes prescription drug coverage.
- 100% of in-network preventive services including annual routine physical, diabetes self-management, bone mass measurement (one every 24 months), immunizations, colorectal screening (one per year), and the like.

Humana Local PPO

2018 Monthly Premium Rate: \$0—\$122

(Rates vary by city of residence)

The in-network copays and annual out-of-pocket maximum differ depending upon area. The information below is a sample of the Chicagoland area's Local PPO plan. For details of the Local PPO plan in your area, please contact Doyle Rowe LTD.

- Available to retirees and spouses age 65 and older with Medicare Parts A & B in specific cities throughout the country based on network accessibility.
- A variety of copays for physicians, specialists, and other medical services.
- Includes prescription drug coverage.
- 100% of in-network preventive services including annual routine physical, diabetes self-management, bone mass measurement (one every 24 months), immunizations, colorectal screening (one per year), and the like.

Sav-Rx Prescription Discount Card

The Sav-Rx Advantage Prescription Drug Discount Card Program is available nationwide, at a cost of \$1.50 per household per month (\$18 per year), to all IMRF retirees, spouses, and dependent children under age 26.

The Sav-Rx card is not a Medicare Part D plan. You cannot use the Sav-Rx card at the same time you receive discounts from a Medicare Part D plan.



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**Louis W. Kosiba:
Visionary leadership in pursuit of excellence**

continued from page 3

employers knew him, members knew him—he really reached out to people and built relationships with our stakeholders. He did presentations at Lions Clubs and Kiwanis Clubs and Chambers of Commerce—people who needed to be educated about IMRF and about defined benefit plans. And it did come at a personal cost for him, because it's not like his other work just went away. I see him here at work almost every weekend, and that's true as of this past Saturday, even though he's nearing retirement."

"He's been open to new ways of doing things or thinking outside the box," O'Brien said. "In the past IMRF had brought in outside consultants to review certain aspects of our operations, but the whole idea of the Baldrige Criteria, of internal process improvement, Louie brought that."

"Lou was the face of IMRF," Stanish said. "From a broad perspective, employers, employees, and retirees will remember that Lou was looking out for them, and doing the right things to provide that retirement stability. It's going to be challenging to fill those shoes." ■