

FUNDAMENTALS

IMRF

RETIRED MEMBER EDITION

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How IMRF keeps your information safe

Anyone who watches the news knows that cybersecurity is an ongoing challenge for any organization that stores customer data. IMRF is no exception, facing more than 900 million attempts to breach its firewall each year.

In order to keep your information safe, “cybersecurity has been elevated to the highest levels of attention that IMRF can give,” said Kathy Goerdt, IMRF Performance Excellence Manager.

IMRF’s security approach is three-pronged, according to Glenn Engstrom, IMRF’s Chief Information Security Officer.

“Our most important way to protect data is to educate the person sitting behind each computer.”

*Glenn Engstrom,
IMRF Chief Information
Security Officer*

“Security is sort of like a triangle,” Engstrom said. “You have people, you have technology, and you have processes. All of these elements play a role in securing members’ information.”

People

“Our most important way to protect data is to educate the person sitting behind each computer,” Engstrom said.

Any number of high-profile security breaches at other organizations have occurred because of an action taken by someone inside the organization—for example, clicking on a dangerous link in an unsolicited email.

To protect against this kind of attack, IMRF provides ongoing



The Three Elements of Cybersecurity

phishing training for its employees. Phishing is fraudulent email that appears to be from a reputable source, but is actually designed to trick the recipient into revealing sensitive information or taking an action that could give a hacker access to their computer.

“Our training is really focused

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How IMRF keeps your information safe

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on helping our staff identify when they're getting email that is dangerous, or could be dangerous," Engstrom said.

In addition to phishing training, IMRF staff is trained in other security protocols, such as physical security and proper handling of sensitive information. An outside security firm tests IMRF's security protocols to ensure that the lessons have been well-learned, reporting back to IMRF about any weaknesses so they can be corrected.

Technology

To support the people on the front lines, IMRF harnesses technology, periodically upgrading its various systems to address changing security concerns.

- **Firewall:** In early 2017, IMRF upgraded its firewall using the latest security technology in order to better guard against attacks.
- **Email filtering:** IMRF filters its email so that many phishing emails and other malicious messages are never even seen by staff.
- **Detection systems:** "We have strong detection systems, which constantly analyze activity that's going on in our systems and on our network," Engstrom says. IMRF staff uses the information provided by the

detection systems to evaluate potential threats.

"It's an ever-moving target," Goerdt said. "The smarter we get, the smarter the hackers get, so we have to be constantly looking at not just what's happening now, but what could occur in the future."

Process

Using the cybersecurity framework provided by the National Institute of Standards in Technology (NIST), IMRF is constantly improving its security processes in light of known best practices and developing threats.

"One of the advantages of utilizing NIST is that the federal government has much broader resources, and they have intelligence as to what the threats are—not just at the local level like we have, but state, federal, global," Goerdt explained. "They have all of this knowledge which we could

"We have to be constantly looking at not just what's happening now, but what could occur in the future."

*Kathy Goerdt, IMRF
Performance Excellence
Manager*

not afford to garner on our own, that they are taking and compiling and boiling down into a framework that we can utilize."

The NIST framework, which stretches across industries, provides an approach for identifying critical systems and improving security practices. It also offers methods for achieving consistency in documenting processes and analyzing how well they've been put into practice.

Engstrom said that, while NIST's approach touches on many different aspects of what any good business must do to protect itself, it can be summed up in five steps:

1. Identifying what the organization needs to protect.
2. Figuring out how to protect it.
3. Being able to detect unusual activity.
4. Addressing the anomaly in the system—putting a stop to it if it's harmful, or noting it for reference "if it's an employee who's just doing something unusual," Engstrom said.
5. Having a recovery plan in place in the event of a security breach.

"No matter how our technology or our business or anything changes, these five steps will always help us maintain a secure environment," Engstrom said. "It's timeless." ■

How you can protect your personal data

Thieves don't need to hack into IMRF directly to gain access to your account. You may be able to save yourself time and trouble by taking proactive steps to protect your Member Access account and your personal information.

In October 2017, 103 members of the Iowa Public Employees' Retirement System (IPERS) discovered their member accounts had been compromised when they did not receive their scheduled pension payment.

The *Des Moines Register* reported that IPERS's computer system was not hacked. Instead, cybercriminals had obtained stolen Social Security Numbers and other personal information from another source, then used that personal data to register for IPERS online access accounts in those members' names and change their direct deposit information. (This is one reason that, as a cautionary measure, IMRF doesn't provide immediate Member Access account access; instead, we send User ID's through the mail to your address on file to thwart this type of attack.)



IMRF has purchased cyber-liability insurance to make sure its members are protected in the event of a breach. However, you may be able to avoid the time, trouble, and worry of dealing with the aftermath of someone breaking into your account by taking steps beforehand to guard your account information.

