



HOW DO WE ACHIEVE EXCELLENCE?

2020
Adopted Budget



2019 AWARD RECIPIENT

MALCOLM BALDRIGE NATIONAL QUALITY AWARD



BY FOCUSING ON OUR CORE COMPETENCIES.

IMRF's Mission is to impartially develop, implement, and administer programs that provide income protection to members and their beneficiaries on behalf of participating employers in a prudent manner.

IMRF delivers on our Mission Statement through the daily execution of IMRF's Core Competencies. Our Core Competencies are the essential operational activities necessary for the pension system to function. They are the activities that the funds budgeted in this document make possible. The Core Competencies are the areas in which IMRF staff members focus and excel, so the organization provides the highest quality retirement services to our members, their beneficiaries, and employers.

INVESTMENT MANAGEMENT



DATA QUALITY



STAKEHOLDER COMMUNICATION & EDUCATION



LEVERAGE INFORMATION TECHNOLOGY



PENSION CODE EXPERTISE



MANAGING CONTRIBUTIONS



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PRUDENT & PROFITABLE INVESTMENT MANAGEMENT



OVERVIEW

IMRF is the administrator of an agent multiple-employer public employee retirement system, which began operations in 1941 to provide retirement, death, and disability benefits to employees of local units of government in Illinois. This overview provides insight into how IMRF is structured and guided.

- 8 Board of Trustees
- 9 Organization Chart
- 10 GFOA Budget Award
- 11 Mission, Vision, and Values

IMRF'S investment management system utilizes systematic, comprehensive processes to oversee the \$38.8 billion portfolio. Our Board of Trustees sets a target asset allocation to maximize returns and minimize risk. Our staff members identify firms to invest IMRF funds, and monitor and report on performance.



BOARD OF TRUSTEES

The IMRF Board of Trustees is responsible for the prudent management of IMRF’s assets, and for making sure the money is there to pay the benefits earned by every IMRF member and beneficiary, now and for years to come. The Board carries the responsibility to ensure that IMRF continues to be a well-run, successful pension fund.

An eight-member Board of Trustees governs IMRF:

- Four Executive Trustees elected by participating units of government
- Three Employee Trustees elected by participating IMRF members
- One Annuitant Trustee elected by IMRF annuitants

The Board meets at least four times a year and may meet more often as needed. Trustees are elected to five-year terms and serve without compensation. In their five-year term, each Trustee will have the opportunity to hold each officer position at least one time. Trustees are not subjected to term limits.

Annuitant Trustee, Sharon U. Thompson passed away on October 3, 2019. The IMRF family is deeply saddened by this loss, and grateful for Sharon’s many years of service. She first served from 1993 to 1994 as an Executive Trustee, representing the units of government that participate in IMRF. After her retirement, IMRF retirees elected her Annuitant Trustee four separate times.



ALEX WALLACE, JR.
2019 PRESIDENT
EMPLOYEE TRUSTEE

Current term ending Dec. 31, 2020

Oswego Community Unit School District 308



DAVID MILLER
2019 VICE PRESIDENT
EXECUTIVE TRUSTEE

Current term ending Dec. 31, 2021

North Shore Water Reclamation District



VACANT
2019 SECRETARY
ANNUITANT TRUSTEE



GWEN HENRY
EXECUTIVE TRUSTEE

Current term ending Dec. 31, 2020

DuPage County



TRUDY WILLIAMS
EMPLOYEE TRUSTEE

Current term ending Dec. 31, 2020

Fulton County State’s Attorney’s Office



TOM KUEHNE
EXECUTIVE TRUSTEE

Current term ending Dec. 31, 2022

Village of Arlington Heights



NATALIE COPPER
EMPLOYEE TRUSTEE

Current term ending Dec. 31, 2019

Next term ending Dec. 31, 2024

Dawes School in Evanston



SUE STANISH
EXECUTIVE TRUSTEE

Current term ending Dec. 31, 2023

Naperville Park District



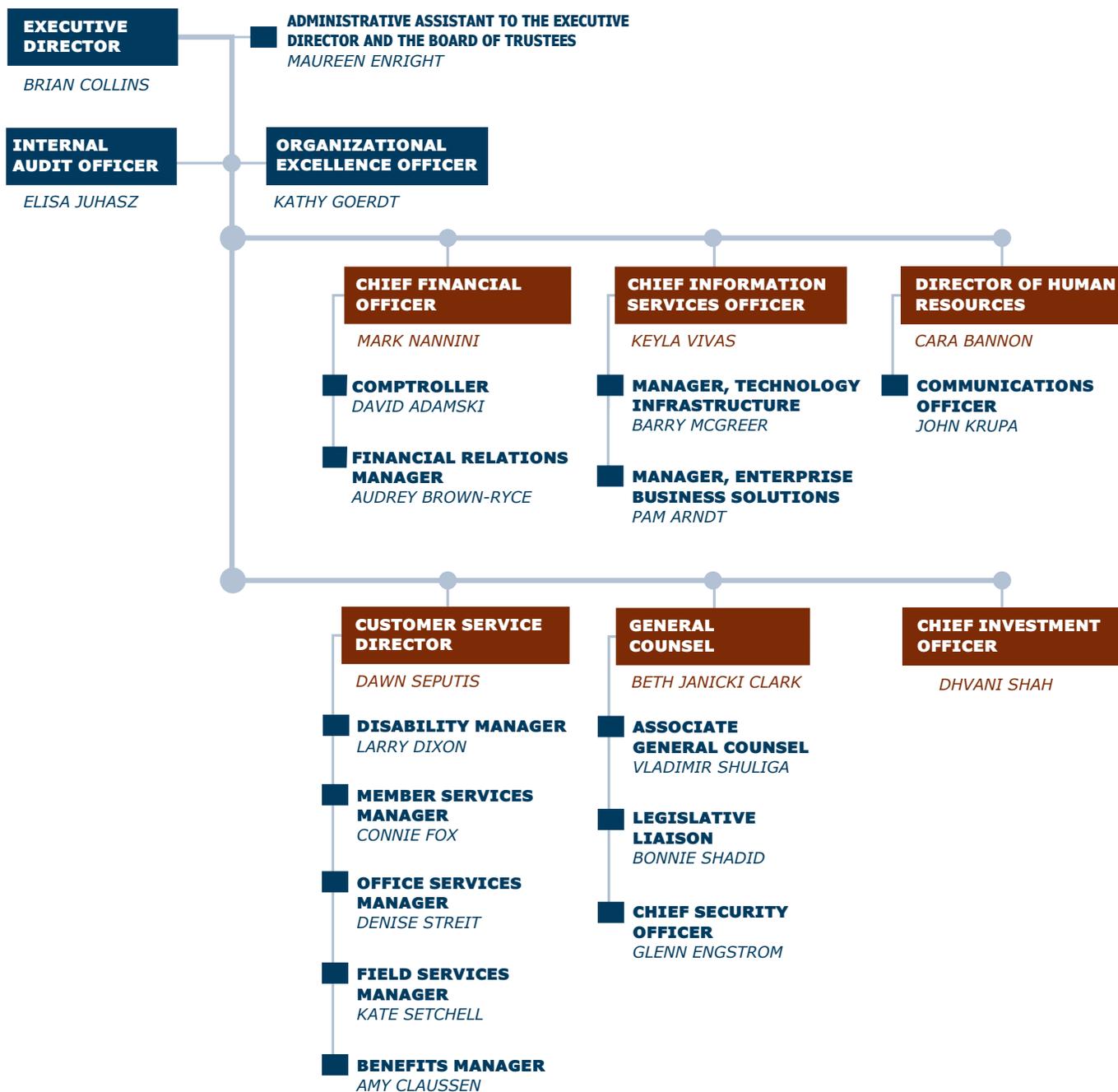
ORGANIZATION CHART

BOARD OF TRUSTEES

CONSULTANTS

- INVESTMENT CONSULTANTS
- INVESTMENT MANAGERS
- MASTER TRUSTEE
- EXTERNAL AUDITOR
- ACTUARY
- MEDICAL CONSULTANTS

STAFF

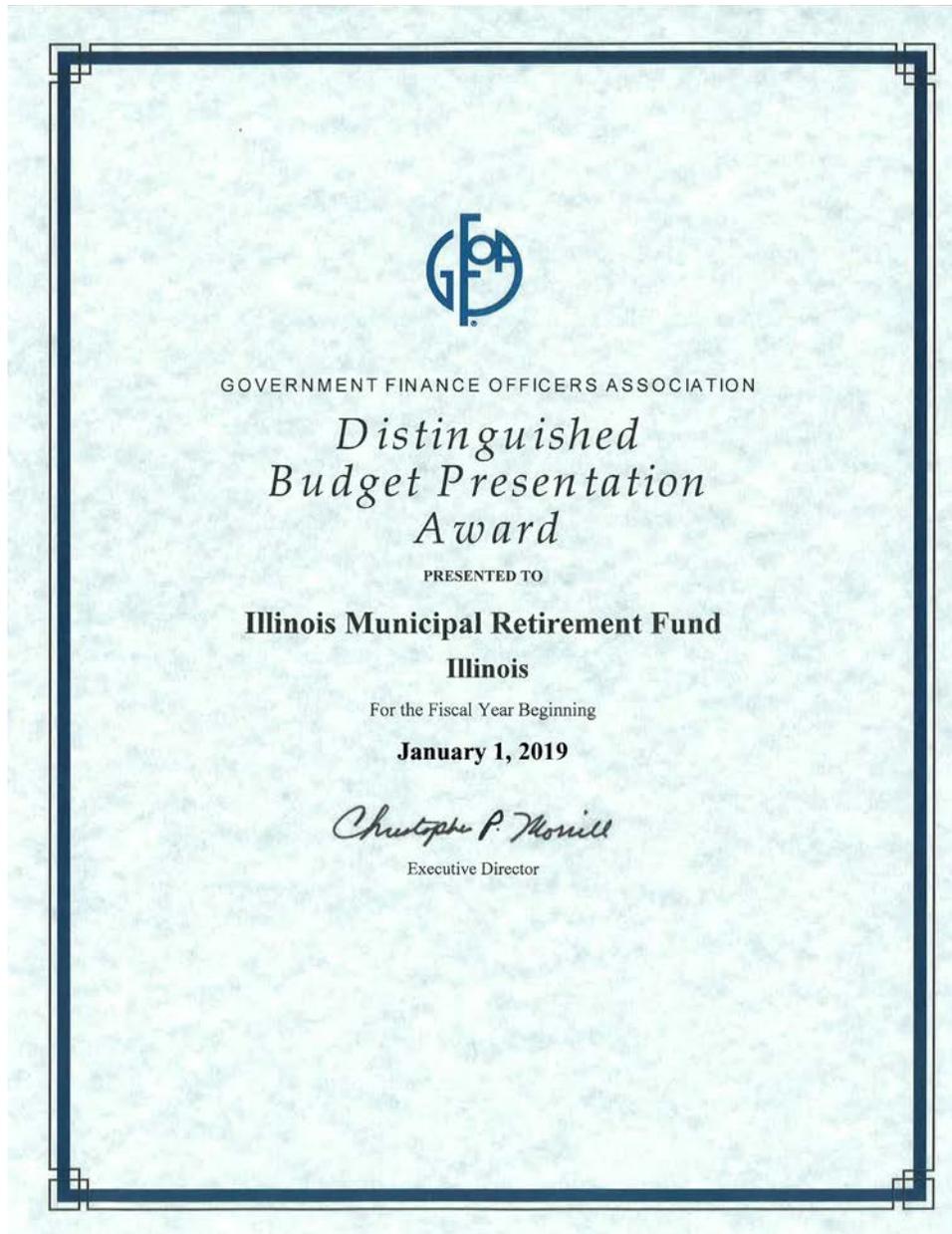


GFOA AWARDS

IMRF takes great pride in its reputation for transparency. To ensure this reputation continues, IMRF seeks feedback from the Government Finance Officers Association (GFOA) through its various award programs.

In 2019, IMRF received the Distinguished Budget Presentation Award for the fifth consecutive year. To achieve the award, IMRF earned outstanding or proficient ratings across all award criteria. This honor showcases IMRF's ongoing commitment to the core values of accuracy and accountability, and to providing the resources required to support members and employers across Illinois.

IMRF will continue to participate in the GFOA awards programs and intends to submit this budget in early 2020.



MISSION, VISION & VALUES

MISSION STATEMENT

To efficiently and impartially develop, implement, and administer programs that provide income protection to the members and beneficiaries on behalf of participating employers, in a prudent manner.

VISION

To provide the highest quality retirement services to our members, their beneficiaries, and employers.

VALUES

Guiding us to **REACH** our Mission and Vision:

R **Respect**
Recognizing the worth, uniqueness, and importance of ourselves, our coworkers, and our membership builds collaboration and cooperation.

E **Empathy**
Being aware of the feelings of others and how our actions affect them enables us to be responsive to the needs of our membership.

A **Accountability**
Accepting responsibility for our actions cultivates the trust of our coworkers, members, and employers.

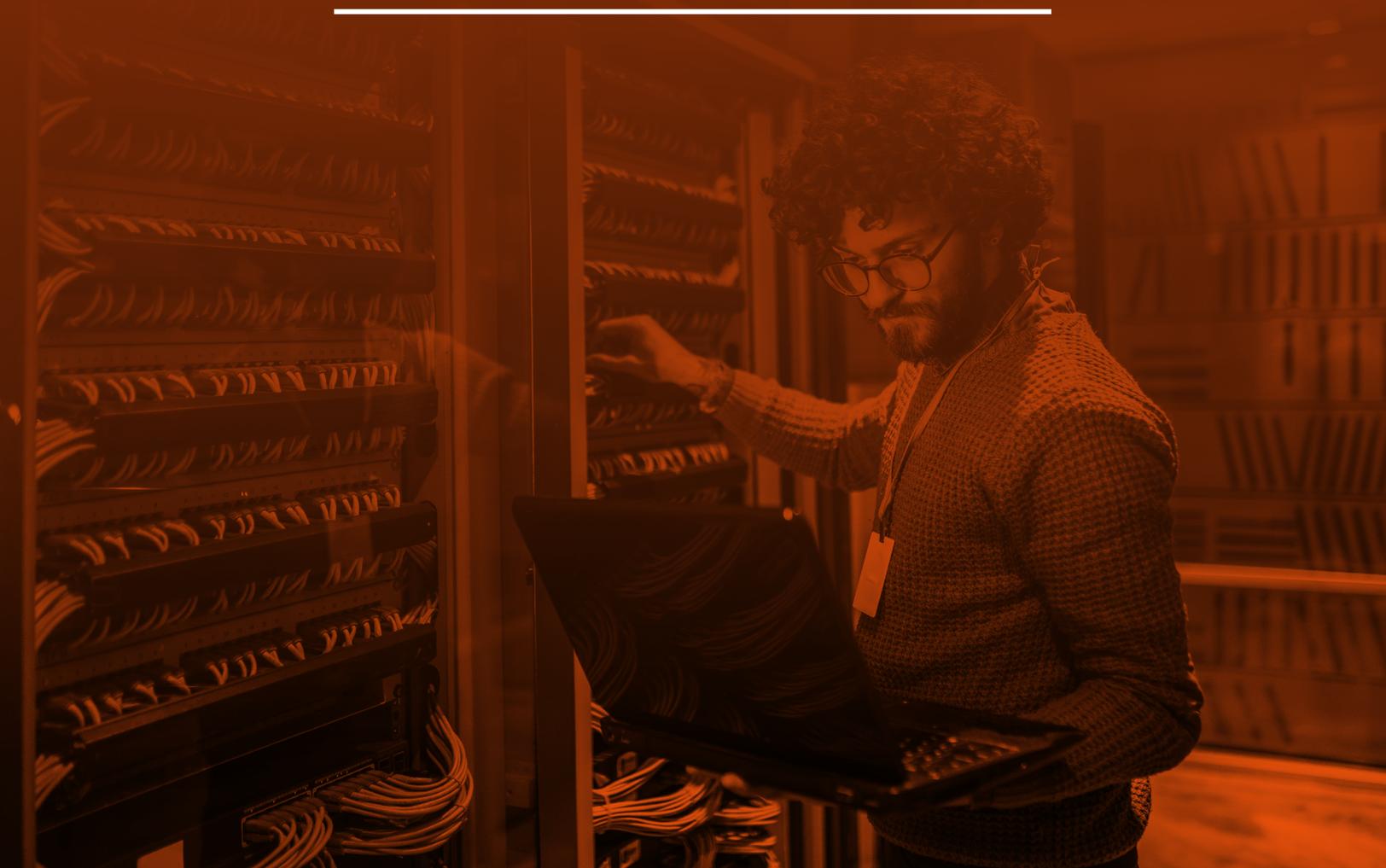
A **Accuracy**
Performing our duties in an accurate and timely manner ensures our members receive the service and benefits to which they are entitled.

C **Courage**
Recognizing the need for innovation and being willing to change strengthens our ability to meet future challenges and opportunities.

H **Honesty**
Acting in a truthful, ethical, and professional manner builds confidence with our membership and the public.



SYSTEMATIC & SECURE DATA MANAGEMENT



BUDGETARY STRUCTURE

IMRF is the administrator of an agent multiple-employer public employee retirement system. The Illinois State Legislature established IMRF in 1939. IMRF began operations in 1941 in order to provide retirement, death, and disability benefits to employees of local units of government in Illinois. IMRF now serves 3,010 different employers, 176,517 participating members, and 133,261 benefit recipients. In an effort to provide a more informative document, the Budgetary Structure includes an outline of IMRF's funding, business practices, and direction.

- 14** Budget Transmittal Letter
- 21** IMRF Strategic Plan
- 24** Implementation of the Strategic Plan
- 26** Asset Allocation
- 27** Contributions vs. Benefits Paid

With 429,717 members, IMRF maintains digital records related to nearly half a million individuals. These records include our members' personal information. Our team members have a responsibility to manage this data with diligence.

This budget provides the funds needed to put in place the right processes, people, and technology to maintain the accuracy of its data, so the pension system is properly administered. We leverage cutting edge technologies and well defined processes to make sure our members' data is kept safe and secure.





November 1, 2019

Board of Trustees
Illinois Municipal Retirement Fund
Oak Brook, Illinois 60523-2337

FORMAL TRANSMITTAL

The Annual Budget for the Illinois Municipal Retirement Fund (IMRF) for the fiscal year ending December 31, 2020, is attached and submitted to the Board of Trustees. The management of IMRF is responsible for the compilation, content, and accuracy of this document. Our goal is to address the defined needs and objectives of the organization, as outlined in the enclosed document. IMRF relies on the interest earned from the Trust to fund its administrative, investment, and operating expenses.

The budget presented is different from the previous budgets submitted to the Board of Trustees. This budget addresses the second year of a three-year focus for completion of the \$50 million technology Modernization project known as the “Horizon Project.” This document isolates and highlights the incremental costs for the Horizon Project.

This budget also reflects the restructuring of various departments and shifting of staff to specific departments. The reorganization will lead to improved efficiencies and improved customer service.

In developing this budget, we input data from each operational department of IMRF. This budget reflects our plan to adapt to change while continuing to provide annuitant benefits, employer information, and outstanding service to all stakeholders.

HIGHLIGHTS OF THE 2020 BUDGET

Overall administrative expenses are projected to decrease by 0.6% from 2019 to 2020 (page 66). This is a comparison of the approved 2019 budget versus the proposed 2020 budget without the additional items associated with the Horizon Project. The budget items for this project are presented separately to provide a more meaningful comparison of year-to-year changes in the base budget. When including the additional Horizon and costs, administration expenses are projected to increase 8.7%.

The capital plan includes an increase of about \$2.5 million over the prior year, which is largely due to a projected increase in capital purchases related to the Horizon Project which includes the replacement of IMRF’s pension administration systems.

The 2020 Budget reflects a number of organizational changes:

- The Procurement Unit as well as the Chief Security Officer are now part of the Legal department
- The Communications department now reports to the Director of Human Resources
- Organizational Excellence is an expanded stand-alone department reporting to the Executive Director
- Operations has been renamed Customer Service
- The Disability department is now stand-alone. It was previously included in the Benefits department.
- Field Services and Member Services are now separate departments.

In several instances the respective budget expenses are moved to the new areas, this will interrupt the historical comparison of previous years budgets.

Finally, just a few general changes from 2019:

- Several areas show a significant increase in overtime budgeted for User Acceptance Testing (UAT) for the Horizon project.
- The budget reflects the anomaly of 27 payrolls in 2020 versus 26 payrolls in 2019.
- The 2020 budget includes various information technology software licenses and consultants in preparation of going live with the Horizon Project in 2021.
- The Investment department expanded to include the full year impact of the new 3-person Internal Equity Management team.

PROFILE OF IMRF

IMRF is the administrator of an agent multiple-employer public employee retirement system, which began operations in 1941 in order to provide retirement, death, and disability benefits to employees of local units of government in Illinois.

Members, employers, and annuitants elect eight trustees who govern IMRF. IMRF is separate and apart from the Illinois state government and is not included in the state's financial statements. IMRF now serves 3,010 different employers, 176,517 participating members, 119,939 inactive members, and 133,261 benefit recipients.

FUNDING

IMRF's revenue is derived from three sources: investment earnings, employer contributions, and member contributions. Per state statute, IMRF employers are required to make actuarially required contributions to IMRF.



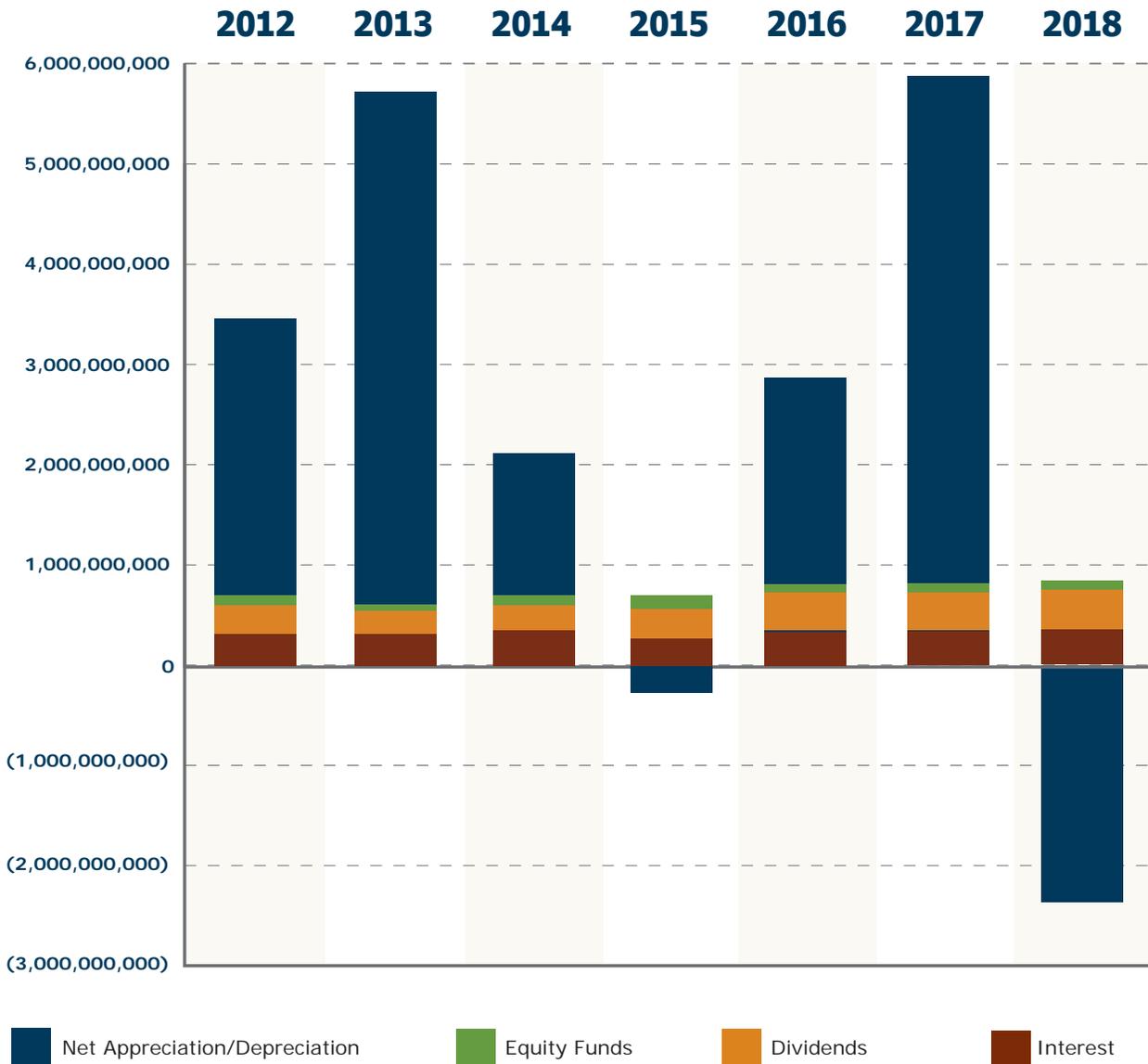
The Revenues by Source section of this document presents the details of the funding for IMRF.

INVESTMENTS

The Investments department is under the direction of the Chief Investment Officer. Currently, the public markets portfolio is managed by 40 professional investment management firms, handling 44 mandates. The private markets portfolio is invested by 58 firms, including 143 separate funds. These firms make investment decisions under the prudent person rule authorized by Article 1 of the Illinois Pension Code and by investment policy guidelines adopted by the IMRF Board of Trustees.

The Investment department has implemented an internally managed, active US equity portfolio that is managed against the SciBeta United States High-Factor-Intensity Diversified Multi-Beta Multi-Strategy 6-Factor 4-Strategy EW Index. This portfolio's initial allocation of \$250 million was funded in three installments in 2019: \$10 million on September 17; \$190 million on September 20; and \$50 million on October 4.