The following tips for protecting your private data, at IMRF and elsewhere, are not a comprehensive list of what to do to keep your information secure, cautions Glenn Engstrom, IMRF Chief Information Security Officer. However, taking these steps today will make you safer than you were before.

- **Keep your login and password private.** "Don't share it with your spouse; don't share it with your kids. And of course, don't write it down next to your computer and say 'this is my password,'" Engstrom said. "Keep it private, and make it something that you'll remember." If you have difficulty remembering your passwords, there are security products that function as a password vault for which you only have to maintain a single password.
- **Change your password periodically.** "You don't have to do it every month, but change it a couple times a year," Engstrom said. If you are hacked or your security is otherwise compromised, change your passwords immediately. "You can even create a whole new Member Access account," he said.
- **Install antivirus software on your computer.** "If you don't have an antivirus, there are plenty of free ones," Engstrom said. "A lot of Internet service providers have an antivirus that you can download and use."
- **Keep your operating system and your software up to date.** "The software companies and especially your operating systems are continually sending updates to ensure your security," said IMRF Performance Excellence Manager Kathy Goerdt. "If you're five updates behind, you have a whole bunch of holes that have not been patched."
- **Don't contact IMRF on social media with private details about your account.** Facebook is a third-party site, and IMRF cannot guarantee the safety of information you share in that forum. Instead, contact us through Member Access secure messages or at 1-800-ASK-IMRF (275-4673).
- **Back up your files and essential information.** If you back up your files regularly, not even ransomware will be able to part you from the files you rely on. ■

‘The journey of excellence never ends’

IMRF accepted the 2017 Illinois Performance Excellence (ILPEX) Gold Award for “Achievement of Excellence” at the ILPEX Awards for Excellence Ceremony on February 22, 2018.



At left: IMRF’s ILPEX Gold Award for Achievement of Excellence. At right: IMRF Deputy Executive Director Dan Duquette, IMRF Performance Excellence Manager Kathy Goerd, ILPEX Board of Trustees Chairman David Fox, IMRF Board of Trustees President Natalie Copper, IMRF Executive Director Brian Collins, and ILPEX Executive Director Ben Krupowicz at the Awards for Excellence Ceremony on February 22, 2018.

The ILPEX Recognition Program is Illinois’ Baldrige Performance Excellence Program affiliate. Since IMRF’s involvement with ILPEX started in 2009, IMRF has received four ILPEX awards: one Bronze Award for “Commitment to Excellence” in 2009, two Silver Awards for “Progress toward Excellence” in 2012 and 2014, and now the Gold Award.

“The journey of excellence never ends,” said Collins. “This award is really just a recognition of how far we’ve come.” ■

Board of Trustees

Executive Trustee election this fall

This fall, IMRF employers will elect one Executive Trustee to the Board of Trustees for a five-year term, which will run from January 1, 2019, through December 31, 2023.

About IMRF’s Board

IMRF is governed by an eight-member Board of Trustees. Three are elected by actively participating IMRF members, four by IMRF employers, and one by IMRF retirees. The IMRF Board remains the only public pension fund board in Illinois that is fully elected by its membership, with no appointed or *ex-officio* trustees. ■

Look for your 13th Payment on July 9

The supplemental benefit payment, also known as the “13th Payment,” is paid to eligible retired members (or to their surviving spouses) every July.

To be eligible for this year’s 13th Payment, you must have retired on or before June 30, 2017, and received 12 consecutive monthly benefit payments from July 2017 to June 2018. You should receive your 13th Payment for 2018 by July 9.

Percentage of this year’s payment

Your 2018 13th Payment is estimated to be approximately 28.134% of your June benefit payment amount. Your percentage is based upon a calculation that includes:

- The amount of your June payment
- The total amount of eligible June payments to all retired members
- The contribution made by employers (which is based on active member payrolls)

Tip: To calculate the amount of your 2018 13th Payment, multiply your June payment amount by .28134

The greater the number of retirees for every actively working member, the lower the percentage of the 13th Payment. ■

Investment portfolio returns 15.73%

IMRF's fiduciary net position up \$4.9 billion last year, \$8.1 billion over five years

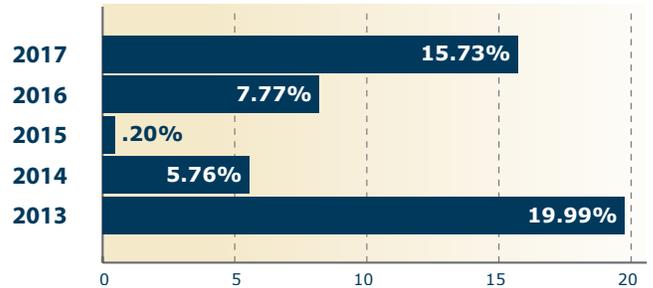
INVESTMENTS

The IMRF investment portfolio returned 15.73%, after investment-management fees, during 2017.

IMRF's international and U.S. equity performed particularly well during 2017, driving much of the overall return. IMRF's allocation to international equity returned 27.53% after fees during 2017. IMRF's U.S. equities returned 19.60% after fees.

IMRF's long-term goal is to earn an annualized total fund return of 7.5%, after investment-management fees. With a return of 15.73% in 2017, IMRF achieved its goal. IMRF has also achieved its investment return goal over longer time horizons. For example, over the last five years, IMRF has earned 9.70% after paying investment-management fees.

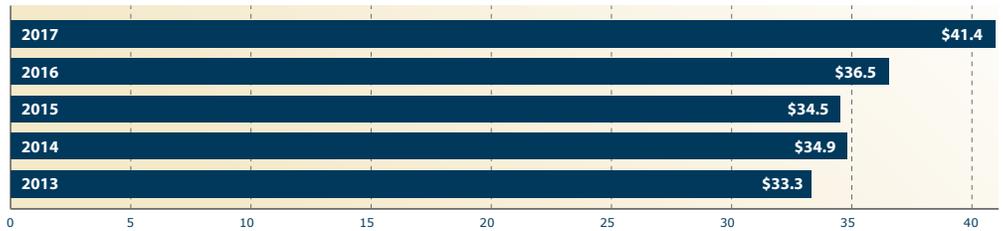
TOTAL FUND RETURNS FOR THE PAST 5 YEARS



FIDUCIARY NET POSITION

IMRF's fiduciary net position—total assets minus liabilities—was \$41.4 billion as of December 31, 2017.

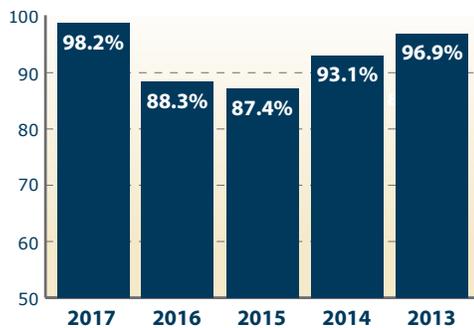
That was an increase of \$4.9 billion, or about 13.4%, from 2016. The increase is attributable to strong 2017 investment returns. Over the last five years, IMRF's fiduciary net position has increased by \$8.1 billion.



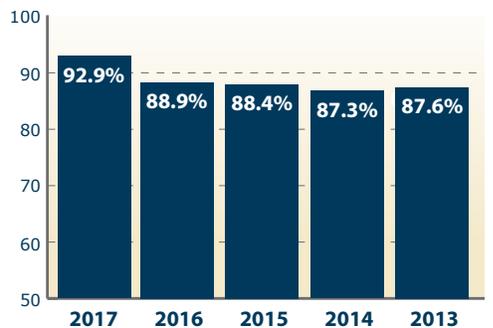
FUNDING STATUS

IMRF's funding status is a key indicator of its financial health. It reflects the percentage of benefit promises that IMRF has assets to pay. IMRF strives toward full funding because it guarantees that the system can meet its obligations. Full funding is also most cost effective for taxpayers.

MARKET FUNDING STATUS: PAST 5 YEARS



ACTUARIAL FUNDING STATUS: PAST 5 YEARS



There are two measures of funding status. Market funding status describes the percentage of assets IMRF has to pay all current and projected benefits, as of a specific date. As of December 31, 2017, IMRF was 98.2% funded on a market basis. IMRF's market funding status increased from 2016 to 2017 due to strong investment returns.

The other measure is actuarial funding status. For this measure, independent actuaries determine the actuarial value of IMRF assets using a "smoothing" technique that recognizes investment gains and losses over a five-year period. The actuarial funding status is less volatile than the market funding status, which is why it is used to set IMRF contribution rates for participating units of government. As of December 31, 2017, IMRF was 92.9% funded on an actuarial basis.

Excerpted from IMRF's 2017 Popular Annual Financial Report for Members. You'll be able to read the full report at www.imrf.org/annual-financial-report starting on June 30, 2018.