The Trustees employ an investment consultant to monitor and evaluate the investment management firms' performance. Our primary goal is to optimize the long-term total return of IMRF investments through a policy of diversification within a parameter of prudent risk. In 2019, the Investment staff, as required by law at 5-year intervals, conducted an investment consultant search. Wilshire Associates was subsequently selected to provide investment consulting and performance measurement services to IMRF beginning January 1, 2020. Callan Associates, IMRF's current investment consultant and performance services provider, will continue to provide these services through the end of their contractual commitment on December 31, 2019.



PERSONNEL

There are no new positions presented in the 2020 budget document. Total staffing for 2020 will continue at 223. This continues to include 14 positions added to the 2019 budget to bolster department resources in conjunction with the multi-year Phase Four of the Horizon Project which incorporates implementation and user testing of the system. Our main goal is to continue to provide excellent customer service to all our customers while key staff are heavily involved with the Horizon Project, as well as develop the next generation of employees in response to natural attrition of staff as they retire from IMRF. Effective midyear 2019, several departments were reorganized as reflected in the chart below.

Department	Headcount			
	2019 Budget Total	2019 Organizational Restructure	2020 Additional	2020 Budget Total
HR	4	1	-	5
Administration	3	(1)	-	2
Organizational Excellence	-	3	-	3
Customer Service	3	(2)	-	1
Benefits	36	(16)	-	20
Disability	-	15	-	15
Member Services	44	(12)	-	32
Field Services	-	12	-	12
Finance	28	-	-	28
Internal Audit	8	-	-	8
IS	44	-	-	44
Investments	14	-	-	14
Investments IEM	3	-	-	3
Legal	6	3	-	9
Communications	10	(1)	-	9
Office Services	20	(2)	-	18
Total	223	-	-	223

INFORMATION SYSTEMS DEVELOPMENT

2019

IMRF's major 2019 system development priorities have focused on:

- Configuring and customizing the commercial off the shelf (COTS) product to build Horizon functionality to replace our current pension administration system.
- Building the development environment on site for the Horizon implementation, including integration with FileNet, GP Dynamics, and Avaya telephony components.
- Upgrading Disaster Recovery services at Sungard to improve our ability to meet our Recovery Time Objectives.

2020

IMRF's major 2020 system development priorities will focus on:

- Continue configuration and customization of the COTS product to build Horizon functionality to replace our current pension administration system.
- Building four new environments on site for the Horizon implementation, including integration with external services and components.
- Implement changes to infrastructure of Disaster Recovery to include encrypted network link to improve our ability to meet our Recovery Time Objectives goals.

STRATEGIC PLAN SUMMARY

Our Strategic Plan provides the Fund with a road map for achieving our vision to provide the highest quality retirement services to our members, their beneficiaries, and employers in a cost-effective manner. It guides our efforts to continuously improve our service to our employers and members.

The 2020-2022 Strategic Plan includes elements of the Baldrige Criteria for Performance Excellence to ensure we align our objectives, processes, and resources with our vision. Progress towards meeting our objectives is measured using the following four key results areas on our leadership scorecard:

- Financial Health
- Customer Engagement
- Workforce Engagement
- Operational Excellence

More information about our Strategic Plan is located on page 21 of this document.

JOURNEY OF EXCELLENCE

The IMRF Journey of Excellence is based upon the framework of the Malcolm Baldrige National Quality Award. This award was established by Congress to promote improved quality of goods and services in U.S. companies and organizations. This program is administered both at a state level (Illinois Performance Excellence-ILPEX) and at national level (Malcolm Baldrige National Quality Award-MBNQA). The program identifies and recognizes role-model organizations, establishes the criteria for evaluating improvement efforts, and promotes dissemination and sharing of best practices. Seven categories make up the Baldrige Criteria for Excellence:

- Leadership—Examines how senior executives guide and sustain the organization and how the organization addresses governance, ethical, legal and community responsibilities

- Strategic planning—Examines how the organization sets strategic directions and how it determines and deploys key action plans
- Customer focus—Examines how the organization determines requirements and expectations of customers and markets; builds relationships with customers; and acquires, satisfies, and retains customers
- Measurement, analysis, and knowledge management—Examines the management, use, analysis, and improvement of data and information to support key organization processes as well as how the organization reviews its performance
- Workforce focus—Examines how the organization engages, manages, and develops all those actively involved in accomplishing the work of the organization to develop full potential and how the workforce is aligned with the organization’s objectives
- Process management—Examines aspects of how key production/delivery and support processes are designed, managed, and improved
- Results—Examines the organization’s performance and improvement in its key business areas: customer satisfaction, financial and marketplace performance, workforce, product/service, and operational effectiveness, and leadership; as well as how the organization performs relative to competitors.

The state program, Illinois Performance Excellence (ILPEX) is a non-profit organization that seeks to help Illinois organizations improve their performance by embracing the Baldrige Criteria for Excellence and aligning their processes to become more efficient and sustainable. Organizations that pursue the Baldrige management framework can demonstrate through the ILPEX award application that they have adopted proven performance practices, principles, and strategies that nurture excellence in all aspects of their operations. This can range from customer relations, to workforce development, to specific operational and financial results. IMRF participates cyclically in the ILPEX process and was awarded the Bronze: Commitment to Excellence in 2009, the Silver: Progress towards Excellence in 2012 and 2014, and Gold: Achievement of Excellence 2017. In addition to validating our progress and commitment to excellence, the program provides valuable feedback from ILPEX examiners and judges. The comprehensive feedback report received from ILPEX provided additional guidance regarding how we can further leverage our strengths and pursue opportunities for improvement. Our ILPEX Gold Award affirmed IMRF’s status as a leader in public pension administration.

Having achieved the highest award designation possible within the state program, IMRF qualified to apply for the national program via the Malcolm Baldrige National Quality Award (MBNQA). In November 2019, IMRF received the Malcolm Baldrige National Quality Award. This is Presidential-level honor, the award recognizes exemplary U.S. organizations and businesses that demonstrate an unceasing drive for radical innovation, thoughtful leadership, and administrative improvement.

Over the last 10 years, IMRF has analyzed, evaluated, and improved the organization in many ways, using the Baldrige Criteria for Performance Excellence as a guide. Some of these improvements include redesigning the organization’s strategic-planning process and leadership system, expanding our customer feedback and surveying program, and benchmarking performance against peers from both the public and private sectors. These improvements ultimately benefit our members and employers. IMRF ranks within the top 15% of North American public pensions for cost-effective customer service.

DEFINED BENEFIT ADMINISTRATION BENCHMARKING ANALYSIS

Annually, IMRF participates in a benchmarking study to further identify potential process improvements. CEM Benchmarking Inc. conducts an annual Defined Benefit Administration Benchmarking Study for public pension systems. IMRF has participated in this benchmarking program since 2001. This program provides insight into benefit administration costs, customer service levels, and industry best practices. Our goal is to provide the highest quality of service at a median cost. In 2019, IMRF’s service level scores ranked in the 86th percentile amongst the 42 North American public pensions within the peer group, while our costs were only slightly below the median. We will continue our participation in this benchmarking program in 2020.

FINANCIAL POLICIES

Financial policies provide the basic framework for the fiscal management of IMRF. These policies provide guidelines for the evaluation of current activities and proposals for the future. The policies represent long established principles and practices that have guided IMRF in the past, and lead to the financial stability of the organization today. These policies are described in the General Guidelines from the Chief Financial Officer beginning on page 48 of this document.

PERFORMANCE MEASURES

IMRF, in an effort to provide a more informative document, is including performance measures for each operational area within the budget.

DEPARTMENT GOALS AND OBJECTIVES

IMRF's department goals and objectives, presented for each operational department, are expanded this year. The department goals and objectives are identified by each operational unit to provide a better perspective of each area to IMRF overall. Performance measures are presented to support our Strategic Plan and our aim for excellence per the Baldrige criteria

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to IMRF for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2017. An application has been made for the Fiscal Year 2018 CAFR presentation and notice of the award is pending. The Certificate of Achievement for Excellence is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. IMRF has received a Certificate of Achievement for the last 37 consecutive years (Fiscal Years 1980-2017). IMRF also received a Certificate of Achievement for Excellence in Financial Reporting for its Popular Annual Financial Report (PAFR) for the year ended December 31, 2019. IMRF has received the PAFR award 16 times.

Also in 2019, IMRF received for the fifth straight year the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA). IMRF is proud of the 2020 budget document and its contents. We feel that it provides the reader pertinent information about IMRF as an organization, and makes clear the focus and direction of the organization into the future. IMRF will continue to strive to obtain this award on an annual basis.

IMRF received the Illinois ILPEX Gold Award in 2017. In November 2019, IMRF received the Malcolm Baldrige National Quality Award. IMRF is the first public pension fund in the nation to receive our country's highest presidential honor for performance excellence. Of the more than 7.6 million U.S. organizations, less than 1% have received this distinction, with only 121 total winners over the last three decades.

ACKNOWLEDGMENTS

The production of this document reflects the combined effort of IMRF staff under the leadership of the Board of Trustees and the Executive Director, Brian F. Collins. The Finance department, under the direction of Mark Nannini, compiled the report. We believe this report provides complete and reliable information for making management decisions, for determining compliance with legal provisions, and for determining responsible stewardship for the assets contributed by the members and their employers.

We hope that all users of this budget document will find it both informative and helpful.

The budget document is a culmination of a major effort by numerous staff members of IMRF as well as the Board. We would like to especially thank the Directors, Managers, Supervisors, Kathy Goerd, John Krupa, Nick Kurz, David Adamski, Audrey Brown-Ryce, Sharon Brown, and Jim Splitt for their help in preparing and assembling this document. On behalf of the management team, we are pleased to present the Fiscal Year 2020 IMRF budget for your consideration.

Respectfully submitted,



Brian Collins
Executive Director



Mark F. Nannini
Chief Financial Officer

STRATEGIC PLAN



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www.imrf.org

November 2019

IMRF Strategic Plan

The Illinois Municipal Retirement Fund Board of Trustees and staff are proud to present our adopted Strategic Plan for 2020-2022. The Strategic Plan includes our Mission, Vision and Values; Strategic Objectives for each of our four Key Result Areas; and our formal planning methodology.

Our Strategic Objectives challenge us to achieve top 10% performance for most Key Result Areas. These objectives are supported by a set of Key Strategies critical to the success of our Plan. The complete list of Strategic Objectives and Key Strategies is included in the enclosed Strategic Plan.

IMRF received an Illinois Performance Excellence Gold Award for Achievement of Excellence in 2017. This prestigious honor not only recognized our organizational excellence, but also provided a comprehensive feedback report to continue our efforts toward fulfilling our Vision. This also allowed us to apply for the national Baldrige award in 2018. In November 2019, IMRF received the Malcolm Baldrige National Quality Award. The Baldrige Framework helps shape the development of our Strategic Plan, which aligns our objectives with the four Key Result Areas of the Fund listed on the following page.

Our Strategic Plan provides the Fund with a road map for meeting the challenges and opportunities in providing the highest quality retirement services to our members, their beneficiaries, and employers. It guides our efforts to continuously improve our service to our 3,010 employers; 176,517 participating members; 133,261 annuitants; 119,939 inactive members; and the taxpayers of Illinois.

We appreciate your interest in IMRF and welcome your feedback.

Brian Collins
Executive Director

EXECUTIVE SUMMARY

IMRF implemented a formal strategic planning process and methodology in 2005 to ensure the IMRF Board of Trustees and staff had a mechanism to plan for the future needs of the Fund. This systematic process facilitates discussion and agreement between the Board of Trustees, staff, and key stakeholders on the appropriate direction for IMRF. Consistent with the spirit of our continuous process improvement program, the process was updated and improved in 2007, 2010, 2013, 2016, and again in 2019.

IMRF has a long history of implementing operational improvements in response to the increasing needs and demands of our stakeholders. These changes allowed the Fund to effectively and efficiently respond to many challenges, including new benefit programs and ever-increasing workloads. Our success continues to be validated through the high marks received on customer satisfaction surveys and through outside benchmarking services.

We expanded our strategic planning process in 2010 to include elements of the Baldrige Criteria for Performance Excellence to ensure we align our objectives, processes, and resources with our Vision. Our application for the 2009 Lincoln Award for Performance Excellence (renamed Illinois Performance Excellence {ILPEX} in 2011) was a logical extension of our continuous process improvement program and provided a new sense of direction for our planning process. The feedback from our additional applications was used to identify 32 key business approaches, which we evaluate and improve. Feedback from our 2018 Baldrige application provided a new overview of our strengths, opportunities for improvement, and an update on the progress we made over the past several years.

While the measures of success that we use for our strategic objectives may change over time, we will strive to achieve top 10% performance for most Key Result Areas. Baldrige recipient organizations often set their overarching strategic objectives to achieve a top 10% ranking in each key area of importance to their stakeholders. We are following that same path. We believe this high level of performance is how we should benchmark ourselves. This is consistent with our Values, and provides a means to assess progress toward realization of our Vision. Our Strategic Objectives force us to think strategically about how we can achieve and/or maintain excellence in each of our Key Result Areas. They provide a target we can aspire to over the three years of this Strategic Plan.

As a critical part of our formal 12-step planning process, the Board of Trustees and staff completed a re-examination and validation of our Mission, Vision, and Values in February 2019. We also completed a comprehensive overview of our external environment, as well as an analysis of our strengths, weaknesses, opportunities, and threats. These analyses resulted in a list of strategic advantages, challenges, and opportunities that helped validate our four Key Result Areas of our Strategic Objectives:

- Financial Health
- Customer Engagement
- Workforce Engagement
- Operational Excellence

Our four Strategic Objectives provide the basis for our 2020-2022 Strategic Plan. Staff developed action plans, including milestones and timelines, for the Key Strategies associated with each of these objectives.

STRATEGIC OBJECTIVES AND KEY STRATEGIES FOR 2020-2022

Our four Strategic Objectives define our approach to realize our Vision, and as such, constitute the focus of our Strategic Plan for 2020-2022. These four inter-related objectives address internal and external strategic advantages, challenges and opportunities. The objectives and corresponding strategies are aligned with our Vision across all key result areas. This integration is critical to the success of our Strategic Plan, as these objectives must be considered as four parts of one plan. The Plan highlights the four Strategic Objectives. The Plan also provides an overview of the Key Strategies designed to support the Strategic Objectives. These Key Strategies will change throughout the three years of the Plan, as some will be completed or combined with another strategy. The Horizon Project (our most important strategic opportunity) will be deployed during the 2020-2022 Strategic Plan cycle. Therefore, we limited the amount of competing initiatives to help ensure the success of this critical project. Listed below are six Key Strategies we will utilize to help us achieve our four Objectives.

2020-2022 STRATEGIC PLAN



Key Result Area: Financial Health

Strategic Objective

To achieve and maintain a funding level that sustains the Plan.

As measured by:

- Achieving top decile funding level on a market-value basis relative to a universe of public pension funds
- Achieving progress toward a 100% funding goal
- Achieving or exceeding a 7.25% annual return over the long term (over 5, 10 and 15 year basis).
- Outperforming the total portfolio benchmark (over 3, 5 and 10 year basis)

Key Strategy

- Utilize portfolio construction tools and principles, including asset liability models, portfolio optimization, cost control, evaluation of various investment program structures, and relevant performance measurements to increase net returns.

Key Result Area: Customer Engagement

Strategic Objective

To foster and maintain engaged members and employers.

As measured by:

- Achieving top decile “American Customer Satisfaction Index” (ACSI) ranking on Cobalt Survey
- Exceeding the 3 NPS Benchmarks (Financial, Business Services and Government) on Member and Employer engagement surveys

Key Strategies

- Implement a Web-Centric Customer Service Delivery Model
- Research Contact Center best practices and strategies

Key Result Area: Workforce Engagement

Strategic Objective

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

Key Strategy

- Develop a standardized learning and development experience for staff and leaders

Key Result Area: Operational Excellence

Strategic Objective

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” (ACSI) ranking on Cobalt Survey
- Achieving 90% “Overall Satisfaction” ratings on member and employer satisfaction surveys
- Achieving per-member-cost at or below the median of the CEM administrative cost measure

Key Strategies

- Implement the Horizon Project
- Develop and implement an organizational Risk Management Program

IMPLEMENTATION OF THE STRATEGIC PLAN

Action Plans

Each Strategic Objective is assigned sponsorship by an IMRF senior leader. These sponsors identify the appropriate employee who will serve as the single point accountable (SPA) for each Key Strategy associated with that objective. These SPAs are responsible to form teams, develop high level action plans, determine possible budget implications for each strategy, work with their sponsor to obtain resources as needed, lead the implementation of action plans, and provide regular updates to leadership on the progress and status of plans. The action plans for each key strategy are aligned with the overarching Strategic Objective. They also provide a greater level of detail, corresponding timelines and milestones for the actions, and the resources required to implement the strategy. Action plans are continually reviewed and revised to ensure the Strategic Plan remains both relevant and responsive to the needs of the organization and to all our key stakeholders.

Annual Operating Budget

Implementation of the action plans may require some incremental increases in the IMRF administrative budget. The administration of an annual employee engagement survey, an enhanced training program, voice of the customer surveying tools, and additional meeting costs highlight these incremental increases. Costs associated with the Strategic Plan will be included in the administrative budget.

Integration of Strategic Objectives With Leadership Scorecard and Performance Management

There is an adage that “What gets measured gets managed.” We apply this concept to the Strategic Plan to ensure it receives the appropriate attention needed for successful implementation. For each Key Result Area, measures are identified for the Leadership Scorecard. Regular reviews of Leadership Scorecard measures and Action Plan updates enable leadership to track the achievement of action plans and the effectiveness of related key strategies.

We will update the performance goals of senior leadership such that they are aligned with the Strategic Plan. Senior leadership will complete this same exercise for the leadership team. Performance towards completing the Strategic Plan will play an important role in the evaluation of the managers’ performance.

Communication Plan

The Strategic Plan helps drive the culture of IMRF. We emphasize the communication of the Plan to our staff, Board of Trustees, and all stakeholders. Our communication plan is simple, but possesses a systematic approach for spreading our message.

IMRF Staff

A formal introduction of our new Plan will be made to our staff in January 2020. The full Plan will be posted for review on our Intranet. The Strategic Objectives continue to be highlighted in employee meetings. All employees will be reminded of our Vision, and gain an understanding of their role in achieving our Strategic Objectives.

Board of Trustees

The Trustees reviewed and validated the Strategic Plan as part of the 2020 Budget document at the November 2019 Board Meeting. We will provide quarterly status updates to the Trustees throughout the three-year cycle of this Plan. Another comprehensive triennial strategic planning process will be completed by staff and the Board in 2022. This will start at the February 2022 Board Meeting with the completion of Step 1: Examine Mission, Vision and Values.

IMRF Stakeholders

We include highlights of the Plan in our Fundamentals newsletter articles and in memos to our employers. We also post our Plan at www.imrf.org.

Board Authorization

The IMRF Board of Trustees and IMRF leadership understand and support the IMRF Strategic Plan for 2020 - 2022 as described in this document.

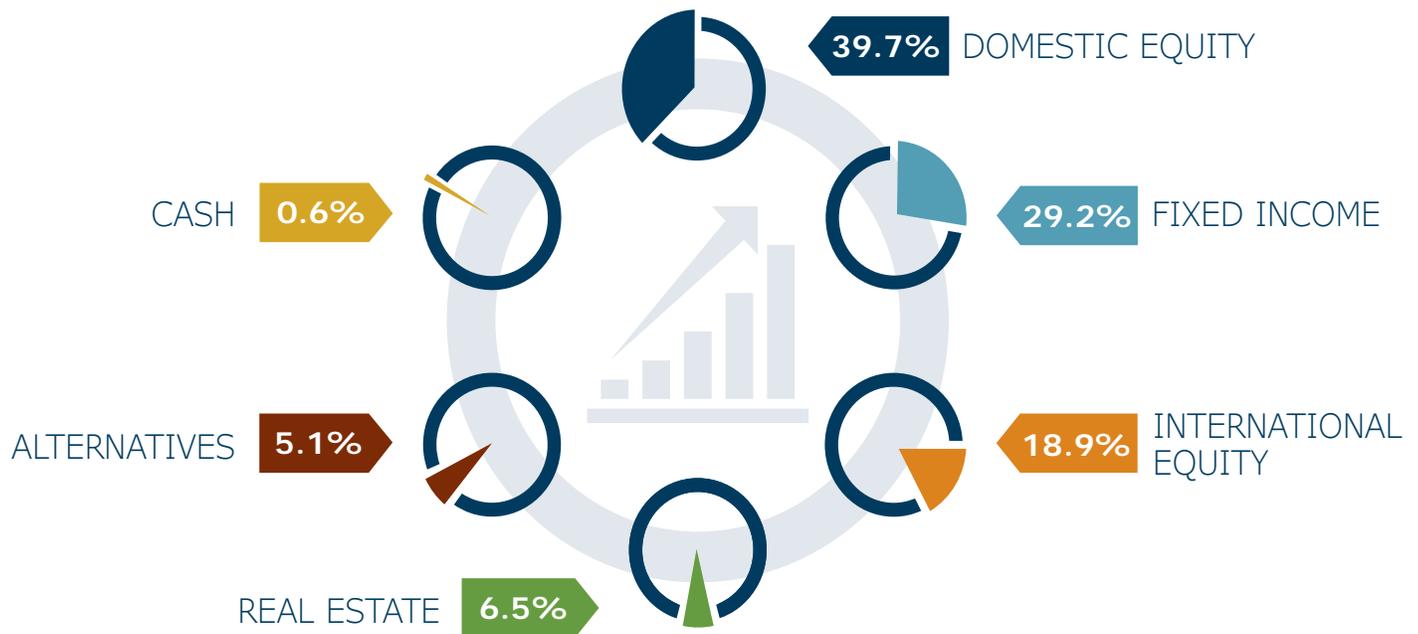
Alex Wallace, Jr.
Board President

Brian Collins
Executive Director

ASSET ALLOCATION

IMRF's public markets portfolio is managed by 40 professional investment management firms, handling 44 mandates. The Fund's private markets portfolio is invested by 58 firms, including 143 separate funds. These firms make investment decisions under the prudent person rule authorized by Article 1 of the Illinois Pension Code and by investment policy guidelines adopted by the IMRF Board of Trustees. IMRF's primary goal is to optimize the long-term total return of its investments through a policy of diversification within a parameter of prudent risk.

ASSET ALLOCATION SUMMARY AS OF JUNE 30, 2019

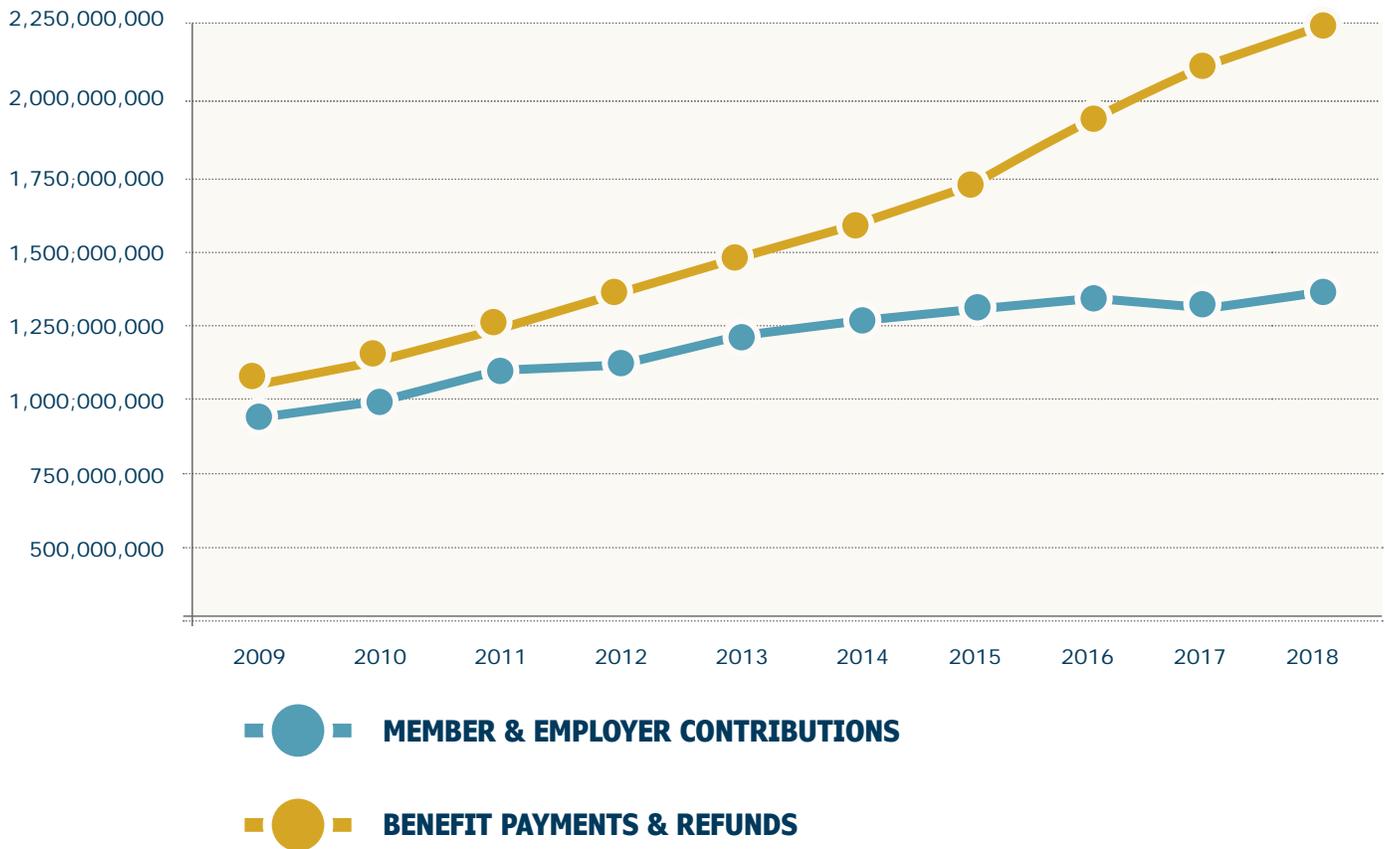


	Market Value in Millions	Target Asset Allocation	Actual Asset Allocation	Variance
Domestic Equity	16,976	37.0%	39.7%	2.7%
International Equity	8,091	18.0%	18.9%	0.9%
Fixed Income	12,468	28.0%	29.2%	1.2%
Real Estate	2,780	9.0%	6.5%	-2.5%
Alternative Investments	2,179	7.0%	5.1%	-1.9%
Cash & Cash Equivalents	268	1.0%	0.6%	-0.4%
Total	\$ 42,762	100.0%	100.0%	

*Asset Allocation is updated quarterly online at www.imrf.org.

CONTRIBUTIONS VS. BENEFITS PAID

Year	Member and Employer Contributions	Benefit Payments & Refunds	Member/Employer Net Cash Flow
2009	984,470,203	1,105,278,532	(120,808,329)
2010	1,095,044,263	1,210,232,111	(115,187,848)
2011	1,128,485,142	1,317,305,714	(188,820,572)
2012	1,214,030,823	1,423,957,664	(209,926,841)
2013	1,269,903,477	1,540,318,362	(270,414,885)
2014	1,274,472,270	1,666,012,340	(391,540,070)
2015	1,268,482,155	1,794,932,867	(526,450,712)
2016	1,314,322,336	1,939,829,996	(625,507,660)
2017	1,297,229,891	2,086,165,717	(788,935,826)
2018	1,361,470,514	2,242,990,155	(881,519,641)



Negative cash flow is a common feature of “mature” pension plans with a large number of retirees. Over time, IMRF investment income fills the gap between contributions and payments/refunds.



BEST-IN-CLASS COMMUNICATION & EDUCATION



BUDGETARY FOUNDATION

IMRF gives great consideration to best utilizing its resources to provide plan benefits, employer information, and outstanding service to all stakeholders. The documentation in this section presents a narrative introduction, analysis, and overview of the Fund's financial data.

- 30 Profile of IMRF
- 31 Legislative Update
- 31 Funding
- 32 Appropriations
- 32 Balanced Budget
- 32 Basis of Budgeting
- 32 Budget Policies
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- 32 Actuarial Methods and Assumptions
- 33 Fund Description and Structure
- 34 Revenue Schedules
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- 39 Summary of IMRF Benefits
- 44 Summary of IMRF Departments & Workforce
- 45 Funded Status and Funding Progress
- 46 Schedule of Aggregate Funding Progress
- 47 Changes in Fiduciary Net Position

The benefit system is complex, and IMRF staff members are dedicated to helping our members and employers understand it. This budget provides the resources IMRF needs to communicate with members digitally through websites and social media. It also helps our team educate members and employers at workshops, through in-person counseling, and over the telephone.



PROFILE OF IMRF

IMRF is the administrator of an agent multiple-employer public employee retirement system. The Illinois State Legislature established IMRF in 1939. IMRF began operations in 1941 in order to provide retirement, death, and disability benefits to employees of local units of government in Illinois. Members, employers, and annuitants elect eight trustees who govern IMRF. IMRF is separate and apart from the Illinois state government and is not included in the state's financial statements. IMRF now serves 3,010 different employers, 176,517 participating members, and 133,261 benefit recipients.

Employers

	2017	2018
Participating employers	2,997	3,010

The Illinois Pension Code specifies the units of government required to participate in IMRF and the units that may elect to join. Participation by the following units of government is mandatory:

- All counties except Cook,
- All school districts except Chicago and,
- All cities, villages, and incorporated towns with a population over 5,000, other than Chicago, which do not provide Social Security or equivalent coverage for their employees before they reach a population of 5,000.

Other units of government with general taxing powers, such as townships and special districts, may elect to join. Instrumentalities, which include units of government without general taxing powers and not-for-profit organizations, associations, or cooperatives authorized by state statute, may participate. If they meet financial stability requirements. Units that elect to join the system may not under any circumstances terminate their participating employer status as long as they are in existence.

Members *(AS OF DECEMBER 31, 2018)*

Inactive members	2017	2018
Retirees and beneficiaries currently receiving benefits	128,264	133,261
Terminated members entitled to benefits but not yet receiving them	13,775	14,086
Terminated members—non-vested	102,195	105,853
Total inactive members	244,234	253,200
Active members		
Non-vested	86,520	90,475
Vested	89,045	86,042
Total active members	175,565	176,517
Grand Total	419,799	429,717

Employers must enroll employees in IMRF if the employees' positions meet the qualifications for IMRF membership. There are some exceptions. City hospital employees and elected officials have the option to participate. IMRF does not cover individuals in certificated teaching positions covered by the Illinois Teachers' Retirement System. Also, IMRF does not generally cover individuals performing police or fire protection duties for employers with local police and fire pension funds. Certain police chiefs may choose to participate as Sheriff's Law Enforcement Personnel (SLEP) members.

LEGISLATIVE UPDATE

The Illinois Pension Code determines how IMRF operates and administers IMRF benefit plans. IMRF serves its members and employers as a source of information about legislation that affects the pension code and serves as an advocate to represent the interests of members and employers to state lawmakers.

Six bills that affect IMRF passed the General Assembly in 2019:

Public Act 101-0151

Allows members to retain disability eligibility if they have up to a 3-month gap in employment prior to disability, and return to participation with a different employer. Prior to this law, the member had to return to the same employer to retain eligibility. It was effective July 26, 2019

Public Act 101-0473

Requires all public agencies and units of government in Illinois to consider specific sustainability goals. It is effective January 1, 2020.

Public Act 101-0492

(House Bill 2884) extends to members participating with certain educational employers the ability to roll over unused, unpaid sick leave between multiple employers. Currently, this ability only applies to members participating with school districts. It was effective August 23, 2019 (only applicable for terminations from these employers after the effective date)

Public Act 101-0504

Requires IMRF to post certain employer cost and participation information on its website. It will be effective July 26, 2019.

Public Act 101-00544

(Senate Bill 1264) requires all pension systems to send an annual report to the State Treasurer's Office regarding unclaimed assets. The bill is effective January 1, 2020, but the first report is not due until November 1, 2020.

Public Act 101-0546

Prohibits an elected official who is receiving an IMRF pension based on service in the same position from also receiving a salary for that position. If the official was receiving an IMRF pension on August 23, 2019, effective at the beginning of their next term of office they must either suspend their IMRF pension or their salary shall be reduced to zero.

FUNDING

IMRF's actuary uses a five-year smoothed market-related value with a 20% corridor to determine the actuarial value of assets. The smoothing is intended to prevent extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the December 31, 2018 valuation, the aggregate actuarial value of assets was \$39.2 billion. The aggregate actuarial liability for all IMRF employers was \$45.4 billion. The aggregate actuarial funding ratio is currently 90.0% (a decrease from the 2017 ratio of 92.9%). This takes into account the five-year smoothing of investment returns utilized by the actuary. If the market value of assets is used (i.e., no actuarial smoothing), the aggregate funding ratio is 85.4% as of December 31, 2018, a decrease from 98.2% as of December 31, 2017. As of December 31, 2018, IMRF's market-based funding value change was lower than the actuarial funding value since there were \$2.1 billion of unrecognized investments losses, which will be reflected in the 2019 through 2022 period in keeping with the five-year smoothing technique discussed previously. The preceding ratios are for the Fund as a whole. Under the Illinois Pension Code, each employer funds the pensions for its own employees. Funding ratios for individual employers and individual plans vary widely. IMRF members can look with a sense of security to the net asset base since these assets are irrevocably committed to the payment of their pensions when they retire. The actuary has determined that the present net asset base, expected future contributions, and investment earnings thereon are sufficient to provide for full payment of future benefits under the level payroll percentage method of funding. The funding policy was last reviewed by the IMRF Board of Trustees in December 2017 and new mortality tables were adopted for the 2017 valuation. The 2018 actuarial valuation included a lowering of the assumed investment rate of return from 7.5% to 7.25%.

APPROPRIATIONS

IMRF does not receive any funds that are subject to legislative appropriation by the Illinois State Legislature.

As an agent multiple employer pension fund, the assets and liabilities of each employer remain with that employer until a member retires. The assets of one employer cannot be used to pay the liabilities of another employer. Member and employer contributions (assets) are combined for investment purposes, but maintained separately by employer for accounting purposes. Administrative expenses are netted from investment gains.

Appropriations	2019	2018	2017	2016	2015
Appropriation by Year	\$0	\$0	\$0	\$0	\$0

BALANCED BUDGET

IMRF does not employ governmental fund accounting when preparing the annual budget. IMRF does not operate under a balanced budget approach and pays the costs of administering the plan from investment income. The Board of Trustees sets and monitors spending levels each fiscal year, as well as approves IMRF's annual budget.

BASIS OF BUDGETING

The financial statements are prepared on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP). Employer and member contributions are recognized in the period in which the member provides service. Benefits and refunds are recognized when due, and payable in accordance with the terms of the plan.

IMRF prepares its budget using the accrual basis of accounting. It recognizes member and employer contributions as revenues in the month member earnings are received in accordance with the provisions of the Illinois Pension Code. Benefits and refunds are recognized as an expense when payable. Expenses are recorded when the corresponding liabilities are incurred regardless of when payment is made.

BUDGET POLICIES

- A one-year budget is presented each year to the Board of Trustees for approval.
- The budget should focus on implementing the current Strategic Plan.
- Fiscal prudence should be tempered by the need to successfully and effectively implement current programs and initiatives.
- Capital projects not started or completed in the current year need to be resubmitted in the next year's budget, and will be subject to re-prioritization and possible elimination.
- Re-allocation of expenditures is permissible with the approval of the Chief Financial Officer.
- Amendments to the budget need to be approved by the Board of Trustees.

DEBT POLICY

IMRF carries no current debt obligations or issuances of any type, and does not anticipate incurring debt in the near future. IMRF's current Board does not allow for the issuance of any debt nor is the issuance of debt supported by the Illinois Pension Code.

ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan member to that point. The actuarial methods and assumptions used include

techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the December 31, 2018 actuarial valuation, the aggregate entry age normal actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return which includes a 2.5% price inflation component. Payroll growth is assumed to be 2.5%. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls over a closed 23-year period.

FUND DESCRIPTION AND STRUCTURE

IMRF is a fiduciary trust fund established by the Illinois state legislature to provide pension, disability, and death benefits to eligible employees of participating employers. Fiduciary funds are used to report assets held in a trustee capacity on behalf of others. The fund maintains the following reserve accounts under the trust to account for member and employer contributions, benefits payments, and investment income.

Member Reserve

The member reserve accounts for retirement contributions paid monthly by eligible members. Member contributions are 4.5% for the Regular plan and 7.5% for the SLEP and ECO plans. Contributions from members to buy back prior service or military service are amassed in this reserve as well. The reserve is also used to accumulate member contributions to the Voluntary Additional (VA) plan. Refunds of member contributions are deducted from this reserve. Beginning in 2019, members' balances are granted 7.25% interest at year end based on their opening balance of the fiscal year. The interest is accounted for in this reserve as well.

Employer Reserve

The employer reserve accounts for retirement contributions paid monthly by participating employers. Each employer has a unique contribution rate calculated annually by IMRF's actuary to cover the retirement costs for their participating employees. Beginning in 2019, employers' balances are granted 7.25% interest at year end based on their opening balance of the fiscal year. The interest is accounted for in this reserve as well. In addition, the employer reserve accounts for residual investment income or loss distributed annually.

Annuitant Reserve

The annuitant reserve accounts for the member and employer contributions once a member retires. Member contributions and accumulated interest are transferred in from the member reserve. The difference between the present value of the annuity and the member contributions and interest are then transferred from the employer reserve. The annuitant reserve also accounts for members who are on permanent disability. The present value of the disability is transferred in from the disability reserve. Monthly benefit payments are deducted from this reserve. Beginning in 2019, annuitant balances are granted 7.25% interest at year end based on their opening balance of the fiscal year. The interest is accounted for in this reserve as well.

Supplemental Reserve

The supplemental reserve accounts for monthly employer contributions at a rate of 0.62% of payroll. The supplemental benefit is paid out of this reserve each July to annuitants receiving a benefit for the preceding 12 months. Interest is not granted on this reserve.

Disability Reserve

The disability reserve accounts for monthly employer contributions for temporary disability. The contribution rate is set annually at a rate to cover the estimated benefit payments for the year. For 2020 the rate is 0.09% of payroll. Temporary disability benefit payments are deducted from this reserve. For members who are granted permanent disability, the present value of the annuity is transferred from this reserve to the annuitant reserve. Interest is not granted on this reserve.

Death Reserve

The death reserve accounts for employer contributions for lump sum death benefits. The contribution rate is set annually at a rate to cover the estimated benefit payments for the year. For 2020 the rate is 0.12% of payroll. Interest is not granted on this reserve.

Earnings & Experience Reserve

The earnings & experience reserve accounts for the accumulation of investment income for the fiscal year as well as payment of investment and administrative expenses. Interest granted to the member, employer, and annuitant reserves is also deducted from this reserve. Any remainder is credited to the employer reserve as residual income. If the reserve ends up with a negative balance at year end, the employer reserve is charged with the residual loss.

For a more detailed description of IMRF benefits, please see pages 39-43.

Department to Fund Relationship Matrix

The matrix below correlates the relationship between IMRF's reserves under its sole fund to each organizational department:

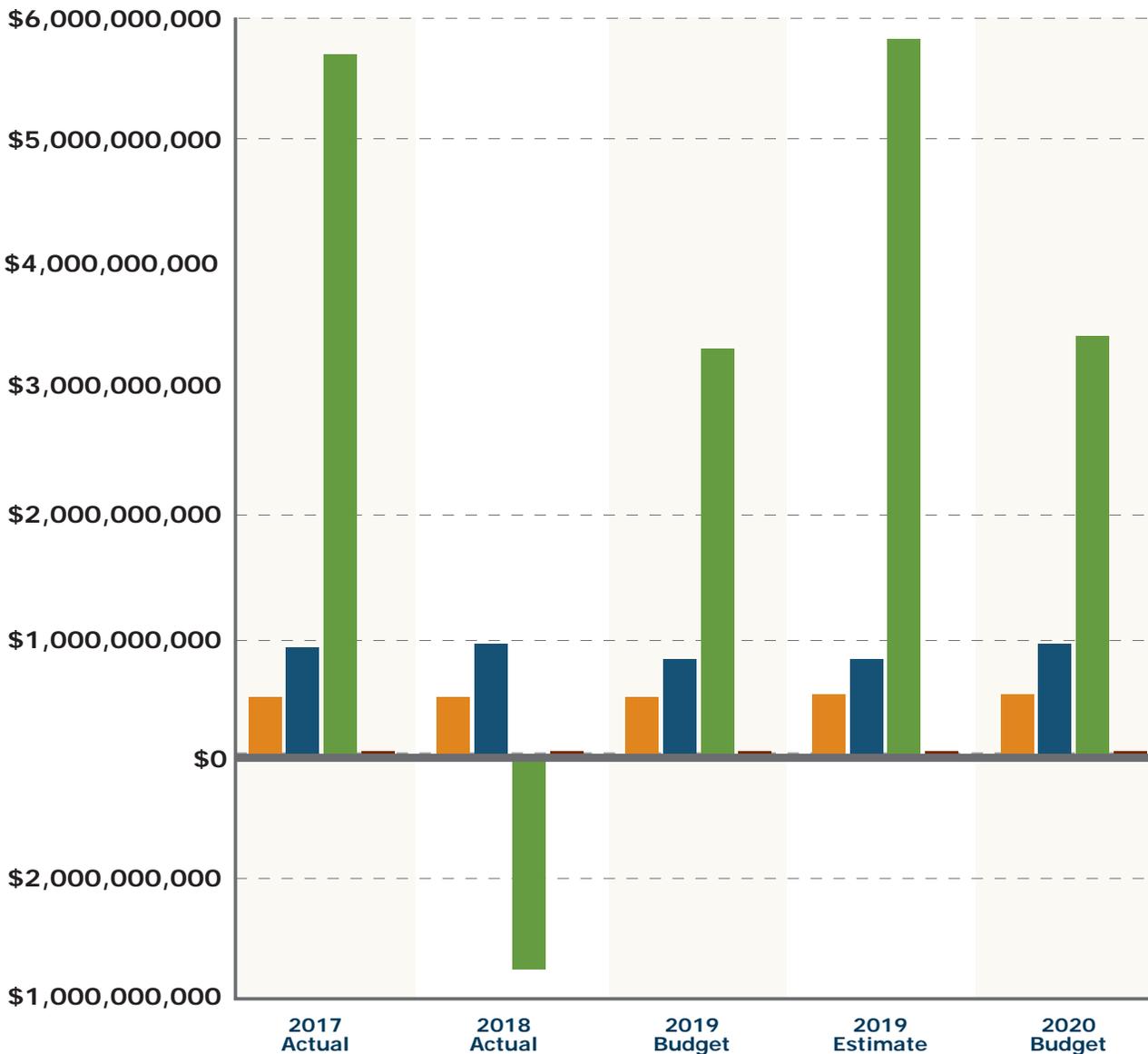
	IMRF Fiduciary Trust Fund						
	Member Reserve	Employer Reserve	Annuitant Reserve	Supplemental Reserve	Disability Reserve	Death Reserve	Earnings & Experience Reserve
Administration							√
Benefits			√			√	
Board of Trustees			√		√	√	√
Communications	√	√	√	√	√	√	√
Customer Service							√
Disability			√		√		
Field Services	√	√	√	√	√	√	
Finance	√	√	√	√	√	√	√
Human Resources							√
Information Services	√	√	√	√	√	√	√
Internal Audit	√	√	√	√	√	√	√
Investments							√
Investments IEM							√
Legal	√	√	√	√	√	√	√
Member Services	√	√	√	√	√	√	
Office Services	√	√					√
Organizational Excellence							√

REVENUE SCHEDULES

IMRF employers are required by law to make contributions on a monthly basis to support IMRF benefits. IMRF employers have a long history of commitment to remitting the required contributions. If an employer fails to make the required contributions, IMRF has the statutory authority to enforce payment. IMRF can intercept funds due an employer from the State Comptroller or real estate taxes due an employer from the County Treasurer.

Revenues to IMRF include member and employer contributions based on the reported wages from the 176,517 active members reported from 3,010 employers. Investment income is projected at 7.75% (gross of fees) investment return target.

	2017 Actual	2018 Actual	2019 Budget	2019 Estimate	2020 Budget
Member Contributions	\$393,747,860	\$413,901,691	\$415,753,486	\$430,725,067	\$451,052,815
Employer Contributions	903,482,031	947,568,823	751,570,519	760,255,376	919,218,871
Investment Income	5,718,221,626	(1,747,217,132)	3,337,183,215	5,775,998,865	3,432,239,528
Other Income	13,200	13,850	10,000	49,732	10,000
Total	\$7,015,464,717	\$(385,732,768)	\$4,504,517,220	\$6,967,029,040	\$4,802,521,214



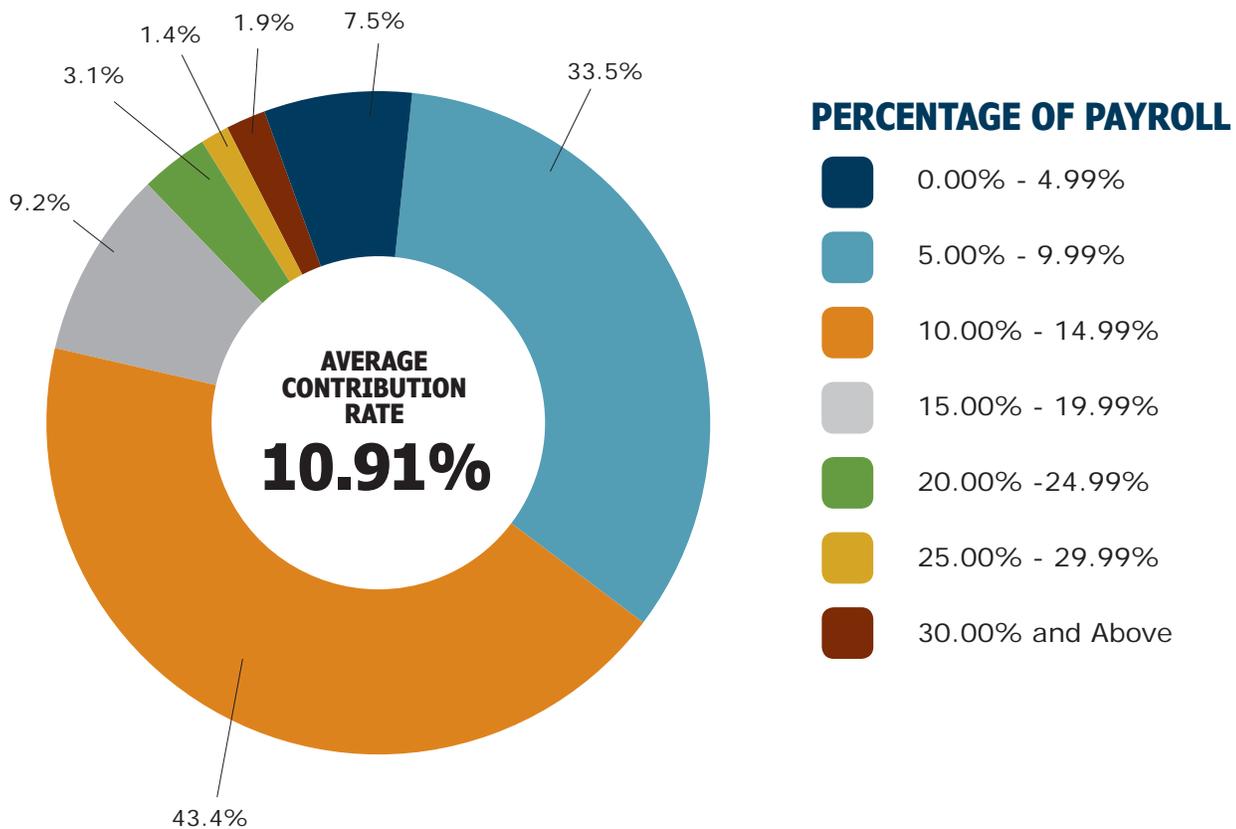
2020 EMPLOYER CONTRIBUTION RATE RANGES

Expressed as a percentage of payroll

Percentage of Payroll	Percent of Employers	Regular Plan	SLEP Plan	ECO Plan	Total
0.00% - 4.99%	7.5%	243	8	-	251
5.00% - 9.99%	33.5%	1,110	11	-	1,121
10.00% - 14.99%	43.4%	1,304	118	29	1,451
15.00% - 19.99%	9.2%	276	30	1	307
20.00% -24.99%	3.1%	74	27	3	104
25.00% - 29.99%	1.4%	24	18	4	46
30.00% and Above	1.9%	26	6	30	62
	100.0%	3,057	218	67	3,342

*Differs from the total number of participating employers because some employers participate in multiple IMRF pension plans.

2020 Annual Contribution Rates



2020 BUDGET TIMELINE

2020 Administrative expenses, direct investment expenses, and capital budget schedule.

7/30/2019	Staffing requests and 2020 Budget assumptions finalized by Executive Director
8/20 THROUGH 8/24/2019	Finance department presents Budget 101 workshops for IMRF staff
8/31/2019	Identification of 2020 projects that will be carried over into 2019
9/26/2019	Budget submissions due to Finance department
9/27 THROUGH 10/05/2019	Finance department reviews budget submissions with respective departments
10/8 THROUGH 10/12/2019	Executive Director reviews department-proposed 2020 projects and budgets, overall budget with comparisons to prior year actual amounts, current year estimates, and prior year budget
10/8 THROUGH 10/17/2019	Finance and Communications prepares Budget Document
11/01/2019	Final review of proposed 2020 projects and Budget Document by Directors
11/08/2019	Distribution of proposed 2020 projects and Budget Document to Board of Trustees
11/16/2019	Presentation of Compensation Report and Health Insurance Report to Board of Trustees
11/16/2019	Presentation of proposed 2020 projects and Budget Document to the Board of Trustees
6/2020	Proposed semiannual review of the Strategic Plan
11/2020	Proposed semiannual review and modifications to Strategic Plan

SUMMARY OF BENEFITS

This is a brief plan description of IMRF benefits. Additional conditions and restrictions may apply. A complete description is found in Article 7 of the Illinois Pension Code.

General

IMRF serves 3,010 employers including cities, villages, counties, school districts, townships, and various special districts, such as parks, forest preserves, and sanitary districts. Each employer contributes to separate accounts to provide future retirement benefits for its own employees.

Employees of these employers are required to participate if they work in an IMRF-qualified position. An IMRF-qualified position is one that is expected to equal or exceed the employer's annual hourly standard; the standard is either 600 or 1,000 hours a year.

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular plan. The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Forest preserve districts may adopt the SLEP plan for their law enforcement personnel. Counties could adopt the Elected County Official (ECO) plan for their elected officials prior to August 8, 2011. The ECO plan was closed to new participants after that date. After a county adopted the ECO plan, participation was optional for the elected officials of that county.

All three IMRF benefit plans have two tiers. Tier 2 benefits are lower than Tier 1, and cost about 40 percent less to provide. All IMRF members initially hired on or after January 1, 2011, are in Tier 2.