2018 RETIREE WORKSHOPS

August 7 (Tue) • 10 AM
Springfield

August 8 (Wed) • 10 AM
Champaign

August 9 (Thu) • 10 AM
Peoria

August 14 (Tue) • 10 AM
Rockford

August 15 (Wed) • 10 AM
Naperville

August 23 (Thu) • 10 AM
Arlington Heights

August 29 (Wed) • 10 AM
Oak Brook

August 30 (Thu) • 10 AM
Tinley Park

Lifestyle workshop:

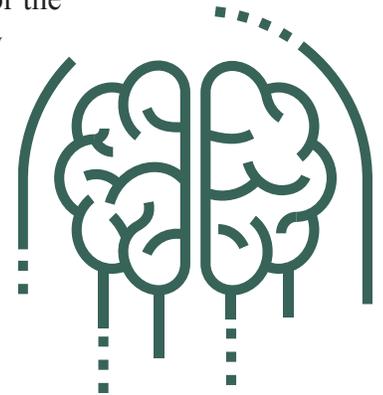
WITS Workout

Presented by University of Illinois Extension educators. Workshop is approximately two hours long, depending upon amount of audience participation.

Fitness is more than exercise for the body and maintaining a healthy heart. Total fitness includes healthy brain function, too.

Keeping your wits fit requires stimulation and movement far beyond crossword puzzles, word searches, or brainteasers.

Facilitators at this year's Retiree Workshops are ready to teach participants more about the aging brain and techniques to enhance engagement.



September 11 (Tue) • 10 AM
Tinley Park

September 17 (Mon) • 10 AM
Rockford

September 18 (Tue) • 10 AM
Arlington Heights

September 20 (Thu) • 10 AM & 2 PM
Naperville

September 24 (Mon) • 10 AM
Carbondale

September 25 (Tue) • 10 AM
Collinsville

September 26 (Wed) • 10 AM
Springfield

September 27 (Thu) • 10 AM
Champaign

September 28 (Fri) • 10 AM
Peoria

Financial literacy workshop:

Managing Your Credit History, Credit Score & Info... Like a Pro

Presented by financial educator Karen Chan. Workshop is approximately 90 minutes long, depending upon amount of audience participation.

How does cancelling a credit card, paying off a debt, or having too much debt affect my credit history and score? Should I use a fraud alert, a credit freeze, or a lock to protect my information? What are the best strategies for paying down debt?

Plus, learn to differentiate facts from fiction and myths from realities, when it comes to credit reporting and you.



Register quickly and easily with Member Access

Registration is required to attend an IMRF retiree workshop. Seating is limited and workshops can fill up fast—registering online through Member Access at www.imrf.org is the best way to register. Member Access gives you the most up-to-date workshop availability, and you will receive a confirmation letter including the workshop location immediately after registering. If you go online to register and a particular workshop doesn't show up, that workshop is already full.

Additional registration info

If you do decide to register by phone, call 1-800-ASK-IMRF (275-4673) to reach a Member Services Representative. You will need:

1. Your IMRF Member ID Number (can be found in your Member Access Account or on your annual Personal Statement of Benefits).
2. City and date of the workshop you wish to attend.
3. Best phone number to reach you.
4. Number of people attending. (If your guest is also an IMRF retiree/beneficiary, please provide the requested information for both of you).

For more information on workshop registration, visit www.imrf.org.

- Workshops are free for IMRF retirees/beneficiaries and a guest.
- Dress in layers if you are sensitive to temperature changes—meeting room temperatures can vary.
- Beverages are the only refreshments provided.

Snapshots from our 2017 workshops

LIFESTYLE



Attendees learn about preparing your will at the 2017 workshop in Champaign.



IMRF's 2017 Naperville lifestyle workshop.



IMRF senior communications specialist Nisa Neely (foreground) with attendees of last year's Peoria workshop.

FINANCIAL LITERACY



Financial educator Karen Chan addresses workshop participants in Rockford.



Nisa Neely and Karen Chan at last year's Naperville workshop.



The 2017 financial literacy workshop in Carbondale.



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FUNDAMENTALS

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1-800-ASK-IMRF (275-4673) • www.imrf.org

Do you want to opt out of third-party mailings sent through IMRF?

On occasion, IMRF receives requests from various organizations to mail information to our retired members. These mailings are done as "blind mailings," which means that the members' names and addresses are never given to anyone but a bonded mail house. IMRF does not ever sell or rent confidential member information, including mailing addresses.

These mailings may come from labor organizations, candidates for the IMRF Board of Trustees, or from Doyle Rowe LTD, which is an independent insurance broker that works with IMRF to offer endorsed insurance products.

When you first retired, you were given the choice to opt out of these mailings. If you did not opt out at the time but wish to now, you may do so by calling 1-800-ASK-IMRF (275-4673) or by filling out and sending back the following form: go online to www.imrf.org; select Forms and Publications Archive, then Member and Retiree Forms, then Forms for Retirees and Annuitants; and finally, click on Blind Mailings Removal Request Form.

Keep in mind that opting out of blind mailings means that you will not receive **any** such mailings whether or not they are of interest to you, including health insurance opportunities from Doyle Rowe, so choose carefully. ■