Both the member and the employer contribute toward retirement benefits. Members contribute a percentage of their salary, as established by the Pension Code. The percentage depends on the plan in which the member participates. Regular members contribute 4.5%; SLEP and ECO members contribute 7.5%. Members also have the option of making voluntary after-tax contributions up to 10% of their salary. Employer contribution rates are actuarially calculated annually for each employer. (Beginning in 2010, employers were given the option to select a contribution rate less than the actuarial required contribution rate if the current year's actuarial required contribution rate was more than 10% higher than the prior year's rate.) Employers pay most of the cost for member and survivor pensions and all of the cost for supplemental retirement, death, and disability benefits. All contributions are pooled for investment purposes. Since 1982, investment returns account for 64% of IMRF's revenue.

Vesting

Tier 1

Members are vested for pension benefits when they have at least eight years of qualifying service credit. SLEP members are vested for a SLEP pension when they have at least 20 years of SLEP service credit. SLEP members with more than eight years of service, but less than 20 years of SLEP service, will receive a Regular pension. Revised ECO members (those who joined the ECO plan after January 25, 2000) are vested with eight or more years of ECO service credit in the same elected county position. Revised ECO members with eight years of service, but less than eight years in the same elected county office, will receive a Regular pension.

Tier 2

Members are vested for pension benefits when they have at least ten years of qualifying service credit. SLEP members are vested for a SLEP pension when they have at least ten years of SLEP service credit. ECO members (those who joined the ECO plan after January 1, 2011, and before August 8, 2011) are vested with ten or more years of total service credit with at least eight years in the same elected county position. ECO members with at least ten years of total service credit, but less than eight years of service in the same elected county office, will receive a Regular pension.

Refunds

Non-vested members who stop working for an IMRF employer can receive a lump sum refund of their IMRF member contributions. Vested members can receive a lump sum refund of their IMRF member contributions if they stop working for an IMRF employer prior to age 55, or 62 for Tier 2 members. Vested members age 55 or older (62 or older for Tier 2 members) may receive separation refunds if the member rolls over the refund into another defined benefit retirement plan for the purpose of purchasing service credit.

Members who retire without an eligible spouse (married to or in a civil union with the member at least one year before the member terminates IMRF participation) may receive a refund of their surviving spouse contributions with interest or an annuity.

If, upon a member's death, all of the member contributions with interest were not paid as a refund or pension to either the member or his or her spouse, the beneficiary will receive any balance in the member's account.

Pension Calculations

A Regular IMRF pension is:

- 1-2/3% of the final rate of earnings for each of the first 15 years of service credit, plus
- 2% for each year of service credit in excess of 15 years.

The maximum pension at retirement cannot exceed 75% of the final rate of earnings.

A SLEP pension is:

- 2-1/2% of the final rate of earnings for each year of service.

The maximum pension at retirement cannot exceed 80% (75% for Tier 2) of the final rate of earnings.

An ECO pension is:

- 3% of the final rate of earnings for each of the first eight years of service, plus
- 4% for each year of service between eight and 12 years of service, plus
- 5% for years of service credit over 12.

The maximum pension at retirement cannot exceed 80% (75% for Tier 2) of the final rate of earnings.

A money purchase minimum pension is provided if it exceeds the normal formula amount. The money purchase minimum is the amount that may be purchased by 2.4 times the member's applicable accumulated contributions, including interest thereon.

A reversionary pension option is provided to members at retirement. This option permits the member to revert a portion of his pension to one other person. This election is irrevocable.

An IMRF pension is paid for life.

Final Rate of Earnings (FRE)

Tier 1

The final rate of earnings for Regular and SLEP members is the highest total earnings during any 48 consecutive months within the last 10 years of IMRF service, divided by 48, or the total lifetime earnings divided by the total lifetime number of months of service, whichever is higher. The final rate of earnings for ECO members is the annual salary of the ECO member on the day he or she retires. For Revised ECO members, the final rate of earnings is the highest total earnings during any 48 consecutive months within the last 10 years of IMRF service, divided by 48, for each office held.

Tier 2

The final rate of earnings for Regular and SLEP members is the highest total earnings during any 96 consecutive months within the last 10 years of IMRF service, divided by 96, or the total lifetime earnings divided by the total lifetime number of months of service, whichever is higher. For ECO members who joined the plan after January 1, 2011, and before August 8, 2011, the final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of IMRF service, divided by 96, for each office held.

Pensionable earnings were initially capped at \$106,800, which have increased annually beginning in 2012 by 3% or one-half of the increase of the Consumer Price Index, whichever is less. The pensionable earnings cap in 2019 is \$114,951.83 and for 2020 is \$115,928.92. For Tier 2 SLEP members, overtime compensation is excluded from pensionable earnings.

Retirement Eligibility

Tier 1

Normal retirement for an unreduced pension is:

- Age 60 with eight or more years of service or 35 or more years of service at age 55,
- Age 50 with 20 or more years of SLEP service for members with SLEP service,
- Age 55 with eight or more years of service for members with ECO service, or
- Age 55 with eight or more years of service in the same elected county office for members with Revised ECO service.

Regular members may retire as early as age 55 with a reduced pension. The reduction is the lesser of:

- 1/4% for each month the member is under age 60, or
- 1/4% for each month of service less than 35 years.

Tier 2

Normal retirement for an unreduced pension is:

- Age 67 with ten or more years of service or 35 or more years of service at age 62,
- Age 55 with ten or more years of SLEP service for members with SLEP service, or
- Age 67 with ten or more years of service in the same elected county office for members with ECO service.

Regular members may retire as early as age 62 with a reduced pension. The reduction is the lesser of:

- One-half percent for each month the member is under age 67, or
- One-half percent for each month of service less than 35 years.

SLEP members may retire as early as age 50 with a reduced pension. The reduction is one-half percent for each month the member is under age 55.

Service Credit

Service credit is the total time under IMRF, stated in years and fractions. Service is credited monthly while the member is working, receiving IMRF disability benefits or on IMRF's Benefit Protection Leave. For revised ECO members, the ECO benefit formula is limited to service in an elected office.

Members may qualify for a maximum of one year of additional service credit for unused, unpaid sick leave accumulated with the last employer. Members who retire from a school district may utilize unused sick leave from all school district employers. This additional service credit applies only for members leaving employment for retirement. The service credit is earned at the rate of one month for every 20 days of unused, unpaid sick leave or fraction thereof.

IMRF is a participating plan under the Reciprocal Act, as are all other Illinois public pension systems, except local police and fire pension plans. Under the Reciprocal Act, service credit of at least one year may be considered together at the date of retirement or death for the purpose of determining eligibility for and amount of benefits. However, for teacher aides who meet certain criteria, service credit of less than one year may be considered in determining benefits under the Reciprocal Act.

Post-retirement Increases

Tier 1

Members in all plans receive an annual 3% increase based upon the original amount of the annuity. The increase for the first year is prorated for the number of months the member was retired.

Tier 2

Members in all plans receive an annual increase based upon the original amount of the annuity of 3% or one-half of the increase in the Consumer Price Index, whichever is less. For Regular and ECO members the annual increases do not begin until the retiree

reaches the age of 67 or after 12 months of retirement, whichever is later. For SLEP members the increases begin at age 60 or after 12 months of retirement, whichever is later.

Early Retirement Incentive (ERI)

IMRF employers may offer an Early Retirement Incentive (ERI) program to their employees who are over 50 (57 for Tier 2 Regular and ECO members) years of age and who have at least 20 years of service credit. Eligible members may purchase up to five years of service credit and age. Employers must pay off the additional ERI liability within 10 years. Subsequent ERI programs may be offered by an employer only after the liability for the previous ERI program is paid. An employer may only offer an ERI program once every five years.

Supplemental Retirement Benefits

Each July, IMRF provides a supplemental benefit payment to IMRF retirees and surviving spouses who have received IMRF pension payments for the preceding 12 months. The supplemental benefit payment amount will vary depending on the dollar amount to be distributed and the dollar amount of the benefits of persons eligible.

Disability Benefits

Regular and SLEP members are eligible for a maximum of 30 months of temporary disability benefits if they:

- Have at least 12 consecutive months of service credit since being enrolled in IMRF,
- Have at least nine months of service credit in the 12 months immediately prior to becoming disabled,
- Are unable to perform the duties of any position which might reasonably be assigned by the IMRF employer because of any illness, injury, or other physical or mental condition, and
- Are not receiving any earnings from any IMRF employer.

Regular and SLEP members are eligible for total and permanent disability benefits until they become eligible for full Social Security Old Age benefits if they:

- Have exhausted their temporary disability benefits,
- Have a medical condition which did not pre-exist their IMRF participation, or they have five years of IMRF participation without being on temporary disability, and
- Are unable to work in any gainful activity for any employer.

The monthly disability benefit payment is equal to 50% of the average monthly earnings based on the 12 months prior to the month the member became disabled.

ECO members are eligible for ECO disability benefits if they:

- Have at least 12 consecutive months of service credit since being enrolled in IMRF,
- Are in an elected county office at the time the disability occurred,
- Are making ECO contributions at the time the disability occurred,
- Are unable to reasonably perform the duties of their offices,
- Have resigned their offices, and
- Have two licensed physicians approved by IMRF certify that the ECO member is permanently disabled.

The monthly ECO disability benefit is equal to the greater of:

- 50 percent of the annualized salary payable on the last day of ECO participation divided by 12 or,
- The retirement benefit earned to date.

Disability benefits under all plans are offset by Social Security or workers' compensation benefits. If disabled members receive Social Security disability and/or workers' compensation benefits, IMRF pays the difference between those benefits and 50% of the member's average monthly earnings. However, IMRF will always pay a minimum monthly benefit of \$10. Members on disability earn pension service credit as if they were working.

Death Benefits

Beneficiaries of active members who have more than one year of service, or whose deaths are job-related, are entitled to lump sum IMRF death benefits. If the member was not vested, or vested without an eligible spouse, the death benefit is equal to one year's earnings (limited to the pensionable earnings cap for Tier 2 members) plus any balance in the member's account. Eligible spouses of deceased, vested, or active members may choose the lump sum or a monthly surviving spouse pension.

Beneficiaries of inactive, non-vested members receive a lump sum payment of any balance in the member's account, including interest. If the beneficiary is an eligible spouse of an inactive, vested member age 55 or older, the spouse may choose between the lump sum payment or a death benefit of \$3,000, plus a monthly surviving spouse pension. Beneficiaries of retired members receive a \$3,000 death benefit. Eligible spouses also receive a surviving spouse pension.

Surviving Spouse Pension

For Regular and SLEP members, a surviving spouse's monthly pension is one-half (66-2/3% for Tier 2) of the member's pension.

For ECO members, a surviving spouse's monthly pension is 66-2/3% of the member's pension. This pension is payable once the surviving spouse becomes 50 years old. If the spouse is caring for the member's minor, unmarried children, the spouse will receive (the age 50 requirement does not apply):

- A monthly pension equal to 30% of the ECO member's salary at the time of death, plus
- 10% of the ECO member's salary at the time of death for each minor, unmarried child. The maximum total monthly benefit payable to spouse and children cannot exceed 50% of the ECO member's salary at the time of death, or
- A monthly pension equal to 66-2/3% of the pension the member had earned.

Surviving spouse pensions under all plans are increased each January 1. The increase is based on the original amount of the pension. The increase for the first year is prorated for the number of months the surviving spouse or the member received a pension. For Tier 1, the annual increase is three percent. For Tier 2, the annual increase is 3% or one-half the increase in the Consumer Price Index, whichever is less.

SUMMARY OF DEPARTMENTS AND WORKFORCE

Department	2013 to Approved 2020 Headcount							2019 Vacancies	2020 Approved
	'13	'14	'15	'16	'17	'18	'19		
Administration	4	4	4	6	6	6	2	-	2
Benefits	28	28	31	32	32	29	17	3	20
Communications	6	7	9	8	8	8	9	-	9
Customer Service	-	-	-	-	-	-	1	-	1
Disability	-	-	-	-	-	-	14	1	15
Field Services	-	-	-	-	-	-	12	-	12
Finance	29	27	27	23	25	25	26	2	28
Human Resources	3	4	4	4	4	4	4	1	5
Information Services	35	33	34	34	38	41	42	2	44
Internal Audit	7	7	7	8	8	8	8	-	8
Investments	10	13	13	14	14	14	14	-	14
Investments IEM	-	-	-	-	-	-	3	-	3
Legal	4	5	5	5	5	6	9	-	9
Member Services	30	33	35	36	38	38	30	2	32
Office Services	21	19	19	18	17	19	18	-	18
Organizational Excellence	-	-	-	-	-	-	2	1	3
Program Management	5	5	6	6	-	-	-	-	-
Total Head Count *	182	185	194	194	195	198	211	12	223
Vacant Positions	11	14	5	11	10	12	12		
Approved Headcount	193	199	199	205	205	210	223		

2019 figures per October Human Resources Report submitted to the Board.

FUNDED STATUS AND FUNDING PROGRESS

As of December 31, 2018, the most recent actuarial valuation date, the plan on an aggregate basis was 90.0% funded on an actuarial basis. The actuarial accrued liability for benefits was \$45.4 billion, and the actuarial value of assets was \$40.8 billion, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.6 billion. The covered payroll (annual payroll of active employees covered by the plan) was \$7.3 billion, and the ratio of the UAAL to the covered payroll was 61.8%.

Due to the change in the assumed investment rate of return from 7.5% in 2018 to 7.25% in 2019, the actuarial valuation was calculated using the new rate of 7.25%. This is standard and best practice.

The schedule of funding progress presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2018
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll for Regular and SLEP; level dollars for ECO
Amortization period	Taxing bodies: closed, 23 years Entities over 120 percent funded on a market basis: varies by funding status Non-taxing bodies: open, 10 years
Asset valuation method	Five-year smoothed market related with a 20 percent corridor

Actuarial assumptions:

Investment rate of return	7.25% (change effective January 2019)
Projected salary increases	3.39 to 14.25%
Assumed wage inflation rate	3.25%
Group size growth rate	0.0%
Assumed payroll growth rate	2.5%
Post-retirement increase	Tier 1 - 3.0 percent—simple; Tier 2 - 3.0 percent—simple or 1/2 increase in CPI, whichever is less

Mortality table:

For non-disabled retirees, an IMRF specific mortality table was used with two-dimensional, fully generational improvements using the MP-2017 Mortality Improvement Scale (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with two-dimensional, fully generational improvements using the MP-2017 Mortality Improvement Scale. The IMRF specific rates were developed using the RP-2014 Disabled Mortality Table with adjustments to match current IMRF experience. For active members, the mortality rates are based on the RP-2014 Employee Mortality Table for both males and females with two-dimensional, fully generational improvements using the MP-2017 Mortality Improvement Scale. Among active members, 75% of males and 70% of females were assumed to be married.

SCHEDULE OF AGGREGATE FUNDING PROGRESS *(Last ten years)*

Actuarial Valuation Date December 31	Aggregate Actuarial Liabilities (AAL)			Unfunded Actuarial Liabilities (UAL)		
	Total AAL Entry Age (a)	Actuarial Assets (b)	Actuarial Assets as a percent of AAL (b/a)	Total UAL (a-b)	Member Payroll (c)	UAL as a percent of Member Payroll (a-b)/c
2009	\$27,345,113,216	\$22,754,803,784	83.2%	\$4,590,309,432	\$6,461,696,602	71.0%
2010	29,129,228,239	24,251,136,889	83.3	4,878,091,350	6,391,164,701	76.3
2011*	30,962,815,428	25,711,287,584	83.0	5,251,527,844	6,431,296,235	81.7
2012	32,603,244,099	27,491,809,785	84.3	5,111,434,314	6,496,076,569	78.7
2013	34,356,575,473	30,083,042,548	87.6	4,273,532,925	6,602,479,436	64.7
2014*	37,465,147,612	32,700,208,537	87.3	4,764,939,075	6,732,500,876	70.8
2015	39,486,573,890	34,913,127,469	88.4	4,573,446,421	6,919,337,807	66.1
2016	41,358,710,402	36,773,397,527	88.9	4,585,312,875	7,006,710,264	65.4
2017*	42,179,482,656	39,187,802,312	92.9	2,991,680,344	7,127,492,621	42.0
2018*	45,354,110,653	40,829,952,193	90.0	4,524,158,460	7,321,479,593	61.8

*After assumption change. This data was provided by the Actuary.

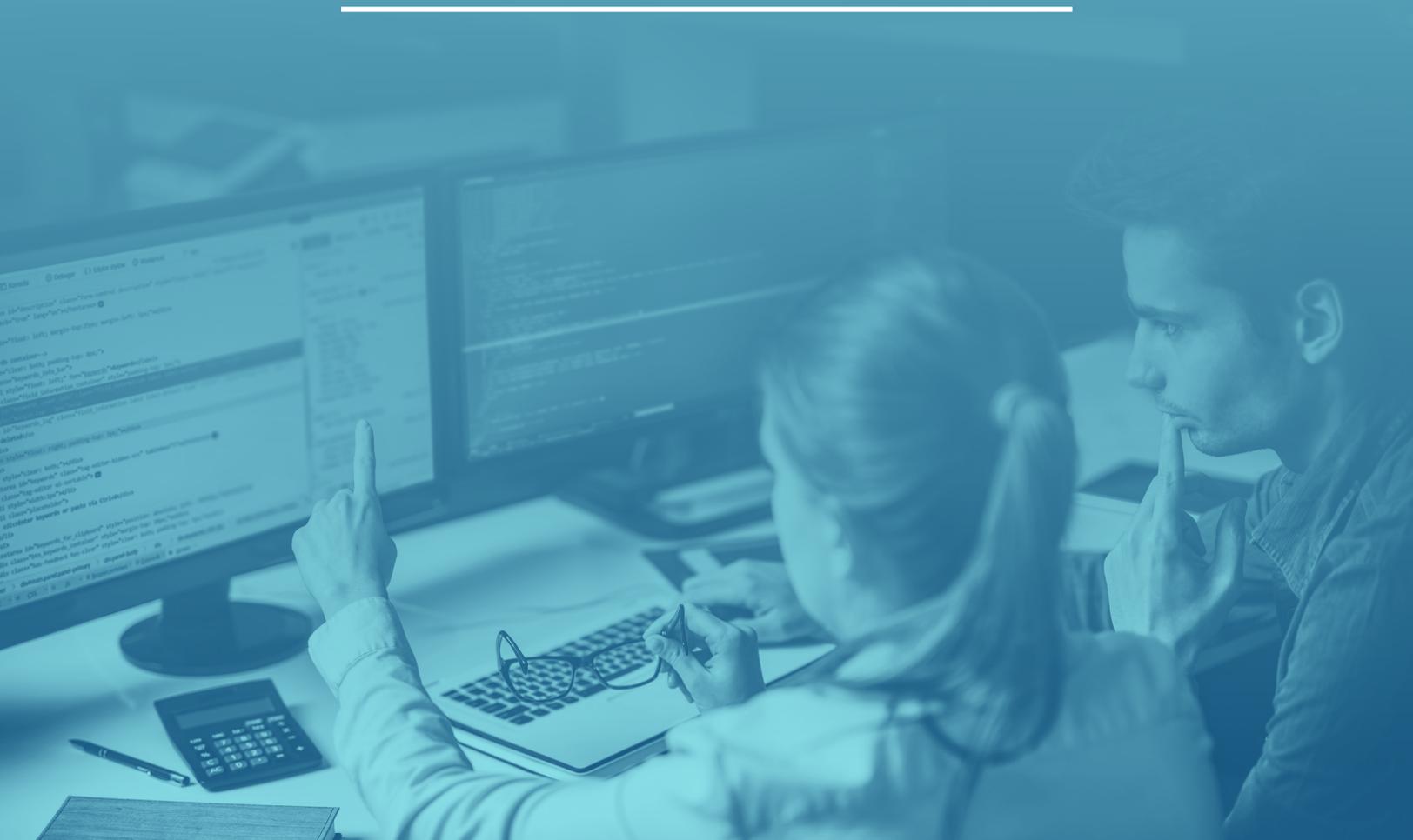
CHANGES IN FIDUCIARY NET POSITION *(Last ten years)*

Additions						
Calendar Year	Investment Earnings Net of Direct Investment Expense	Employer Contributions		Member Contributions	Other	Total Additions
		Dollars	Percent of Annual Covered Payroll			
2009	\$ 4,423,550,741	\$660,399,408	10.22%	\$ 324,070,795	\$ 9,148	\$ 5,408,030,092
2010	2,976,549,317	770,142,278	12.05	324,901,985	7,032	4,071,600,612
2011	(92,930,304)	800,804,253	12.45	327,680,889	9,852	1,035,564,690
2012	3,393,689,073	883,216,281	13.60	330,814,542	12,037	4,607,731,933
2013	5,583,120,005	930,969,056	14.10	338,934,421	8,455	6,853,031,937
2014	2,001,420,871	923,382,825	13.72	351,089,445	19,157	3,275,912,298
2015	200,727,209	900,476,884	13.01	368,005,271	464,050	1,469,673,414
2016*	2,664,864,774	933,937,321	13.33	380,385,015	12,340	3,979,199,450
2017*	5,718,221,626	903,482,031	12.68	393,747,860	13,200	7,015,464,717
2018	(1,747,217,132)	947,568,823	12.94	413,901,691	13,850	(385,732,768)
Deductions						
Calendar Year	Benefits	Refunds	Administrative Expenses	Total Deductions	Change in Fiduciary Net Position	
2009	\$ 1,077,852,453	\$ 27,426,079	\$ 21,967,308	\$ 1,127,245,840	\$ 4,280,784,252	
2010	1,178,030,534	32,201,577	22,318,493	1,232,550,604	2,839,050,008	
2011	1,284,405,609	32,900,105	23,086,712	1,340,392,426	(304,827,736)	
2012	1,389,815,471	34,142,193	24,508,053	1,448,465,717	3,159,266,216	
2013	1,503,374,148	36,944,214	25,463,299	1,565,781,661	5,287,250,276	
2014	1,626,821,250	39,191,090	26,431,652	1,692,443,992	1,583,468,306	
2015	1,758,184,358	36,748,509	28,707,981	1,823,640,848	(353,967,434)	
2016*	1,902,139,899	37,690,098	38,702,236	1,978,532,233	2,000,667,217	
2017*	2,043,613,657	42,552,060	31,038,134	2,117,203,851	4,898,260,866	
2018	2,194,961,403	48,028,752	32,213,168	2,275,203,323	(2,660,936,091)	

*Restated due to adoption of GASB Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions



CUTTING-EDGE INFORMATION TECHNOLOGY



BUDGET COMPONENTS

IMRF is separate and apart from the Illinois state government. The Fund's revenues come from three sources: investment earnings, employer contributions, and member contributions. This section provides an analysis of revenue resources, proposed expenditures, and estimated versus adopted variances used to assess IMRF's funding.

- 50** General Guidelines from the Chief Financial Officer
- 54** Revenues Projections
- 56** 2020 Adopted Expenditures
- 57** Additions to Fund Balances
- 58** 2020 Adopted Capital Additions – Summary
- 58** 2020 Adopted Capital Additions – Details
- 59** 2020 Capital Purchases
- 61** Long-term Capital Plan (5 Years)
- 62** Analysis of 2020 Adopted Budget to 2019 Estimated Actual Variances
- 63** Analysis of 2020 Adopted Budget to 2019 Adopted Budget Variances

Our team members leverage technology to provide the highest-quality retirement services to our members, their beneficiaries, and employers. This budget provides the funds we need to support the hardware, software, and staff necessary to communicate with our members online, provide benefits counseling, and process applications.



GENERAL GUIDELINES FROM THE CHIEF FINANCIAL OFFICER

July 30, 2019

From: Mark Nannini

To: IMRF Directors and Managers

Re: 2020 Budget Guidelines and Additional Information

As we prepare for the for 2020 IMRF Budget, the number one priority is the Horizon Project. The emphasis on the Horizon Project is in conjunction with maintaining high service levels for our members and employers. This necessitates a careful, realistic analysis of overtime, recruitment, capital asset purchases, and the use of staff to provide the necessary service level. Overall, the focus of the 2020 budget is continued emphasis on the Horizon Project Users Assigned Testing and feedback to the third party software vendor.

Important items to consider as you prepare your budget are the current activities, programs, staffing, and consulting work you may need to support Modernization as well as IMRF's 2017-2019 Strategic Plan.

Each department may need to account for additional personnel, software, and training in their budget, along with justification for each of these items. The proper process must be followed to request additional staffing, either permanent or temporary staffing. The goals and objectives of your department are the focus of this budget for 2020. Any items that overlap with other departments need to be clearly communicated in the documentation as well as shared with the respective department.

Expenditures

- Throughout the budget process, the focus will be on implementing IMRF's programs and initiatives while remaining fiscally prudent. This focus is applicable to the entire organization.
- The request for additional staff will be considered if justified, reviewed, and determined that a need is demonstrated. Departments may transfer head counts between departments as long as both departments agree to the change. All staffing requests, transfers, or changes must be submitted to the Director of Human Resources and Chief Financial Officer prior to the final budget submission in September. Please remember to budget for office and computer equipment needs for all new additions to the total head count.
- Include in your budget submission your staff's individual training needs as well as preparation for changes due to Horizon and Modernization. Organization-wide training must be included in the Human Resources budget while department-specific training (individual) must be included in your department budget.
- Please round all expenditures to the nearest whole dollar amount. (i.e. - \$1.00 not \$1.10)

Projects

- Projects intended for the 2019 approved operating budget that were not completed or never initiated will be subject to reprioritization and possible elimination in your department's 2020 budget request.
- If a 2019 project is necessary to carry forward, you should include updated amounts needed to complete the project in your 2020 budget. Please include the reason why the project was not previously completed or even initiated as well as the justification to budget for it in 2020. The justification includes filling out the appropriate forms and go through the approval process.
- Identify, prioritize, and develop incremental cost estimates for new projects for 2020 in your budget. As new projects are identified, please work with the Organizational Excellence Officer Kathy Goerd to review your proposals. The proposals are to include justification for how each potential project furthers strategic goals, action plans, transaction scorecards, continuous process improvement, or responds to the Baldrige Criteria or Illinois Performance Excellence feedback report. Keep in mind that some worthwhile projects may need to wait until after the implementation of Horizon. The Organizational Excellence Officer will assist you with the necessary Project forms to be included in the project evaluation process.

Additional Information from Finance

Please use the resources listed below when preparing your department budget.

2020 Budget Timeline 2020 Capital Budget Worksheet

This worksheet should be used for:

- Capital purchases over \$5,000. Please include a brief explanation supporting the need or benefit of the purchase, the date it will be purchased, and its estimated useful life.

- Internally generated software over \$10,000. Information Services will identify the projects that will potentially qualify for capitalization under the GASB 51 standard and will estimate the number of hours of development effort that will be required. Once the Information Services hours are estimated for these projects, the estimated number of department hours to support the development effort and related user acceptance testing will be determined and added to the worksheet. Information Services and Finance will work with the impacted departments to develop these estimates. Finance will then cost out the various projects and estimate the service dates in conjunction with Information Services.
- Expendable equipment purchases between \$500 and \$5,000. The expendable equipment request should describe the proposed purchase with a brief explanation of the need or benefit.
- Leasehold improvement projects over \$5,000.

Proposed 2020 Project Budget Worksheets

Use these worksheets to identify incremental costs anticipated in 2019 in connection with proposed 2019 projects.

Department Budget Worksheets

Use these worksheets to identify incremental costs anticipated in 2020 in connection with proposed 2020 projects.

Remaining amounts of prepaid expenses, if any, by department.

List of 2019 Capital Expenditures

Provide a list including internally-developed software budgeted and purchased through June 30, 2019. For the items not yet purchased, please indicate the estimated date of purchase and an updated estimated cost if applicable within in the form. Please also indicate if the item will not be purchased in 2019. For internally developed software, please update the estimated remaining costs to be incurred in 2019 and the estimated in-service date. Capital expenditures for 2020 are to be reported separately using the Project Budget Worksheet.

To further assist you in developing your departmental budget, Finance has created detailed analyses by department of the activity in each general ledger account for the six months ended December 31, 2018, and for the six months ended June 30, 2019. This information is located in J: /Everyone/Budget 2020.

You can also use the Doc-link Smart Client to look up 2018 and 2019 invoices that have been paid. Please contact David Adamski, Sharon Brown, or Mark Fink with any questions about how to use the search option.

Important: Please complete all budget forms electronically and return them to both David Adamski and Jim Splitt. Please use Microsoft Excel ONLY.

Helpful Tips

Use these tips when completing your department budget:

- For capital, expendable equipment, or 2020 project requests, fill out a Project Budget Worksheet for each item or category of items. (For example, only one worksheet is needed for the purchase of PC replacements.)
- Estimate the actual expenses for calendar year 2018/2019 and your proposed 2020 budget amount for each general ledger account. Enter this information in the blank columns on the budget worksheet. Refer to the detailed analysis of activity for your department for information.
- Carefully review prior period expenses to determine whether they are necessary or add value beyond their costs to IMRF. Funds spent on something in the current year do not alone justify inclusion in the 2020 budget.
- You may decide that some general ledger accounts are unnecessary, could be combined, or that new accounts should be added to better track expenses. Contact David Adamski or Jim Splitt to discuss these changes.
- If you think it more appropriate for another department to be responsible for an account, please bring this to David Adamski and Jim Splitt's attention for resolution.

Budget Account Descriptions

Office Salaries – Regular

Office salaries will be budgeted by Finance based on the compensation guidelines for existing personnel and justified open positions.

If you have an open position that you are not currently recruiting to fill, it will be eliminated for 2020 budget purposes unless approved by the Executive Director. If you are recruiting for open positions, please provide this information via email by October 1 to the Director of Human Resources and Chief Financial Officer.

New (incremental) positions must be cleared with the Executive Director to be included in the 2020 budget.

Note, these positions are to be submitted to the Director of Human Resources and Chief Financial Officer prior to the final budget submission in September. Please provide a brief justification for the new position that can be incorporated into the budget documents. Also, consider what incremental equipment, training, travel, or other expenses that might be associated the new employee.

Office Salaries – Overtime

Departments should budget this based upon anticipated needs.

Professional Services

Departments should budget this based upon anticipated needs.

Tuition

Each department should provide Human Resources with a list of employees who they anticipate will use this benefit in 2020, the course of study and institution, and the anticipated cost. As a reminder, IMRF offers tuition reimbursement up to a maximum of \$10,500 per year.

Training

All external training expenses (courses, workshops, seminars) are budgeted by each department, although Human Resources can assist you with this change. The Seminar Approval Form (for any external seminar) will continue to be approved by HR before an employee enrolls in an external training program. External training related to an employee's ILP should be included in this budget account.

All conference expenses will continue to be budgeted by each department.

All internal training requiring purchase of materials and/or use of external vendors for on-site training (multiple staff in one department, multiple departments or IMRF-wide) will still be budgeted and coordinated by Human Resources. Please report your anticipated internal training activities and expenses for 2020 to HR by September 1.

Travel

Travel should be budgeted based on anticipated needs. Travel directly related to training should be budgeted as part of the training line item budget in each department. All gasoline expenses should be budgeted in this account, not in the Automobile Maintenance account. Travel expenses related to meeting and conferences should be budgeted in the Meetings & Conferences accounts.

Meetings & Conferences

These accounts are for staff conferences. Please provide additional details about the specific conference or meeting, who will be attending, and the estimated cost. All conferences, including the Reciprocal Conference, should be budgeted to this account. If a staff member is going to attend more than one conference, they must get approval from their direct supervisor. Travel costs related to attending a conference should be included here. Please provide the following information for each conference, for example:

GFOA Convention	"Employee Name"	\$500
Reciprocal Conference	"Employee Name"	\$100
Lodging Reciprocal Con.	"Employee Name"	\$400

Office Supplies

Most office supplies are purchased centrally through Office Services. Therefore, most departments have no need for a separate account. The one exception is for Field Services staff that purchase miscellaneous supplies and are reimbursed via expense reports. If you are anticipating a special project that might require additional office supplies, e. g. projectors bulbs, GPS units, or anything else that is significantly out of the ordinary, please let Denise Streit in Office Services know so it can be incorporated in their 2020 budget.

Publications and Dues

Departments should budget this based upon anticipated needs.

Expendable Equipment

All purchases of equipment between \$500 and \$5,000, is expendable equipment (not Capital) and should be identified and budgeted in this account. Please complete the 2019 Capital Budget Worksheet for each type of equipment and include a brief explanation of the need or benefit.

Automobile Maintenance

Expenses such as car washes, oil changes, tires, brakes, etc., should be budgeted here. **Gasoline expenses should be budgeted in the Travel account.**

Miscellaneous

IMRF is charged a fee for the use of the lower level conference room. If you plan to use this space in 2020, please let Denise Streit know so they can incorporate the additional rental in their 2020 budget

2020 Modernization Budget

Budgeting for Modernization will be a significant challenge for IMRF. While other 2020 projects will be budgeted based on incremental costs, Modernization-related costs must be identified by activity, if possible, and evaluated on whether they are expense or capital in nature. Since these costs may not be identified until late in the budget process, we will begin the budget process using the best available estimates and then update the budget materials as more detailed information becomes available. Information Services and Finance will need to work closely together to determine the details for the 2020 Modernization budget.

Final Budget Allocation by Month

Once the final budget is approved by the IMRF Board of Trustees in November or December, you will be asked to allocate your approved budgeted amounts by month. This allows Finance to more effectively track the budget for 2020. Please keep as much information you think is necessary to complete this step in the process. The more accurate your monthly allocations are, the less likely you will be asked to explain differences between budgeted and actual expenses each month of the new budget year.

All actual expenses will be coded to the account that best reflects the actual expenses and may not necessarily be the account you initially utilized for the expense. If you are uncertain as to the account to utilize, “please ask”.

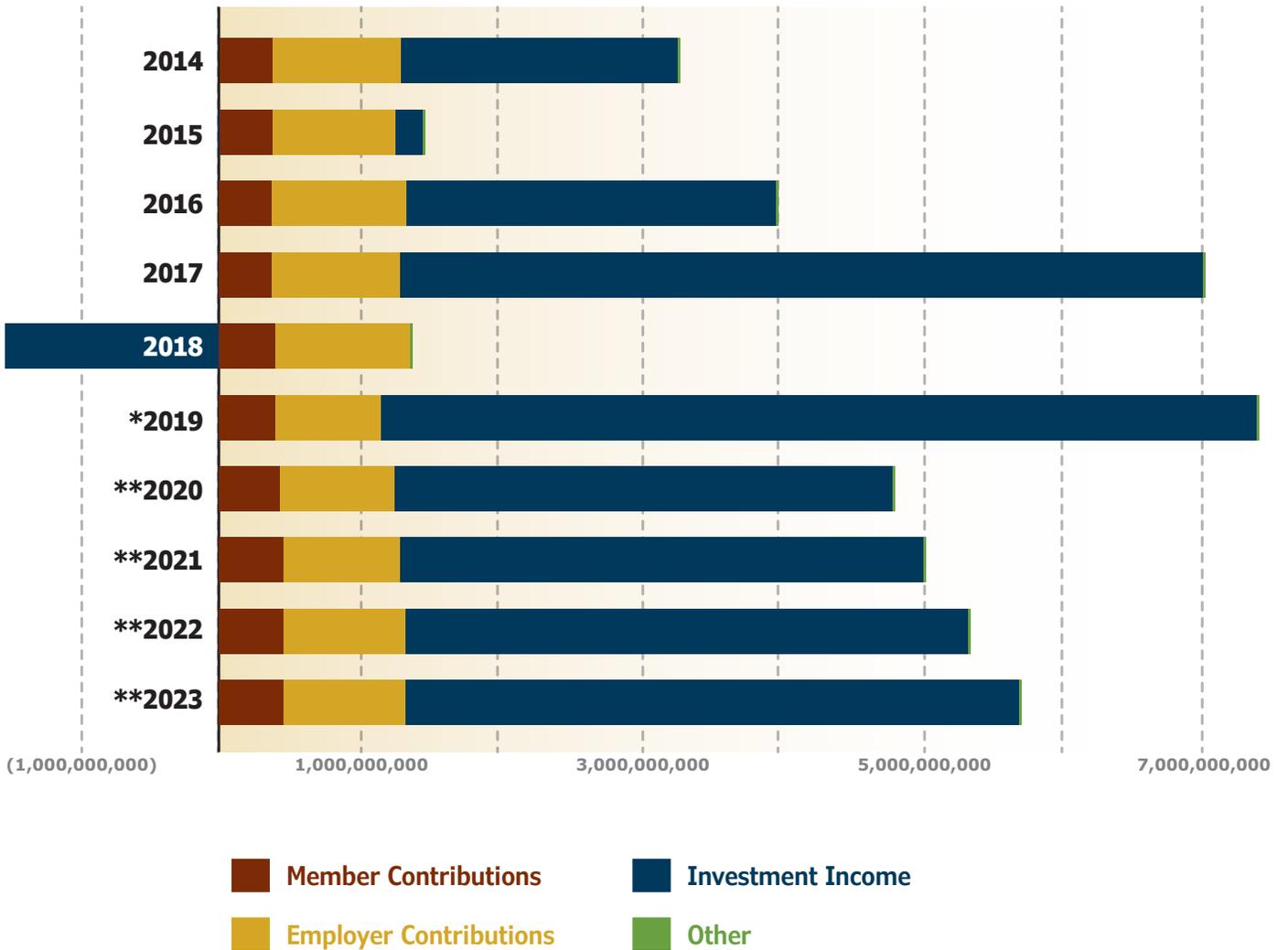
Contact

If you have any questions, need assistance, or require an explanation about anything included in this memo, contact David Adamski (x 4222), Sharon Brown (x 4582), Mark Fink (x 4769), Jim Splitt (x 4260), or Mark Nannini (x4345).

REVENUE PROJECTIONS

Year	Member Contributions	Employer Contributions	Investment Income	Other	Total
2014	\$ 351,089,445	\$ 923,382,825	\$ 2,001,420,871	\$ 19,157	\$ 3,275,912,298
2015	368,005,271	900,476,884	200,727,209	464,050	1,469,673,414
2016	380,385,015	933,937,321	2,664,864,774	12,340	3,979,199,450
2017	393,747,860	903,482,031	5,718,221,626	13,200	7,015,464,717
2018	413,901,691	947,568,823	(1,747,217,132)	13,850	(385,732,768)
2019 *	430,725,067	760,255,376	6,242,052,448	49,732	7,433,082,623
2020 **	451,052,815	919,218,871	3,468,358,681	10,000	4,838,640,367
2021 **	472,612,215	857,414,629	3,737,156,479	10,000	5,067,193,323
2022 **	495,005,944	871,022,507	4,026,786,106	10,000	5,392,824,557
2023 **	520,060,153	884,923,353	4,338,862,029	10,000	5,743,855,535

* Estimated
** Projected



Explanation of Revenue Projections

Funding for IMRF's defined benefit plan is derived from three main sources: member contributions, employer contributions, and investment income.

Member Contributions

Member contributions are set by statute at 4.5 percent for the Regular Plan, and 7.5 percent for the Sheriff's Law Enforcement Plan (SLEP) and the Elected County Officials Plan (ECO).

Employer Contributions

Annually, individual contribution rates are calculated for each participating employer by an independent actuary based on an individual employer's member demographics (age, salary history, length of service, etc.) and actuarial assumptions. The actuary uses the entry age normal funding method to calculate contribution rates. Under this method, the actuarial present value of projected benefits for each individual is allocated on a level basis over the projected service of the individual between entry age and assumed retirement age.

Investment Income

The investment portfolio is a major contributor to the Fund. In 2018, investment loss of \$(1,747.2) million represented (452.8)% of plan additions for the year. Over the last 5 years investment income represented the following percentage of additions to fiduciary net position:

Year	Percentage of Additions
2018	(452.8)%
2017	81.5%
2016	67.0%
2015	13.7%
2014	61.1%

Currently, 98 professional investment management firms handling 187 separate accounts manage the investment portfolio. These firms make investment decisions under the prudent person rule authorized by Article 1 of the Illinois Pension Code and by investment policy guidelines adopted by the Board of Trustees. The Board employs an investment consultant to monitor and evaluate the investment management firms' performance, to aid in the selection of investment management firms, and to assist in the development of investment policy. Our uppermost goal is to optimize the long-term total return of the Fund's investments through a policy of diversification within a parameter of prudent risk, as measured on the total portfolio. In December 2018, the IMRF Board reduced the assumed rate of investment return from 7.5% to 7.25%.

Other Income

The majority of the income in this category is received from fees to process Qualified Illinois Domestic Relations Orders (QILDRO).

2020 ADOPTED EXPENDITURES

Summary by Department

	Actual		Budget	Estimated	Adopted	2020 Adopted as a Percent Change Over 2019	
	2017	2018	2019	2019	2020	Budget	Estimate
Capital Additions	\$5,259,979	\$11,143,509	\$13,458,538	\$14,086,391	\$15,963,403	18.6%	13.3%
Administrative Expenses							
Administration	592,584	511,126	602,962	535,632	567,836	(5.8)%	6.0%
Benefits	1,922,335	1,860,347	2,017,614	1,587,848	1,215,244	(39.8)%	(23.5)%
Board of Trustees	119,466	102,733	248,683	118,920	323,671	30.2%	172.2%
Communications	792,583	799,324	1,189,344	752,473	1,227,906	3.2%	63.2%
Customer Service	535,045	638,750	731,971	429,322	140,566	(80.8)%	(67.3)%
Disability	-	-	-	569,152	1,032,230	NM	81.4%
Field Services	-	-	-	621,968	1,307,942	NM	110.3%
Finance	7,735,205	8,158,045	8,058,629	8,079,278	8,696,478	7.9%	7.6%
Human Resources	3,101,275	3,089,344	3,421,939	3,261,723	3,423,790	0.1%	5.0%
Information Services	5,871,622	6,254,248	7,579,531	7,689,983	9,240,022	21.9%	20.2%
Internal Audit	649,884	637,274	740,743	680,784	851,092	14.9%	25.0%
Investments	1,732,967	1,821,492	1,932,410	1,964,632	2,123,167	9.9%	8.1%
Investments IEM	-	-	755,427	288,573	788,215	4.3%	173.1%
Legal	1,000,792	1,059,463	1,072,280	1,669,241	2,665,854	148.6%	59.7%
Member Services	2,629,984	2,629,984	2,888,538	2,366,365	1,652,524	(42.8)%	(30.2)%
Office Services	4,354,392	4,651,038	4,954,255	4,101,018	3,573,132	(27.9)%	(12.9)%
Organizational Excel.	-	-	-	266,950	556,498	NM	108.5%
Total Administrative Expenses	31,038,134	32,213,168	36,194,326	34,983,862	39,386,167	8.8%	12.6%
Direct Investment Expenses							
Investments	116,864,208	129,260,643	135,775,485	139,166,739	149,352,592	10.0%	7.3%
Investments IEM Internal Management	-	-	551,256	535,356	643,430	16.7%	20.2%
Total Direct Investment Expenses	116,864,208	129,260,643	136,326,741	139,702,095	149,996,022	10.0%	7.4%
Total	\$147,902,342	\$161,473,811	\$172,521,067	\$174,685,957	\$189,382,189	9.8%	8.4%

NM=not meaningful

ADDITIONS TO FUND BALANCES

	2018 Actual	2019 Budget	2019 Estimate	2020 Budget
Revenues				
Contributions				
Member Contributions	\$ 413,901,691	\$ 415,753,486	\$ 430,725,067	\$ 451,052,815
Employer Contributions	947,568,823	751,570,519	760,255,376	919,218,871
Total Contributions	1,361,470,514	1,167,324,005	1,190,980,443	1,370,271,686
Investment Income				
Investment Income	(1,620,241,961)	3,337,183,215	6,242,052,448	3,468,358,681
Less: Direct Investment Expense	(126,975,171)	(136,326,741)	(139,702,095)	(149,996,022)
Net Investment Income	(1,747,217,132)	3,200,856,474	6,102,350,353	3,318,362,659
Miscellaneous Income	13,850	10,000	49,732	10,000
Total Additions	(385,732,768)	4,368,190,479	7,293,380,528	4,688,644,345
Expenses				
Benefits (Paid)	2,242,990,155	2,435,409,928	2,412,272,743	2,609,040,011
Administrative Expenses	32,213,168	36,194,326	34,983,862	39,386,167
Total Expenses	2,275,203,323	2,471,604,254	2,447,256,605	2,648,426,178
Net Increase (Decrease)	(2,660,936,091)	1,896,586,225	4,846,123,923	2,040,218,167
Net Position Restricted for Pensions Beginning of the Year	41,412,006,494	38,751,070,403	38,751,070,403	43,597,194,326
Net Position Restricted for Pensions End of the Year	\$38,751,070,403	\$40,647,656,628	\$43,597,194,326	\$45,637,412,493

2020 ADOPTED CAPITAL ADDITIONS - SUMMARY

	Actual		Budget	Estimated	Adopted	2020 Adopted as a Percent Change Over 2019	
	2017	2018	2019	2019	2020	Budget	Estimate
Capital Purchases	\$4,107,810	\$8,538,381	\$10,406,843	\$12,164,833	\$12,134,463	16.6%	(0.2)%
Internally Generated Computer Software	1,152,169	2,605,128	3,051,695	1,921,558	3,828,940	25.5%	99.3%
Total Capital Budget	\$5,259,979	\$11,143,509	\$13,458,538	\$14,086,391	\$15,963,403	18.6%	13.3%

2020 ADOPTED CAPITAL ADDITIONS

Capital Purchases	
Horizon	\$13,237,495
VMWare Software and Installation	730,000
Load Balancers (4)	600,000
Network Device Replacement - Cisco 9710R (6)	342,000
Data Center Printers (2)	280,000
High Speed Color Copier/Printer	168,000
Oak Brook Leasehold Improvements	162,708
GP HR/Payroll/Accounts Receivable	145,000
Storage Area Network (SAN) Disk	140,000
Investment Conference Room Video Conferencing Updates	50,000
Power Vault (4)	48,000
HPE SAN Monitoring/Analysis License	20,000
Envelope Opener	17,100
Color Copier/Printer	11,500
Springfield Office Soundproofing	6,600
Office Entry Keycard Printer	5,000
Total Capital Budget	\$ 15,963,403

Impact If The Projects Are Not Completed

The majority of the 2020 capital budget is to support the ongoing modernization project. Timing of technology purchases are coordinated to meet specific milestone dates set within the project timeline. The impact of delaying these purchases would create delays in the successful completion of the project. In cases where the purchase is a replacement of aging technology, delays will cause increased maintenance costs and the possibility of not being able to locate replacement parts.

2020 CAPITAL PURCHASES

Horizon Project

This multi-year project will replace our Spectrum system and complete the Horizon system. During 2020, Segments 2 and 3 will be completed and almost complete Segment 4 of Phase 4 of the project. The 2020 amount includes \$3,828,940 of internally generated costs that will be capitalized upon completion of the project.

Estimated purchase price	\$13,237,495
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VMWare Software and Installation

VMWare NSX will be used to virtualize the network stack to be able to manage the network through software rules rather than hardware commands. Rule sets are simplified and stateful, so when you create your rules they automatically resolve both directions. Rules are tied to objects in VMWare, so when it comes time to audit rules, it's easy to identify the systems affected by that rule. When rules are no longer needed, they are easier to identify and delete. This has been an audit item for 4 years and the solution is to use VMWare to separate the development, UAT, and production environments.

Estimated purchase price	\$730,000
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Load Balancers (4)

Load balancers improve responsiveness and increases availability of applications. A load balancer sits between the client and the server farm accepting incoming network and application traffic and distributing the traffic across multiple backend servers using various methods. This purchase will replace and upgrade the load balancers for the DMZ and disaster recovery site in preparation for additional needs expected during completion of the Horizon Project.

Estimated purchase price	\$600,000
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Network Device Replacement – Cisco 9710R (6)

This project is to replace the Cisco Nexus network core devices. Partial components are going end of life and require replacement. These devices are critical to IMRF's technology infrastructure as they are the backbone of the network.

Estimated purchase price	\$342,000
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Data Center Printers (2)

This purchase is for replacement of the printers in the Data Center which will continue to support the printing of checks and other IMRF branded documentation in the future.

Estimated purchase price	\$280,000
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Oak Brook Leasehold Improvements

The new lease extension for the Oak Brook office includes a reimbursement clause for tenant improvements. For 2020, the following areas are planned for improvement:

New Flooring for 5 Print Rooms and Mail Center	\$ 34,708
Reception Area Remodel	22,965
ActiveThreat Notification System	21,890
Upgrade Reception Doors with Key Card Access	21,295
Office Space Redesign	20,870
Boardroom Kitchen Remodel	17,906
Records Unit and Hallway Painting	12,795
Investment Conference Room Wall Reinforcement Electrical work	10,279
Estimated purchase price	\$162,708

Color Copier/Printers

Both high speed production digital printers in the Print Center are reaching end of life. The machines are experiencing more service calls than normal and due to their age, parts for are not as easily available anymore. In addition, the volume already printed exceeds the machine's expected life by over a billion print pages.

The current set up in the Print Center uses high speed two machines. The request is for one high speed color and one 65ppm color machine to replace the current set up. A second high speed machine is no longer needed. However, the flexibility of two machines, one non high speed copier with one high speed copier, is required. In addition, it is better to have both machines with the same technology.

The Web Centric project that will reduce our printing needs will not affect the Print Center for at least another year or two. Replace both machines is needed in 2020 in order to maintain our high level of excellent customer service. These machines include a variety of finishing options including a booklet option for those that are printed in-house.

High speed color copier/printer	\$ 168,000
Color copier/printer 65ppm	11,500
Estimated purchase price	\$179,500

Storage Area Network (SAN) Disk

A new Storage Area Network (SAN) disk will be required to support the storage requirements for the 4 new environments that are planned for development in 2020 for the Horizon Project.

Estimated purchase price	\$140,000
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Microsoft Dynamics GP HR/Payroll/Purchase Order/Sales Implementation

This project will integrate the HR/Payroll, Purchasing, and Sales (Accounts Receivable) with our existing Accounts Payable and General Ledger Software. For the Microsoft Dynamics GP HR/Payroll, our support vendor has estimated \$55,000 in software and \$80,000 in services including implementation, configuration, testing, training, deployment support, and data migration services. For the Microsoft Dynamics GP Purchase Order and Sales module implementation, our support vendor has estimated \$10,000 in services.

Estimated purchase price	\$145,000
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Power Vaults (4)

This is to procure 4 Dell Power Vaults for the Disaster Recovery (DR) site. The Power Vaults are storage extensions for the backup servers. They are designed to hold the saved copy of our backups on disk (we keep 4 weeks of backups on disk, in addition to the tape copy). This similar purchase for DR is to be able to accomplish backup replication directly to DR. They will eliminate the need for tape based backup for the daily (Monday-Thursday night) backups, freeing up time and effort during the week.

Estimated purchase price	\$ 48,000
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Investment Conference Room Video Conferencing Updates

Installation of requested Investment Conference Room Video Teleconference (VTC) capabilities will require room modifications, construction and cleanup to add the required cabling and other hardware that meets ADA compliance.

Estimated purchase price	\$50,000
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HPE SAN Monitoring/Analysis License

HPE SAN Monitoring license is required to upgrade to the proper storage level.

Estimated purchase price	\$20,000
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Envelope Opener

The current envelope opener has reached end of life. The machine is over 15 years old and fully depreciated. Without an automated high speed envelope opener, the Mail Center staff will not be able to meet their standards to deliver incoming mail on time each day. This is a required piece of equipment for us to fulfill our excellent customer service to our peers as well as membership.

Estimated purchase price	\$17,100
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Springfield Office Soundproofing

The final project in the Springfield Office remodel project is the addition of soundproofing for the conference room. There are issues when the conference room is being used with noise bleeding through the walls. This can be heard by staff as well as callers to the 800 number

Estimated purchase price	\$6,600
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Office Entry Keycard Printer

This is part of the effort to improve the physical security of the IMRF office space by allowing us to create door access badges that can also act as a visual identifier. The new cards that will be used also are printable, which will allow us to place and image and name on the badge while also color coding them to visually indicate the persons status (staff, consultant, contractor, ...). This will allow for easier identification of the badge user.

Estimated purchase price	\$5,000
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LONG-TERM CAPITAL PLAN (5 YEARS)

IMRF's 5 year capital plan is a planning tool that gives a snapshot into the next five years. It serves as a guide for planning projects and equipment replacements in the near future. This plan is reviewed and updated annually to reflect the changing needs and priorities of the organization.

	Budget Items	Department	Estimated Cost
2021	Automobile Replacement	Member & Field Services, Internal Audit, Legal, and Administration	\$ 30,000
	Black & White Copier Replacement (*)	Office Services	9,500
	Horizon	IS	13,047,000
2022	Black & White Copier Replacement (2) (*)	Office Services	19,000
2023	Black & White Copier Replacement (*)	Office Services	9,500
2024	Black & White Copier Replacement (*)	Office Services	9,500
	Color Copier Replacement (*)	Office Services	10,000
2024	N/A	N/A	N/A
Long-term Capital Plan Total			\$ 13,463,500

**Copier replacement will be evaluated as the wed-centric approach is implemented.*

The impact of IMRF's multi-year modernization project, Horizon, on the current operating budget can be found in several areas. For the 2020 budget, increases in operating costs for temporary personnel and overtime has been requested to assist with keeping normal operations at expected service levels while current staff continue work on the development and implementation of the project. These increased costs are partially offset by the capitalizing of costs per GASB 51 (Accounting and Financial Reporting for Intangible Assets). The increases in these areas will continue until the project completion in 2023.

Software maintenance increases will also be an impact as the Horizon Project moves forward and new systems are put in place.

Also continuing to impact the operating budget due to the Horizon Project are project oversight and change management consulting costs. These again are expected to continue until the completion of the project.

ANALYSIS OF 2020 ADOPTED BUDGET TO 2019 ESTIMATED ACTUAL VARIANCES

	Percentage Change	
2020 Budget	\$39,386,167	
2019 Estimated Actual	34,983,862	
Increase	\$4,402,305	12.6%

Expense Variations by Major Expense Category

Percent of Total Budget		Increase (Decrease)	% Change
46.8%	<p>Salaries The increase in the 2020 budget versus the 2019 estimated actual reflects the impact of the 2020 compensation plan which provides for a 2.75% base salary adjustment and a 1% average discretionary. The estimated increase due to the compensation plan is \$646 thousand. Increases in accrued absences will add an additional \$536 thousand. Additional temporary services with an additional increase of \$1.3 million. This is offset by a \$(1.5) million increase in the amount of salaries capitalized as part of the next phase of the Horizon Project. The 2019 estimated actual is projected to be \$659 thousand under budget due to position vacancies throughout the year.</p>	\$1,812,799	10.9%
13.3%	<p>Fringe Benefits The increase in the 2020 budget versus the 2019 estimated actual is due to the increase of \$372 thousand as a result of the increase in the IMRF employer contribution rate for IMRF staff from 8.72% to 10.67% in 2020 as well as an increase in health insurance premiums of 1.9% adding an additional \$163 thousand. This is being offset by an increase of \$(447) thousand in capitalized fringe benefits related to internally developed software for the Horizon Project/ Modernization Program, a decrease in unemployment of \$37 thousand and a decrease in dental insurance due to switching carriers of \$33 thousand.</p>	240,290	4.8%
3.3%	<p>Personnel Costs - Indirect The majority of this increase, \$322 thousand, is driven by higher projected training costs related to IMRF's individual learning plans, tuition reimbursement and organization wide training. There is also an additional \$45 thousand increase in conferences when comparing to the 2019 estimated.</p>	367,910	39.9%
8.2%	<p>Consulting Services This decrease in the 2020 budget versus the 2018 estimated is being driven by a \$327 thousand decrease in information technology consulting services. This is offset by an \$141 thousand increase for actuarial services including \$90 thousand for the triennial experience study. Also included are increases of \$40 thousand for the external audit and SOC-1 Type 2 Report, \$34 thousand for legal fees, \$55 thousand for medical investigations, \$17 thousand for Permanent Disability Audit, and \$15 thousand increase in IS Risk Assessment.</p>	(8,115)	(0.2)%
6.2%	<p>Facility Expenses The majority of this increase, \$58 thousand, is related to increases in disaster recovery capabilities and \$39 thousand related to increases in telephone and internet fees. In addition, we anticipate a \$54 thousand increase in rent and building operating expenses for the Oak Brook and Springfield locations.</p>	163,319	7.1%
6.3%	<p>Commodities & Services The major increases in this area are related to risk assessment - \$75 thousand, computer supplies - \$30 thousand, publications and dues - \$30 thousand, legal fees - \$26 thousand, CEM Study - \$18 thousand, and the continuation of the jacket conversion project - \$48 thousand. These increases are offset by savings in postage and delivery as we move to a web-centric customer service delivery model.</p>	211,883	9.4%
14.4%	<p>Equipment The majority of the increase here is due to anticipated purchases of expendable equipment of \$662 thousand. This includes Zerto Replication - \$150 thousand, Office 365 - \$77 thousand, and new servers - \$119 thousand. These purchases as well as some software capital additions impacts the software maintenance by increasing \$479 thousand over the 2019 estimate. Additionally depreciation will see an increase of \$214 thousand due to the capitalization of items in the capital budget.</p>	1,351,620	31.2%
1.5%	<p>Miscellaneous This major increases in this area relate to the 2020 trustee election - \$184 thousand, trustee reimbursements - \$15 thousand, and additional insurance for directors and officers - \$40 thousand.</p>	262,599	79.6%
100%		\$4,402,305	

ANALYSIS OF 2020 ADOPTED BUDGET TO 2019 ADOPTED BUDGET VARIANCES

		Percentage Change
2020 Proposed Budget	\$39,386,167	
2019 Adopted Actual	36,194,326	
Increase	\$3,191,841	8.8%

Expense Variations by Major Expense Category

Percent of Total Budget		Increase (Decrease)	% Change
46.8%	<p>Salaries The increase in the 2020 budget versus the 2019 budget reflects the impact of the 2020 compensation plan which provides for a 2.75% base salary adjustment and a 1% average discretionary. The estimated increase due to the compensation plan is \$646 thousand. Increases in accrued absences will add an additional \$536 thousand. Additional temporary services with an additional increase of \$255 thousand. This is offset by a \$(1.5) million increase in the amount of salaries capitalized as part of the next phase of the Horizon Project. Per GASB Statement No. 51, these costs are reclassified from salary expense and capitalized as part of the total project costs and amortized over its estimated useful life.</p>	\$1,769,402	8.9%
13.3%	<p>Fringe Benefits The increase in the 2020 budget versus the 2019 budget is being driven by a \$487 thousand as a result of the increase in the IMRF employer contribution rate for IMRF staff from 8.72% to 10.67% in 2020. Payroll taxes are estimated to increase by \$52 thousand due to the 2020 compensation plan as explained above. This is offset by a decrease of \$28 thousand in dental insurance due to a switch in carriers.</p>	475,456	(6.1)%
3.3%	<p>Personnel Costs - Indirect The 2020 budget contains a \$57 thousand increase in travel and training and \$52 thousand in conference costs. Field Services costs are estimated to increase by \$49 thousand. This is offset by a decrease in recruiting costs of \$6 thousand.</p>	149,978	40.9%
8.2%	<p>Consulting Services This decrease in the 2020 budget versus the 2019 budget is being driven by the decrease for the Horizon Project consulting expenses as more of these will move to be capitalized. This is offset by the increase in actuarial services which includes the triennial experience study of \$137 thousand.</p>	(427,314)	93.8%
6.2%	<p>Facility Expenses Increases in this category are related to a \$70 thousand increase in rent and \$22 thousand in operating expenses for the Oak Brook location. Also projected to increase is disaster recovery expenses of \$20 thousand. Offsetting this is a decrease in telephone expense of \$35 thousand.</p>	86,566	8.4%
6.3%	<p>Commodities & Services The major decrease in this area is related to lower costs for postage, \$154 thousand as IMRF transitions to a web-centric customer service delivery model. This is offset by an increase in risk assessment costs of \$75 thousand in 2020.</p>	(113,525)	17.4%
14.4%	<p>Equipment The majority of the increase here is due to a \$833 thousand increase in software maintenance costs related to new software purchases in 2020 (capital and expense) as well as \$406 thousand increase in expendable equipment. This includes \$390 thousand for software, \$55 thousand for servers, and \$14 thousand in furniture and chairs. This is offset by a \$48 thousand reduction in computers as most were replaced in 2019.</p>	1,173,604	3.2%
1.5%	<p>Miscellaneous This increase is due to a \$78 thousand increase in trustee elections budget.</p>	77,674	31.6%
100%		\$3,191,841	



IN-DEPTH PENSION CODE EXPERTISE



DEPARTMENTAL BUDGETS

To develop this budget document, IMRF received proposals and data from each operational department within the organization. As outlined on the following pages, consideration is allocated to programs, staffing, training, and consulting work necessary to best achieve the Fund's goals and objectives.

66	Condensed 2020 Budget Comparison	88	Customer Service
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The Illinois Pension Code defines IMRF's benefit structure, and it's the responsibility of our staff members to administer the pension fund system accordingly. This budget provides funds that enable our team members to be experts in the Pension Code. Each time we process benefit applications or counsel members, we ensure our actions align with the rules written in the law.



CONDENSED 2020 BUDGET COMPARISON

The table below provides a synopsis of the 2020 budget with and without the effects of the additional staff and related expense requests for the Horizon Project and the creation of the Investments Internal Equity Management team. For comparison purposes, the 2019 budget and 2019 estimated amounts are also provided.

2020 Budget Summary by Department

	2019 Budget	2019 Estimated	2020 Budget w/o Horizon Costs	2020 Budget w/o Horizon Increase/ (Decrease) over 2019 Budget	Percent
Administrative Expense					
Administration	\$ 602,962	\$ 535,632	\$ 565,836	\$ (37,126)	(6.2)%
Benefits	1,595,321	1,587,848	1,215,244	(380,077)	(23.8)%
Communications	1,189,344	752,473	782,506	(406,838)	(34.2)%
Customer Service/Operations	583,164	429,322	140,566	(442,598)	(75.9)%
Disability	422,293	569,152	1,032,230	609,937	144.4%
Field Services	610,753	621,968	1,297,942	687,189	112.5%
Finance	8,058,629	8,079,278	8,651,478	592,849	7.4%
Human Resources	3,421,939	3,261,723	3,423,790	1,851	0.1%
Information Services	7,579,531	7,689,983	6,409,163	(1,170,368)	(15.4)%
Internal Audit	740,743	680,784	851,092	110,349	14.9%
Investments	1,932,410	1,964,632	2,123,167	190,757	9.9%
Investments - Equity Internal Management (EIM)	755,427	288,573	788,215	32,788	4.3%
Legal	1,072,280	1,669,241	2,665,854	1,593,574	148.6%
Member Services	2,277,785	2,366,365	1,617,524	(660,261)	(29.0)%
Office Services	4,954,255	4,101,018	3,573,132	(1,381,123)	(27.9)%
Organizational Excellence	148,807	266,950	556,498	407,691	274.0%
Trustees	248,683	118,920	323,671	74,988	30.2%
Sub-total	36,194,326	34,983,862	36,017,908	(176,418)	(0.5)%
Direct Investment Expense					
Investments	135,775,485	139,166,739	149,352,592	13,577,107	10.0%
Investments - Equity Internal Management (EIM)	551,256	535,356	643,430	92,174	-
Sub-total	136,326,741	139,702,095	149,996,022	13,669,281	10.0%
Total	\$ 172,521,067	\$ 174,685,957	\$ 186,013,930	\$ 13,492,863	7.8%

CONDENSED 2020 BUDGET COMPARISON - CONTINUED

2020 Budget Incremental Increase Due to Horizon	2020 Aggregate Budget with Horizon	2020 Aggregate Budget Increase/ (Decrease) over 2019 Budget	Percent	2020 Aggregate Budget Increase over 2019 Estimate	Percent
\$ 2,000	\$ 567,836	\$ (35,126)	(5.8)%	\$ 32,204	6.0%
-	1,215,244	(380,077)	(23.8)%	(372,604)	(23.5)%
445,400	1,227,906	38,562	3.2%	475,433	63.2%
-	140,566	(442,598)	(75.9)%	(288,756)	(67.3)%
-	1,032,230	609,937	144.4%	463,078	81.4%
10,000	1,307,942	697,189	114.2%	685,974	110.3%
45,000	8,696,478	637,849	7.9%	617,200	7.6%
-	3,423,790	1,851	0.1%	162,067	5.0%
2,830,859	9,240,022	1,660,491	21.9%	1,550,039	20.2%
-	851,092	110,349	14.9%	170,308	25.0%
-	2,123,167	190,757	9.9%	158,535	8.1%
-	788,215	32,788	4.3%	499,642	173.1%
-	2,665,854	1,593,574	148.6%	996,613	59.7%
35,000	1,652,524	(625,261)	(27.5)%	(713,841)	(30.2)%
-	3,573,132	(1,381,123)	(27.9)%	(527,886)	(12.9)%
-	556,498	407,691	274.0%	289,548	108.5%
-	323,671	74,988	30.2%	204,751	172.2%
3,368,259	39,386,167	3,191,841	8.8%	4,402,305	12.6%
-	149,352,592	13,577,107	10.0%	10,185,853	7.3%
-	643,430	92,174	-	108,074	-
-	149,996,022	13,669,281	10.0%	10,293,927	7.4%
\$ 3,368,259	\$ 189,382,189	\$ 16,861,122	9.8%	\$ 14,696,232	8.4%

BOARD OF TRUSTEES

IMRF is governed by an eight-member, elected Board of Trustees. IMRF Board members serve five-year, staggered terms:

- Four of the Board members are Executive Trustees and are elected by participating units of government.
- Three are Employee Trustees and are elected by participating IMRF members.
- One Annuitant Trustee is elected by IMRF annuitants.

The IMRF Board of Trustees meets at least four times a year for its full Board meeting. Board members serve without compensation, but are reimbursed for their expenses. The Board is divided into five committees — Audit, Benefit Review, Executive, Investment, and Legislative to handle different areas of business.

Goals and Objectives

- 1) Monitor annual investment returns for the Fund.
- 2) Set employer contributions rates required to fully fund the guaranteed benefits of our members.
- 3) Discuss and review actuarial assumption.
- 4) Continue education in Board Governance, Administration, and Investments to assist in managing the Fund.

The 2019 Board of Trustees include:

Natalie Copper, President

Gwen Henry

David Miller, Vice President

Sharon U. Thompson*

Alex Wallace, Jr., Secretary

Sue Stanish

Tom Kuehne

Trudy Williams

* Sadly, Sharon Thompson passed away on October 3, 2019. The board is in the process of selecting her replacement for the remainder of her term.

Board of Trustees – Budget

Expense Classification	Account No.	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020
Commodities & Services						
Publications & Dues	5535	\$ 345	\$ 2,127	\$ 500	\$ 825	\$ 850
Total Personnel Costs - Direct		345	2,127	500	825	850
Miscellaneous						
Trustee Employer Reimbursement	5580	34,807	29,434	55,000	35,000	50,000
Trustee Reimbursement & Education	5581	78,845	66,590	88,555	83,095	89,265
Trustee Elections	5582	5,469	4,582	104,628	0	183,556
Total Miscellaneous		119,121	100,606	248,183	118,095	322,821
Total Expenses		\$119,466	\$102,733	\$248,683	\$118,920	\$323,671
2020 Percent Change						30.2%

ADMINISTRATION DEPARTMENT

The Administration department is headed by the Executive Director, who is appointed by the Board of Trustees to manage the office and carry out the technical administrative duties of the Fund. The Executive Director is responsible for management of all operations, customer service, representation of IMRF, Board interaction, policy development and implementation, and leadership of the organization.

Administration – Goals and Objectives

- 1) Support and adhere to the Strategic Plan for the current fiscal year.
- 2) Meet with IMRF members, employers and legislators to promote the IMRF brand.
- 3) Provide and support a balanced budget.
- 4) Support and manage our modernization efforts (Horizon Project).

Administration Department – Organization Chart



Administration – Budget

Expense Classification	Account No.	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget without Horizon 2020	Budget with Horizon 2020
Personnel Costs - Direct							
Salaries	5501	\$475,621	\$470,724	\$448,962	\$394,132	\$341,836	\$341,836
Total Personnel Costs - Direct		475,621	470,724	448,962	394,132	341,836	341,836
Personnel Costs - Indirect							
Travel & Training	5507	5,633	3,251	14,000	9,500	12,000	14,000
Other Personnel Costs	5510	0	0	0	0	0	0
Conferences & Meetings	5517	3,208	5,004	5,000	7,000	8,000	8,000
Total Personnel Costs - Indirect		8,841	8,255	19,000	16,500	20,000	22,000
Commodities & Services							
Publications & Dues	5535	9,430	27,649	30,000	22,000	25,000	25,000
Other Services	5540	98,377	3,535	100,000	100,000	175,000	175,000
Total Commodities & Services		107,807	31,184	130,000	122,000	200,000	200,000
Equipment							
Auto Maintenance & Expenses	5576	315	963	5,000	3,000	4,000	4,000
Total Equipment		315	963	5,000	3,000	4,000	4,000
Total Expenses		\$592,584	\$511,126	\$602,962	\$535,632	\$565,836	\$567,836
2020 Percent Change						(6.2)%	(5.8)%

ORGANIZATIONAL EXCELLENCE DEPARTMENT

The Organizational Excellence department provides organizational support across a broad range of key strategies and provides an integrated approach to organizational performance management that results in:

- Delivery of ever-increasing value to customers and stakeholders, contributing to organizational improvement and sustainability;
- Systematic improvement of overall organizational effectiveness and capabilities; and
- Organizational and personal learning.

Goals and Objectives

- 1) Administer and oversee the triennial strategic planning process.
- 2) Administer and oversee the strategic plan including ownership and facilitation of action plans and monitoring objectives and metrics via the Leadership Scorecard process.
- 3) Administer and oversee the Journey of Excellence and the application of the Baldrige Criteria for Performance Excellence at IMRF including ownership and facilitation of key work processes.
- 4) Administer and oversee the Project Portfolio Management process
- 5) Administer and oversee the CEM and COBALT benchmarking studies.
- 6) Manage the Continuous Process Improvement initiatives.

Organizational Excellence Department – Organization Chart



Organizational Excellence - Performance Measures

Standards	2014	2015	2016	2017	2018	2019 YTD
Key approach update on-time compliance	100%	100%	100%	100%	100%	100%
Annual CEM benchmarking study completion	100%	100%	100%	100%	100%	100%
Triennial Strategic Plan milestones	N/A	N/A	N/A	100%	N/A	N/A

Organizational Excellence - Budget

Expense Classification	Account No.	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020
Personnel Costs - Direct						
Salaries	5501	\$0	\$0	\$104,557	\$115,324	\$322,228
Total Personnel Costs - Direct		0	0	104,557	115,324	322,228
Personnel Costs - Indirect						
Travel	5507	0	0	0	1,521	38,930
Conferences & Meetings	5517	0	0	0	0	14,500
Total Personnel Costs - Indirect		0	0	0	1,521	53,430
Consulting Services						
Process Improvement/ Scorecarding	5514	0	0	600	30,105	40,600
Total Consulting Services		0	0	600	30,105	40,600
Commodities & Services						
Publications & Dues	5535	0	0	0	0	2,090
Professional Services - Other	5540	0	0	43,650	120,000	138,150
Total Commodities & Services		0	0	43,650	120,000	140,240
Total Expenses		\$0	\$0	\$148,807	\$266,950	\$556,498
2020 Percent Change						274.0%

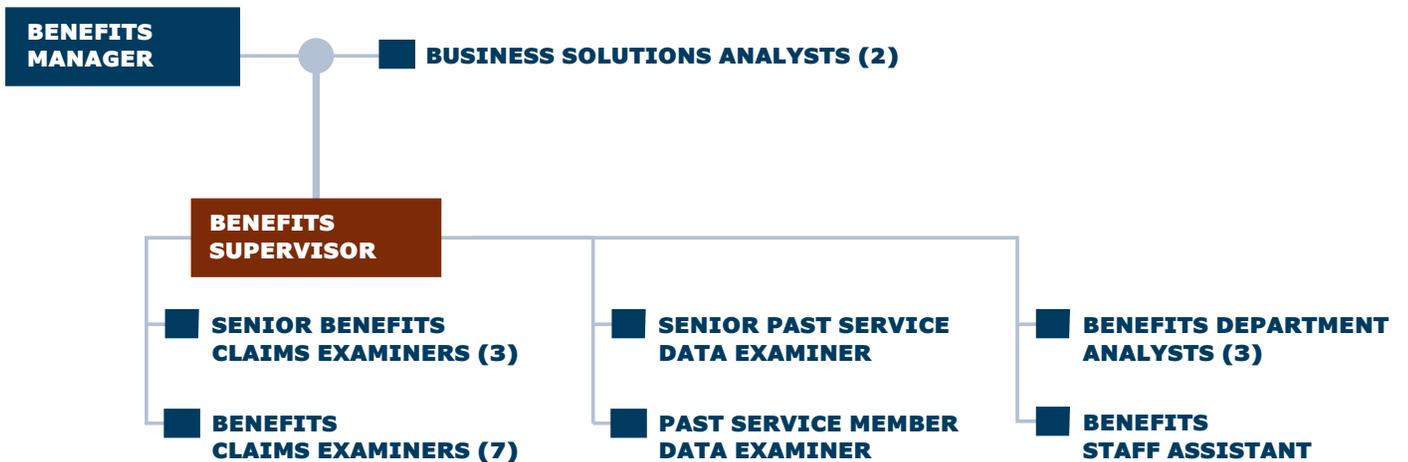
BENEFITS DEPARTMENT

The Benefits department is currently transitioning through reorganization. The department is led by one manager and one supervisor and consists of two units: the Benefits Unit and the Past Service Unit. Three analysts assist in the day-to-day activities, two Business Solution Analysts focus on support of the Horizon project, and approximately 13 specialists and examiners process claims. The department serves IMRF's members, beneficiaries, and employers by providing information and services related to all aspects of benefits application processing. The department processes retirement, death, past service, and refund applications. Some applications require coordination with other public pension systems in Illinois.

Goals and Objectives

- 1) Process benefit applications accurately and in a timely manner according to department identified standards.
- 2) Support Modernization and shift responsibilities as necessary to complete core tasks.
- 3) Work with the Finance department to support the SOC-1 audit.
- 4) Carry out and support the organization's identified strategic objectives to provide sustainable financial health, operational excellence, workforce engagement, and customer engagement.

Benefits Department – Organization Chart



Benefits Department – Performance Measures

Standards	2014	2015	2016	2017	2018	2019 YTD
Average Processing Time (days) for all claim types	5.06	5.05	7.43	7.89	7.362	8.2
Financial Accuracy (M)	93.89%	97.76%	99.90%	90.00%	96.72%	98.08%
Financial Accuracy (A)	99.90%	99.76%	99.10%	94.70%	96.04%	99.31%
Procedural Accuracy (M)	97.60%	98.08%	99.10%	78.30%	87.43%	98.08%
Procedural Accuracy (A)	99.10%	98.40%	98.80%	88.60%	92.71%	97.74

M = Manual

A = Automated

Benefits Department – Budget

Expense Classification	Account No.	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020
Personnel Costs - Direct						
Salaries	5501	\$1,775,427	\$1,744,322	\$1,486,121	\$1,547,453	\$1,201,414
Total Personnel Costs - Direct		1,775,427	1,744,322	1,486,121	1,547,453	1,201,414
Personnel Costs - Indirect						
Travel & Training	5507	826	3,252	10,300	2,300	11,130
Conferences & Meetings	5517	0	94	800	200	2,700
Total Personnel Costs - Indirect		826	3,346	11,100	2,500	13,830
Consulting Services						
Medical & Field Investigations	5516	145,849	112,679	98,000	37,895	0
Total Consulting Services		145,849	112,679	98,000	37,895	0
Commodities & Services						
Publications & Dues	5535	233	0	100	0	0
Total Commodities & Services		233	0	100	0	0
Total Expenses		\$1,922,335	\$1,860,347	\$1,595,321	\$1,587,848	\$1,215,244
2020 Percent Change						(23.8)%

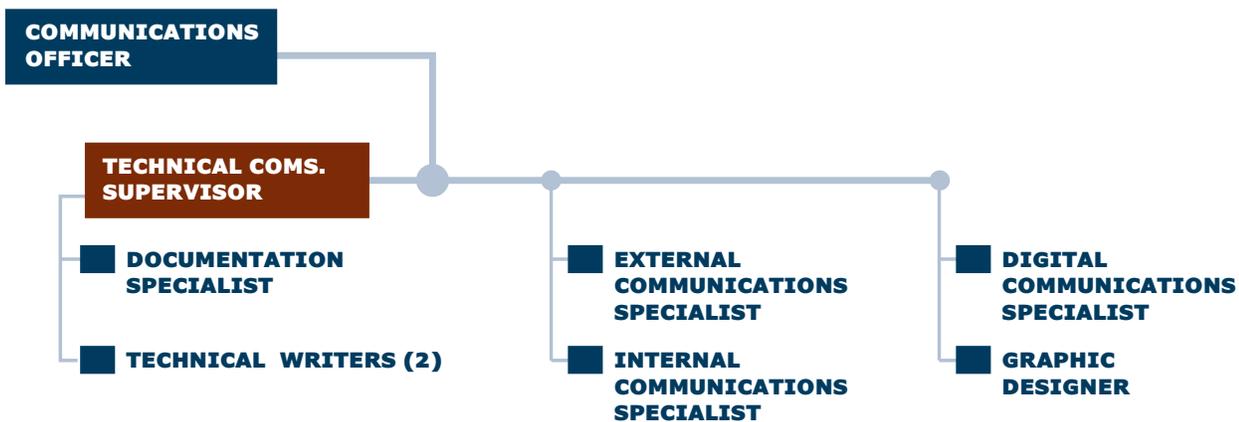
COMMUNICATIONS DEPARTMENT

IMRF's Communications department produces more than 100 print and web-based publications; creates, reviews, and edits print and web-based newsletters, correspondence, forms, and staff documentation for applications and processes; manages IMRF's website and social media; oversees internal communications, including IMRF's intranet; and administers IMRF's public outreach program, including its media relations.

Goals and Objectives

- 1) Key Result Area: Financial Health
 - Educate members, employers, and external stakeholders about IMRF's 100% funding principle.
- 2) Key Result Area: Customer Engagement
 - Educate members and employers about IMRF's benefits program.
- 3) Key Result Area: Workforce Engagement
 - Manage internal knowledge assets, share organizational news, and promote IMRF's Mission, Vision, and Values with IMRF staff.
- 4) Key Result Area: Operational Excellence
 - Execute IMRF's Voice Of the Customer survey program, which supports fact-based decision-making throughout the organization.

Communications Department – Organization Chart



Communications Department – Performance Measures

Key Result Area: Financial Health

Open Rate	2014	2015	2016	2017	2018	2019 YTD
Employer Digest newsletter	40.95%	45.65%	43.04%	46.90%	46.51%	49.0%
Legislative Update newsletter	56.90%	57.10%	58.50%	61.30%	60.67%	58.0%

Standards based on the Open Rate for e-newsletters.

Benchmark = Industry-standard "Open Rate" for public entities of 23.89%.

Key Result Area: Customer Engagement

Measures	2014	2015	2016	2017	2018	2019 YTD
www.imrf.org Total page views	N/A	1,409,613	6,916,512	7,557,570	7,971,477	6,721,487
www.imrf.org Average session duration	N/A	2:38	7:09	7:03	6:55	6:46

Key Result Area: Workforce Engagement

Measures	2014	2015	2016	2017	2018	2019 YTD
Staff intranet total page views	N/A	129,560	113,554	113,633	439,511	403,724
Staff intranet average session duration	N/A	3:07	2:37	2:26	8:42	9:16
IMRF Update newsletter	N/A	41.10%	77.00%	80.08%	82.18%	80.09%

Communications Department – Budget

Expense Classification	Account No.	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020 w/out Horizon	Budget 2020 w/ Horizon
Personnel Costs - Direct							
Salaries	5501	\$575,004	\$588,539	\$592,549	\$491,283	\$598,268	\$618,268
Professional Services – Temps	5503	0	813	369,705	30,000	0	425,400
Total Personnel Costs - Direct		575,004	589,352	962,254	521,283	598,268	1,043,668
Personnel Costs - Indirect							
Travel and Training	5507	3,973	3,620	10,615	9,115	12,790	12,790
Conferences & Meetings	5517	2,524	11,328	18,915	18,915	23,225	23,225
Total Personnel Costs - Indirect		6,497	14,948	29,530	28,030	36,015	36,015
Public Relations Services							
Public Relations	5519	1,256	2,255	7,700	4,000	4,000	4,000
Total Public Relations Services		1,256	2,255	7,700	4,000	4,000	4,000
Commodities & Services							
Forms & Informational Materials	5532	205,245	188,517	185,050	194,350	137,418	137,418
Publications & Dues	5535	4,581	1,366	3,390	3,390	3,805	3,805
Professional Services – Other	5540	0	1,100	0	0	2,700	2,700
Total Commodities & Services		209,826	190,983	188,440	197,740	143,923	143,923
Equipment							
Expendable Equipment	5575	0	1,786	1,420	1,420	300	300
Total Equipment		0	1,786	1,420	1,420	300	300
Total Expenses		\$792,583	\$799,324	\$1,189,344	\$752,473	\$782,506	\$1,227,906
2020 Percent Change						(34.2)%	3.2%

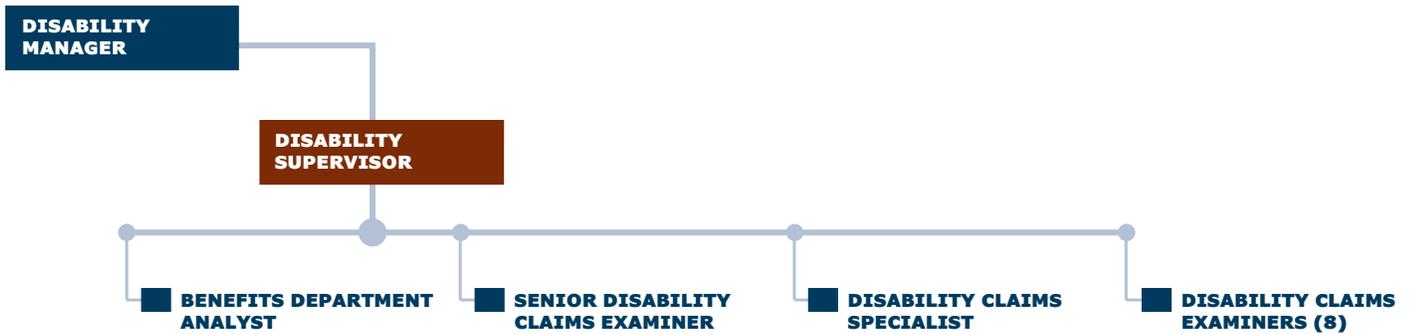
DISABILITY DEPARTMENT

The Disability department is currently transitioning through reorganization. The department is led by one manager and one supervisor. Two analysts assist in the day-to-day activities, and approximately 11 specialists and examiners process claims. The department serves IMRF's members, and employers by providing information and services related to all aspects of disability application processing.

Goals and Objectives

- 1) Process benefit applications accurately and in a timely manner according to department identified standards.
- 2) Support Modernization and shift responsibilities as necessary to complete core tasks.
- 3) Work with the Finance department to support the SOC-1 audit.
- 4) Carry out and support the organization's identified strategic objectives to provide sustainable financial health, operational excellence, workforce engagement, and customer engagement.

Disability Department – Organization Chart



Disability Department – Performance Measures

Standards	2014	2015	2016	2017	2018	2019 YTD
Average Processing Time (days) for all claim types	5.06	5.05	7.43	7.89	7.362	8.2
Financial Accuracy (M)	93.89%	97.76%	99.90%	90.00%	96.72%	98.08%
Financial Accuracy (A)	99.90%	99.76%	99.10%	94.70%	96.04%	99.31%
Procedural Accuracy (M)	97.60%	98.08%	99.10%	78.30%	87.43%	98.08%
Procedural Accuracy (A)	99.10%	98.40%	98.80%	88.60%	92.71%	97.74

M = Manual

A = Automated

Disability Department – Budget

Expense Classification	Account No.	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020
Personnel Costs - Direct						
Salaries	5501	\$0	\$0	\$351,393	\$518,352	\$882,680
Total Personnel Costs - Direct		0	0	351,393	518,352	882,680
Personnel Costs - Indirect						
Travel	5507	0	0	700	700	5,650
Conferences & Meetings	5517	0	0	200	200	800
Total Personnel Costs - Indirect		0	0	900	900	6,450
Consulting Services						
Medical & Field Investigations	5516	0	0	70,000	49,800	143,000
Total Consulting Services		0	0	70,000	49,800	143,000
Commodities & Services						
Publications & Dues	5535	0	0	0	100	100
Total Commodities & Services		0	0	0	100	100
Total Expenses		\$0	\$0	\$422,293	\$569,152	\$1,032,230
2020 Percent Change						144.4%

Created due to 2019 reorganization.

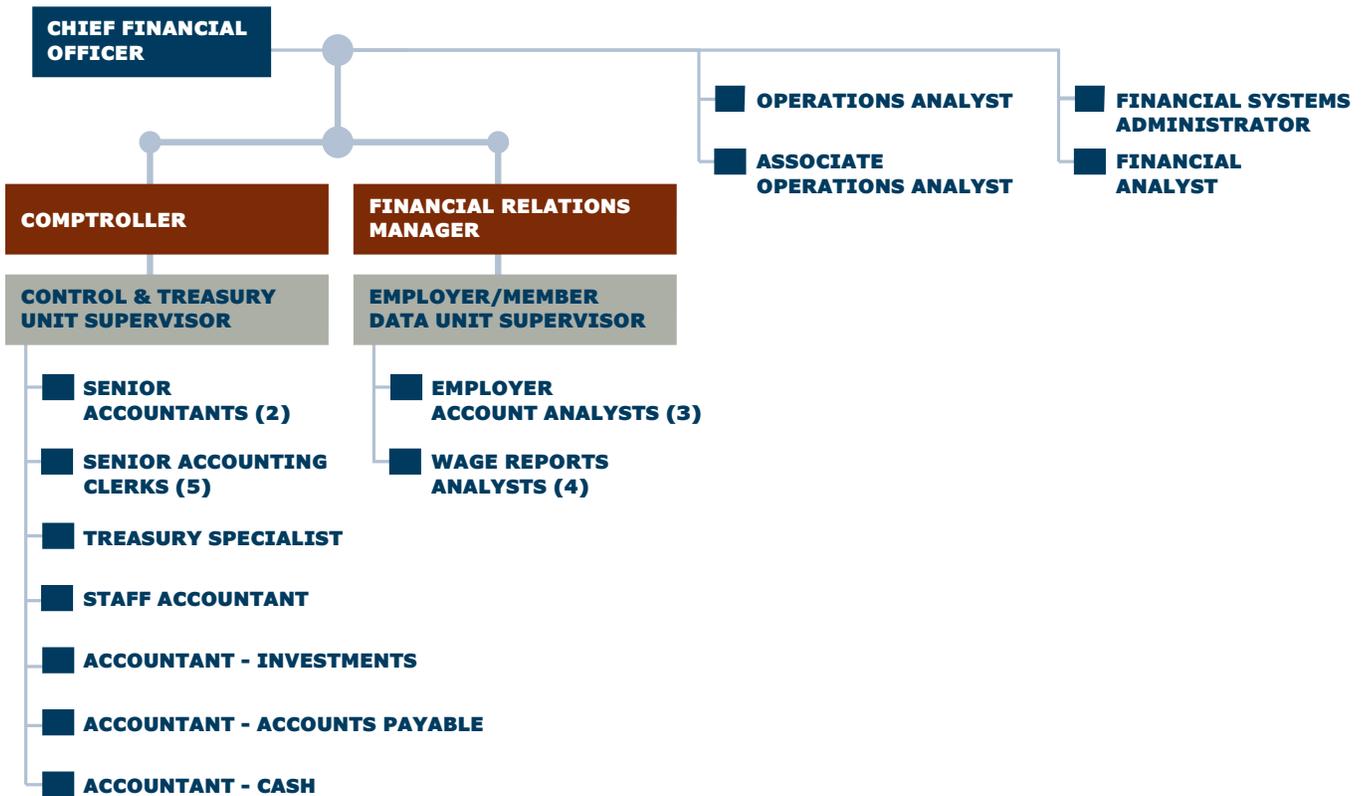
FINANCE DEPARTMENT

IMRF's Finance department is headed by the Chief Financial Officer and consists of three units: the Treasury Unit, the Control Unit, and the Employer/Member Data Unit. Additionally, there are three analysts that assist the department in day-to-day activities. The Finance department is responsible for financial reporting and accounting functions, actuarial reporting, financial reporting, and employer's wage reporting. The Finance department also processes staff payroll, accounts payable, recording and deposit of incoming checks and electronic transfers, and the issuance of benefit payments.

Goals and Objectives

- 1) Close each month within 30 business days of month-end.
- 2) Provide monthly financial reports to the Board of Directors.
- 3) Provide preliminary Expense versus Budget reports by the 8th business day of the month to management staff.
- 4) Strive to continue to receive the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting and Distinguished Budget Presentation Award.

Finance Department – Organization Chart



Finance Department – Performance Measures

Standards	2014	2015	2016	2017	2018	2019 YTD
Outstanding wage reports	-	-	-	-	-	83
Benefit checks issued in lieu of EFTs	110,464	101,626	93,847	48,103	36,464	23,923
Benefit payments - EFTs	1,357,660	1,438,124	1,519,414	1,586,270	1,746,300	1,392,085
Treasury transactions	47,167	44,464	47,912	50,777	47,609	34,363

Finance Department – Budget

Expense Classification	Account No.	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020 w/out Horizon	Budget 2020 w/ Horizon
Personnel Costs - Direct							
Salaries	5501	\$1,672,561	\$1,797,661	\$1,847,335	\$1,873,901	\$1,840,334	\$1,840,334
Unemployment Costs	5504	20,615	25,249	15,000	51,590	15,000	15,000
IMRF/SS ER Contributions	5505	3,026,526	2,703,714	2,392,338	2,614,778	2,865,869	2,865,869
		4,719,702	4,526,624	4,254,673	4,540,269	4,721,203	4,721,203
Personnel Costs - Indirect							
Travel & Training	5507	7,588	3,962	11,000	6,650	10,280	10,280
Other Personnel Costs	5510	0	0	0	0	0	0
Conferences & Meetings	5517	4,655	11,787	15,000	13,550	15,000	15,000
		12,243	15,749	26,000	20,200	25,280	25,280
Consulting Services							
Auditing	5511	326,683	325,928	326,500	312,460	327,740	352,740
Actuarial	5512	698,757	600,969	640,365	636,365	777,304	777,304
		1,025,440	926,897	966,865	948,825	1,105,044	1,130,044
Commodities & Services							
Publications & Dues	5535	4,023	5,421	5,500	6,500	11,000	11,000
Professional Services - Other	5540	184,874	196,587	208,600	196,600	207,000	207,000
		188,897	202,008	214,100	203,100	218,000	218,000
Equipment							
Depreciation - Capital Assets	5571	2,074,006	2,128,147	2,534,241	2,304,129	2,518,301	2,518,301
Software Maintenance PC	5574	15,900	48,859	52,000	52,000	52,500	72,500
		2,089,906	2,177,006	2,586,241	2,356,129	2,570,801	2,590,801
Miscellaneous Expenses							
Filing Fees	5586	9,095	9,645	10,750	10,755	11,150	11,150
		9,095	9,645	10,750	10,755	11,150	11,150
Total Expenses		\$8,045,283	\$7,857,929	\$8,058,629	\$8,079,278	\$8,651,478	\$8,696,478
2020 Percent Change						7.4%	7.9%

HUMAN RESOURCES DEPARTMENT

The Human Resources department is led by one director, and includes an assistant, a senior generalist, and an organizational development lead. The department is responsible for all employee relations functions, including workforce planning and employment initiatives, record keeping, and training and development. The department partners with Fund leadership for strategic Human Resources planning.

Goals and Objectives

The Human Resources Team partners with our colleagues across the Fund, and we leverage HR best practices to support IMRF’s Journey of Excellence and our mission. We do this in many ways, such as enhancing staff engagement, developing and implementing sound employment practices, developing and administering a competitive compensation and benefits package, recruiting and retaining engaged team members, developing an effective workforce planning process, leading change management practices, training and developing our leaders and staff members, implementing performance management standards, processing payroll, and supporting a safe and healthy work environment.

- 1) Maintain top decile employee engagement survey results.
 - Implement tactics outlined in Strategic Action Plan WE-01 Employee Engagement.
 - Implement tactics outlined in Strategic Action Plan WE-02 Senior Management Communication.
- 2) Maintain Overall Turnover Below CompData Midwest Benchmark.
 - Implement tactics outlined in Strategic Action Plan WE-01 Workforce Engagement.
 - Maintain Absenteeism Percent below Bureau of Labor Statistics.
- 3) Implement tactics outlined in the Strategic Action Plan WE-03 Learning and Development Experience.

Human Resources Department – Organization Chart



Human Resources – Performance Measures

Year	2015	2016	2017	2018	2019
Workforce Engagement Survey (Percentile Rank)	96th	94th	95th	95th	89th
Year	2015	2016	2017	2018	2019
Turnover Rate - IMRF	7.94	6.32%	5.91%*	10.661%	10.001%*
Turnover Rate - CompData average	16.80	18.20%	20.80%	21.10%	N/A

*Through September 2019

Human Resources Department – Budget

Expense Classification	Account No.	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020
Personnel Costs - Direct						
Salaries	5501	\$375,062	\$404,477	\$453,687	\$474,300	\$473,070
Fringe Benefits	5504	2,356,134	2,291,044	2,234,176	2,281,098	2,220,172
Total Personnel Costs - Direct		2,731,196	2,695,521	2,687,863	2,755,398	2,693,242
Personnel Costs - Indirect						
Travel & Training	5507	204,492	139,443	464,066	250,650	461,516
Recruitment & Testing	5509	47,586	47,251	65,700	60,250	59,760
Other Personnel Costs	5510	48,903	54,059	92,950	85,000	90,367
Conferences & Meetings	5517	1,647	5,007	7,400	4,000	7,600
Total Personnel Costs - Indirect		302,628	245,760	630,116	399,900	619,243
Consulting Services						
Compensation & Benefit Surveys	5514	63,206	120,120	74,675	77,125	81,820
Total Consulting Services		63,206	120,120	74,675	77,125	81,820
Commodities & Services						
Publications & Dues	5535	1,706	1,715	2,610	2,300	2,385
Total Commodities & Services		1,706	1,715	2,610	2,300	2,385
Equipment						
Maintenance & Rentals	5572	1,490	25,563	500	1,000	900
Software Maintenance PC	5574	7,863	665	25,000	25,000	25,000
Expendable Equipment	5575	0	0	1,175	1,000	1,200
Total Equipment		9,353	26,228	26,675	27,000	27,100
Total Expenses		\$3,108,089	\$3,089,344	\$3,421,939	\$3,261,723	\$3,423,790
2020 Percent Change						0.1%

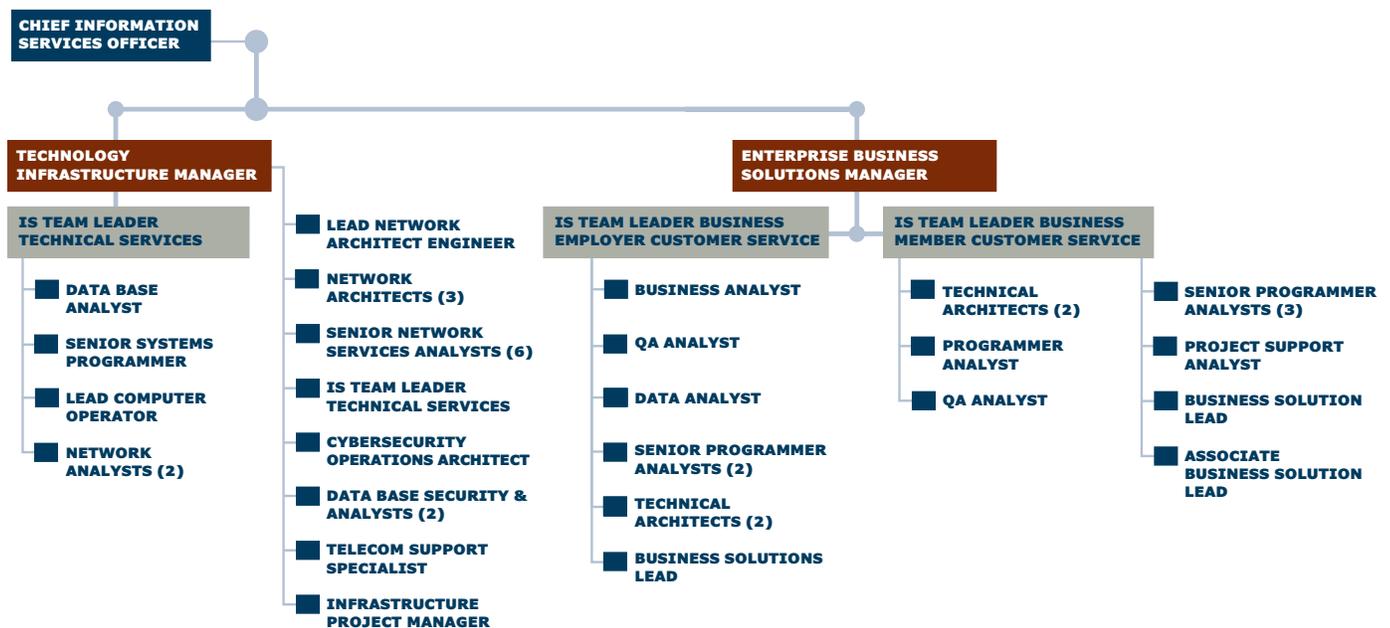
INFORMATION SERVICES

The Information Services department is headed by the Chief Information Services Officer and consists of two teams: Enterprise Business Solutions and Technology Infrastructure. Information Services’ governance is the overall approach to ensure the quality and availability of data and information, software, and hardware. IMRF’s Strategic Plan includes a key strategy to replace the existing information systems and technology to better meet rising customer service requirements.

Goals and Objectives

- 1) Develop and maintain a technology strategy for IMRF that supports the strategic plans and business requirements of the organization, including but not limited to the Modernization program.
- 2) Ensure that adequate computing resources provide for the efficient operation of the Fund including system response times that meet the performance needs of IMRF’s staff, employers, and members including peak period demand.
- 3) Ensure that systems are developed/configured in accordance with the Illinois Statute (Pension Code), IMRF Policies, and IS standards.
- 4) Implement appropriate controls and safeguards to manage electronic and other data/information to ensure their accuracy and validity, integrity and reliability, currency, and availability.
- 5) Develop, implement, and maintain policies and procedures, controls and safeguards that secure and protect data for members, employers and the organization, such that data integrity is not compromised.
- 6) Ensure that appropriate procedures are used for the evaluation and selection of purchased software, and for the contractual arrangements with vendors for the implementation and support of critical software and hardware systems.
- 7) Develop staff’s skills and depth to both meet project requirements and ensure depth of support knowledge (cross-training).
- 8) Develop, maintain, and test the Disaster Recovery Plan. Participate in the implementation of a comprehensive Business Continuity Plan.

Information Services Department – Organization Chart



Information Services Department – Performance Measures

Standards	2014	2015	2016	2017	2018	2019 YTD
Outage minutes	583	520	810	601	1,095	2,640
Percent uptime	99.9%	99.9%	99.8%	99.8%	99.6%	92.6%
Transactions < 1 sec.	95.2%	94.2%	94.0%	93.2%	93.0%	93.0%
Technology audit: High-risk findings	2	3	3	1	-	-
Moderate & low-risk findings	23	11	22	26	33	19

Business Continuity and Disaster Recovery Drills	2014	2015	2016	2017	2018	2019 YTD
Desktop drills	-	-	-	1	-	*
Live drills at warm site	4	2	2	2	1	*
Restore toll-free number	Yes	No	No	Yes	Yes	*
Restore benefits system	Partial	Yes	Yes	Yes	Yes	*
Print benefits checks	No	Yes	Yes	No	No	*
Critical systems capability	0%	85%	85%	100%	91%	*

*Disaster recovery drill will take place in December 2019.

Information Services Department – Budget

Expense Classification	Account No.	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020 w/out Horizon	Budget 2020 w/ Horizon
Personnel Costs - Direct							
Salaries	5501	\$3,737,097	\$3,569,128	\$2,630,237	\$3,574,733	\$3,237,021	\$3,237,021
Professional Services - Temps	5503	0	0	735,000	63,000	0	935,000
Total Personnel Costs - Direct		3,737,097	3,569,128	3,365,237	3,637,733	3,237,021	4,172,021
Personnel Costs - Indirect							
Travel & Training	5507	10,997	44,604	74,700	62,000	65,550	77,550
Conferences & Meetings	5517	6,076	8,460	10,500	16,000	24,300	24,300
Total Personnel Costs - Indirect		17,073	53,064	85,200	78,000	89,850	101,850
Consulting Services							
Implementation Phase Consulting	5514	626,212	165,956	1,743,287	1,740,000	0	1,370,859
Systems Design - Modernization	5515	161,344	52,888	199,000	122,250	154,000	154,000
Total Consulting Services		787,556	218,844	1,942,287	1,862,250	154,000	1,524,859
Facility Expenses							
Telephone	5523	156,598	170,358	235,520	165,900	208,060	208,060
Other Facility Expense	5525	173,508	218,996	282,795	237,000	302,400	302,400
Total Facility Services		330,106	389,354	518,315	402,900	510,460	510,460
Commodities & Services							
Office Supplies	5531	69,511	74,895	113,100	78,000	111,650	111,650
Publications & Dues	5535	1,188	732	1,500	1,000	23,000	23,000
Total Commodities & Service		70,699	75,627	114,600	79,000	134,650	134,650
Equipment							
Maintenance & Rentals	5572	233,889	342,086	407,335	350,000	559,484	601,884
Software Maintenance	5573-5574	544,650	734,503	822,357	1,177,000	1,162,498	1,633,098
Expendable Equipment	5575	148,917	870,007	322,000	101,000	559,000	559,000
Total Equipment		927,456	1,946,596	1,551,692	1,628,000	2,280,982	2,793,982
Miscellaneous Expenses							
Filing fees	5586	1,635	1,635	2,200	2,100	2,200	2,200
Total Expenses		\$5,871,622	\$6,254,248	\$7,579,531	\$7,689,983	\$6,409,163	\$9,240,022
2020 Percent Change						(15.4)%	21.9%

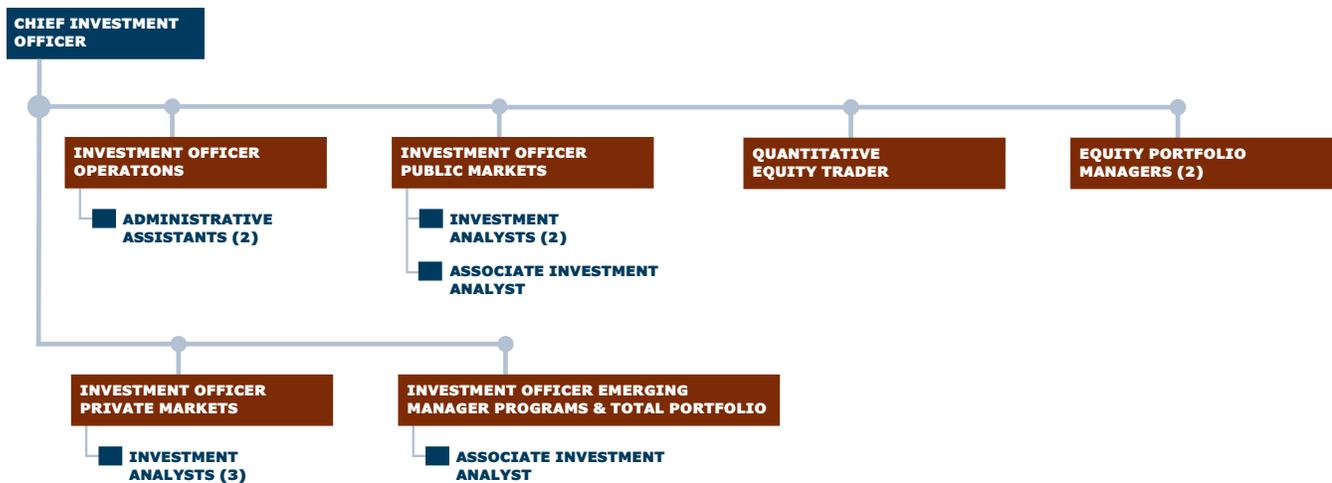
INVESTMENTS DEPARTMENT

IMRF's Investments department works to optimize the total return of the IMRF investment portfolio through a policy of long-term diversified investment, using parameters of prudent risk management. The Investments department's strategic objective is to meet or exceed IMRF's actuarial assumed rate of return and outperform the total portfolio benchmark. The Chief Investment Officer heads the Investments department and leads a team of 16 (based on approved positions). The Investments department is organized by key function areas including: Public Markets, Private Markets, Emerging Manager Program and Total Portfolio, Operations, and Internal Equity Management. Key highlights of the Investments department's activity in 2019 include: conducting an investment consultant search in which Willshire Associates was selected to provide investment consulting and performance measurement services to IMRF beginning January 1, 2020; working with Callan Associates to produce an Asset-Liability Modeling Study and Strategic Asset Allocation recommendations; evaluation and analysis of current and prospective investments for the total portfolio; implementing an internally managed, active US equity portfolio that is managed against the SCI Beta United States High-Factor-Intensity Diversified Multi-Beta Multi-Strategy 6-Factor 4 Strategy EW Index; monitoring portfolio performance; and presenting investment recommendations to the Investment Committee of the IMRF Board of Trustees.

Goals and Objectives

- 1) Achieve and maintain a funding level that sustains the Plan.
- 2) Utilize portfolio construction tools and principles, including asset liability models, portfolio optimization, cost control, evaluation of various investment program structures, internal equity portfolio, and relevant performance measurements, to increase net returns.
- 3) Achieve or exceed a 7.25% annual return over the long term (over 5-, 10-, and 15-year basis).
- 4) Outperform the total portfolio benchmark (over 3-, 5-, and 10-year basis).

Investments Department – Organization Chart



Investments Department – Performance Measures Gross Annual Investment Returns for 1-, 3-, 5-, and 10-years.

Total Fund Performance	2019 YTD	2018	Last 3 yrs	Last 5 yrs	Last 10 yrs
IMRF Total Fund	11.97%	(4.25)%	6.26%	5.07%	9.47%
Total Fund Benchmark	11.58%	(3.12)%	6.12%	5.42%	8.78%
Difference	.39%	(1.13)%	0.14%	(0.35)%	0.69%
Rank: IMRF Total Fund	N/A	58	63	58	19

Goal is for IMRF returns greater than portfolio benchmarks over 3-, 5-, and 10-year periods.
Percentile rank = 58th in Callan Universe of 100 pension funds for the year ending 12/31/18.

Investments Department – Budget

Expense Classification	Account No.	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020
Personnel Costs - Direct						
Salaries	5501	\$1,729,397	\$1,821,492	\$1,923,145	\$1,955,367	\$2,112,947
Professional Services Temps	5503	0	0	0	0	0
Total Personnel Costs - Direct		1,729,397	1,821,492	1,923,145	1,955,367	2,112,947
Personnel Costs - Indirect						
Travel & Training	5507	3,570	0	9,265	9,265	10,220
Conferences & Meetings	5517	0	0	0	0	0
Total Personnel Costs - Indirect		3,570	0	9,265	9,265	10,220
Commodities & Services						
Publications & Dues	5535	0	0	0	0	0
Total Commodities & Services		0	0	0	0	0
Sub-total Administrative Expenses		1,732,967	1,821,492	1,932,410	1,964,632	2,123,167
2020 Percent Change						9.9%
Investment Expenses						
Investment Managers Fees	5788	114,168,794	124,899,237	132,992,900	136,413,800	146,644,900
Master Trust Services	5789	280,000	280,000	280,000	280,000	280,000
Investment Travel	5790	65,376	64,126	105,000	105,000	120,000
Investment Legal Fees	5791	335,079	497,588	400,000	400,000	400,000
Investment RFP Support	5792	41	24	0	55	55
Investment Consultants	5793	1,176,287	1,191,019	1,344,586	750,000	795,000
Securities Lending Fees	5794	733,764	546,767	599,000	599,000	483,000
Tax Preparation & Custodial Expense	5795	89,020	30,740	37,000	37,000	37,000
Investment Publications & Dues	5796	15,847	12,340	16,787	16,787	19,513
Investment Licenses	5797	0	97	212	3,097	212
Investment Information Service Providers - Investments	5798	0	0	0	562,000	572,912
Total Investment Expenses		116,864,208	127,521,938	135,775,485	139,166,739	149,352,592
2020 Percent Change						10.0%
Total Expenses		\$118,597,175	\$129,343,430	\$137,707,895	\$141,131,371	\$151,475,759
2020 Percent Change						10.0%

Investments Department IEM – Budget

Expense Classification	Account No.	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020
Personnel Costs - Direct						
Salaries	5501	\$0	\$0	\$607,562	\$211,494	\$645,421
Fringe Benefits	5504	0	0	46,665	15,463	31,403
IMRF/SS ER Contributions	5505	0	0	73,000	33,416	104,191
Total Personnel Costs - Direct		0	0	727,227	260,373	781,015
Personnel Costs - Indirect						
Office Supplies	5531	0	0	600	600	600
Total Personnel Costs - Indirect		0	0	600	600	600
Equipment						
Expendable Equipment	5575	0	0	27,600	27,600	6,600
Total Equipment		0	0	27,600	27,600	6,600
Sub-total Administrative Expenses		0	0	755,427	288,573	788,215
2020 Percent Change						4.3%
Investment Expenses						
Investment Travel	5790	0	0	35,900	20,000	35,900
Investment Consultants	5793	0	0	512,956	0	0
Investment Publications & Dues	5796	0	0	2,400	2,400	5,800
Investment Information Service Providers - Investments IEM	5798	0	0	0	512,956	601,730
Total Investment Expenses		0	0	551,256	535,356	643,430
2020 Percent Change						16.7%
Total Expenses		\$0	\$0	\$1,306,683	\$823,929	\$1,431,645
2020 Percent Change						9.6%

CUSTOMER SERVICE DEPARTMENT

The Customer Service Director provides leadership for the Benefits, Disability, Member Services, Field Services and Office Services departments. This position is a key strategic and operational role responsible for leading the development, continuous improvement and delivery of world-class service outcomes for our members, annuitants, and employers.

Goals and Objectives

- 1) Support the strategic plan by monitoring relevant objectives and action plans for Customer Engagement, Operational Excellence and Workforce Engagement.
- 2) Oversee customer focused key approaches.
- 3) Ensure on-time delivery, high levels of satisfaction and engagement, and long-term problem resolution.

Customer Service – Organization Chart



Customer Service– Performance Measures

Measurements	2014	2015	2016	2017	2018	2019 YTD
Member Transaction Engagement (NPS)	N/A	85.80	86.30	87.10	87.40	87.11
Member Workshop Engagement (NPS)	N/A	94.60	95.80	93.80	93.42	92.57
Member Transaction Satisfaction	96.8%	97.3%	97.6%	97.4%	97.3%	97.6%
Member Workshop Satisfaction	99.6%	99.3%	99.2%	99.8%	99.6%	99.6%
Member Transaction Dissatisfaction	1.7%	1.4%	1.3%	1.1%	1.4%	1.3%
Member Workshop Dissatisfaction	0.0%	0.3%	0.3%	0.0%	0.1%	0.2%
Cobalt Survey ACSI score Percentile Rank	100	100	100	100	100	100
Employer Transaction Engagement (NPS)	N/A	78.00	75.60	82.00	80.60	79.29
Employer Workshop Engagement (NPS)	N/A	97.20	94.10	95.20	93.73	90.00
Employer Transaction Satisfaction	96.0%	96.1%	93.9%	95.8%	96.0%	95.4%
Employer Workshop Satisfaction	99.8%	99.7%	99.7%	98.9%	98.6%	98.8%
Employer Transaction Dissatisfaction	1.0%	1.2%	1.1%	0.9%	0.8%	0.9%
Employer Workshop Dissatisfaction	0.0%	0.3%	0.0%	0.3%	0.2%	0.3%

Customer Service – Budget

Expense Classification	Account No.	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020
PERSONNEL COSTS - DIRECT						
Salaries	5501	\$408,923	\$416,896	\$313,684	\$415,659	\$134,166
		408,923	416,896	313,684	415,659	134,166
PERSONNEL COSTS - INDIRECT						
Travel & Training	5507	3,538	137	2,900	405	250
Conferences & Meetings	5517	6,929	9,107	13,700	12,991	5,150
		10,467	9,244	16,600	13,396	5,400
CONSULTING SERVICES						
Process Improvement/Scorecarding	5514	8,407	73,738	151,800	0	0
		8,407	73,738	151,800	0	0
COMMODITIES & SERVICES						
Publications & Dues	5535	974	588	1,580	267	1,000
Professional Services - Other	5540	106,274	138,284	99,500	0	0
		107,248	138,872	101,080	267	1,000
Total Expenses		\$535,045	\$638,750	\$583,164	\$429,322	\$140,566
2020 Percent Change						(75.9)%

*Formerly Operations in 2019 Budget, renamed Customer Service as a part of reorganization.

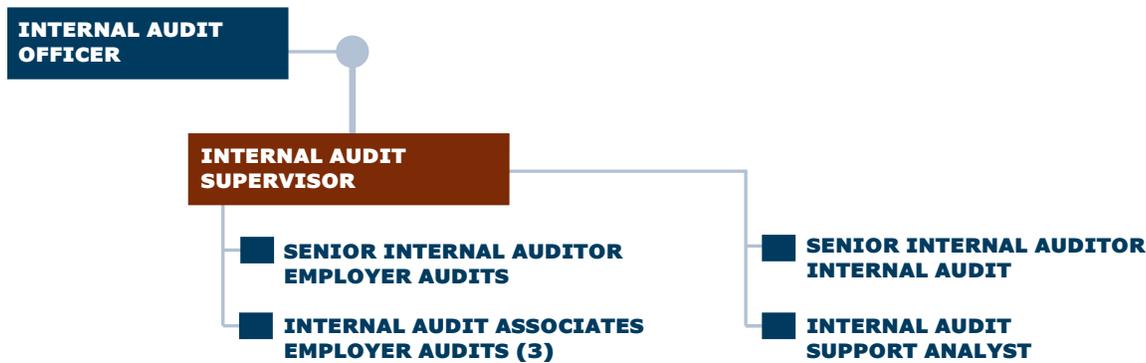
INTERNAL AUDIT DEPARTMENT

The Internal Audit department is headed by the Internal Audit Officer and is comprised of a supervisor, two senior internal auditors, three internal audit associates and an internal audit support analyst. This department is responsible for auditing employers through either remote audits or on-site visits to their respective payroll offices and ensuring compliance with the Illinois Pension Code. This department also audits IMRF’s internal operations, ensuring compliance with policies, plans, and regulations, including the Illinois Pension Code. The Internal Audit department also provides assistance to external auditors.

Goals and Objectives

- 1) Audit IMRF employers through either remotely or on-site visits to their respective payroll offices, ensuring compliance with the Illinois Pension Code.
- 2) Audit IMRF’s internal operations, ensuring compliance with policies, plans, and regulations, including the Illinois Pension Code.
- 3) Provide assistance to external auditors.
- 4) Train staff on audit-related issues and processes specific to IMRF’s benefits.
- 5) Review and/or update testing policies and procedures annually to ensure effectiveness and efficiency of the audit process.
- 6) Strive for 90% employer engagement in post-audit surveys.
- 7) Follow-up on the implementation of audit recommendations.

Internal Audit Department – Organization Chart



Internal Audit - Employer Audits and Percent of Active Membership Audited

	2014	2015	2016	2017	2018	2019
Employer audits	172	179	174	205	213	188
Percent of active membership audited	20.0%	20.0%	20.0%	20.4%	20.1%	10.4%

Internal Audit Department – Budget

Expense Classification	Account No.	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020
Personnel Costs - Direct						
Salaries	5501	\$534,028	\$502,657	\$563,743	\$548,897	\$652,942
Total Personnel Costs - Direct		534,028	502,657	563,743	548,897	652,942
Personnel Costs - Indirect						
Travel & Training	5507	6,426	7,758	12,500	1,725	15,000
Conferences & Meetings	5517	7,075	4,986	6,000	6,000	15,900
Total Personnel Costs - Indirect		13,501	12,744	18,500	7,725	30,900
Consulting Services						
Auditing	5511	93,044	112,802	146,300	114,762	154,750
Total Consulting Services		93,044	112,802	146,300	114,762	154,750
Commodities & Services						
Publications & Dues	5535	2,283	1,933	3,000	2,000	2,500
Total Commodities & Services		2,283	1,933	3,000	2,000	2,500
Equipment						
Software Maintenance PC	5574	6,002	4,258	6,200	6,900	7,000
Expendable Equipment	5575	0	1,995	0	0	0
Auto Maintenance & Expense	5576	1,026	885	3,000	500	3,000
Total Equipment		7,028	7,138	9,200	7,400	10,000
Total Expenses		\$649,884	\$637,274	\$740,743	\$680,784	\$851,092
2020 Percent Change						14.9%

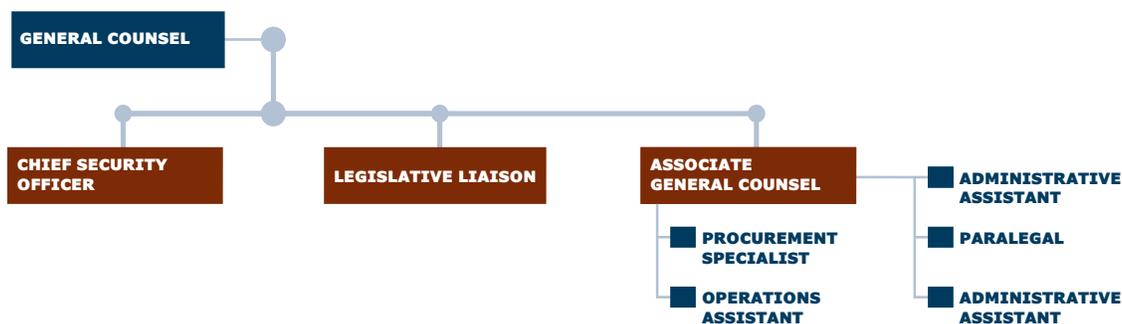
LEGAL DEPARTMENT

IMRF's Legal department acts as legal counsel to the IMRF Board of Trustees; provides legal counsel to IMRF staff; interprets the Illinois Pension Code and IMRF Board Policies; defends IMRF Board administrative decisions in court; and maintains a presence and represents the Board of Trustees at the Illinois Legislature. The Legal department oversees all non-investment procurement functions for the Fund, including the administration of the bidding process, contract review, and vendor management. The Legal department is also responsible for assuring the confidentiality, integrity and security of information throughout the Fund. The Legal department consists of three attorneys, a Paralegal, a Legal Secretary, and a Legislative Liaison, a Procurement Specialist, an Operations Assistant, and the Chief Security Officer.

Goals and Objectives

- 1) Vigorously defend the IMRF Board's administrative decisions in state court.
- 2) Serve as counsel to the IMRF Board of Trustees Benefit Review Committee and as staff counsel in administrative hearings before the IMRF hearing officer.
- 3) Provide legal advice to the IMRF Executive Director, Board of Trustees, and IMRF staff.
- 4) Review, interpret, and opine on various state and federal statutes.
- 5) Provide a timely response to inquiries from employers, members, and other individuals regarding the Illinois Pension Code.
- 6) Review and approve Request For Proposals and contracts, and assure compliance with purchasing rules.
- 7) Effectively represent IMRF's position before the Illinois General Assembly, including drafting and interpreting legislative proposals.
- 8) Assure that IMRF is adequately protected through the purchase of insurance coverage.
- 9) Serve as IMRF's FOIA officer and timely comply with FOIA requests pursuant to statute.
- 10) Oversee and administer IMRF Board of Trustees elections.
- 11) Review, approve, and administer QILDROS.
- 12) Administer the bidding process and contracts for vendor performance.
- 13) Coordinate the vendor management process.
- 14) Develop and implement plans that support IMRF's goal to utilize businesses owned by minorities, females, and persons with disabilities.
- 15) Effectively protect the confidentiality, integrity, and availability of information and information systems throughout IMRF.
- 16) Monitor and audit internal control systems to ensure that the appropriate information access levels and security clearances are maintained.
- 17) Create and Manage key cybersecurity performance indicators to gauge information risk.

Legal Department – Organization Chart



Legal Department – Performance Measures

Open Rate	2014	2015	2016	2017	2018	2019 YTD
FOIA requests	127	179	199	172	191	125
FOIA request turnaround time (standard = 5 days)	100%	100%	100%	100%	100%	100%
QILDROS	207	210	198	192	154	53
QILDRO turnaround time (standard = 45 days)	100%	100%	100%	100%	100%	100%
Contract review	24	37	80	70	257	165
Contract review turnaround time (standard = 3 days)	96%	100%	100%	100%	100%	100%

Legal Department – Budget

Expense Classification	Account	Actual 2017	Actual 2018	Budget 2019	Estimated '20	Budget '20
Personnel Costs - Direct						
Salaries	5501	\$548,294	\$521,470	\$581,978	\$674,452	\$859,086
Professional Services Temps	5503	0	3,765	0	0	0
Total Personnel Costs - Direct		548,294	525,235	581,978	674,452	859,086
Personnel Costs - Indirect						
Travel & Training	5507	15,089	12,497	14,300	14,594	24,400
Conferences & Meetings	5517	8,304	12,010	14,014	19,182	24,025
Total Personnel Costs - Indirect		23,393	24,507	28,314	33,776	48,425
Consulting Services						
Legal Counsel	5513	69,538	156,290	136,000	55,266	89,135
Benefit Consulting	5514	0	0	0	0	0
Legislative Lobbying Services	5518	72,100	73,100	79,100	74,100	77,805
Total Costs - Consulting Services		141,638	229,390	215,100	129,366	166,940
Facility Expenses						
Rent	5521	0	0	544,355	545,178	1,146,157
Total Facility Expenses		0	0	544,355	545,178	1,146,157
Commodities & Services						
Office Supplies	5531	0	0	35,613	28,585	60,720
Forms & Informational Materials	5532	0	0	8,550	10,778	44,995
Publications & Dues	5535	25,402	19,030	23,020	20,792	16,875
Professional Services - Other	5540	0	0	2,000	1,097	27,000
Total Commodities & Services		25,402	19,030	69,183	61,252	149,590
Equipment						
Maintenance & Rentals	5572	0	0	4,850	6,777	16,338
Software Maintenance PC	5574	12,822	17,905	20,480	18,715	21,135
Expendable Equipment	5575	0	0	0	0	0
Auto Maintenance & Expense	5576	51	709	1,535	705	1,785
Total Equipment Costs		12,873	18,614	26,865	26,197	39,258
Miscellaneous Expenses						
Insurance	5583	249,192	242,687	253,762	199,020	256,398
Total Miscellaneous		249,192	242,687	253,762	199,020	256,398
Total Expenses		\$1,000,792	\$1,059,463	\$1,719,557	\$1,669,241	\$2,665,854
2020 Percent Change						55.0%

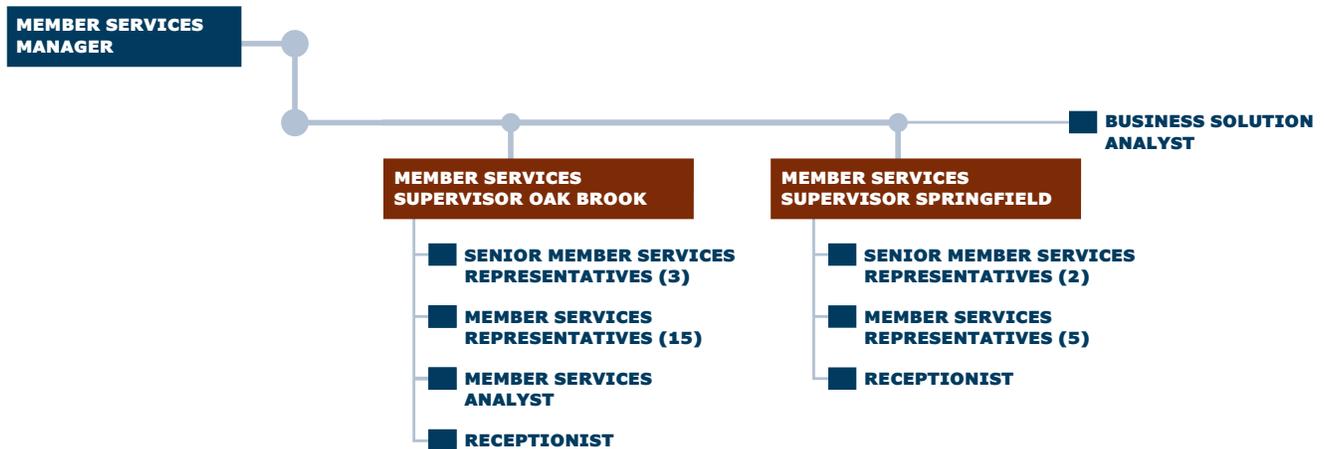
MEMBER SERVICES DEPARTMENT

The Member Services department is led by one manager and three supervisors. Member Services Representatives are available from 7:30 AM to 5:30 PM, Monday through Friday, to answer members' and employers' questions.

Goals and Objectives

- 1) Research call center best practices and implement an approach to improve operations and metrics to reach top decile performance goal.
 - Reassessing and revising graduated scale to be more in line with capabilities.
 - Analyze quarterly graduated scale call standards following industry best practices.
- 2) Review/develop/innovate appropriate measures for member and employer engagement and improve engagement levels through education, communication strategy, and excellent customer service.
 - Monthly Voice Of the Customer meetings; identify best practices and Opportunities for Improvement (OFI).
 - Communicate survey results with our customers; implement improvements.
- 3) Provide consistent information to our customers through Quality Assurance measurements.
 - Telephone
 - Email responses
 - Written correspondence
 - Counseling sessions

Member Services Department – Organization Chart



Member Services – Performance Measures

Standards	2014	2015	2016	2017	2018	2019 YTD
All Call Distribution (ACD) Log-on adherence	97.8%	99.4%	98.0%	95.0%	98.2%	96.8%
Call documentation	93.4%	94.8%	97.1%	93.6%	94.2%	95%
Call transfer rate	3.56%	4.78%	5.82%	3.49%	4.24%*	4.43%

*Change in process for call transfers – Active disability claim calls as of 2/15/2017 are now transferred to the Disability call group.

Results	2014	2015	2016	2017	2018	2019 YTD
Call hold time (in seconds)	139	154	112	79	75	53
Target (seconds)	< 120	< 120	< 120	< 120	< 105	< 90

Results	2014	2015	2016	2017	2018	2019 YTD
Undesired calls	55,973	77,491	58,972	47,060	39,311	31,141
Percent undesired calls	28.59%	35.08%	29.5%	25.1%	19.7%	18.8%
Target	< 20%	< 20%	< 20%	< 20%	< 20%	< 20%

Member Services Department – Budget

Expense Classification	Account No.	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020 w/out Horizon	Budget 2020 w/ Horizon
Personnel Costs - Direct							
Salaries	5501	\$2,375,764	\$2,472,383	\$2,113,175	\$2,196,689	\$1,568,074	\$1,593,074
Professional Services Temps	5503	10,534	25,481	3,500	5,500	2,500	2,500
Total Personnel Costs - Direct		2,386,298	2,497,864	2,116,675	2,202,189	1,570,574	1,595,574
Personnel Costs - Indirect							
Travel & Training	5507	10,239	9,956	33,010	24,300	18,820	28,820
Field Staff	5508	215,037	248,493	96,725	126,361	22,080	22,080
Conferences & Meetings	5517	4,727	7,491	4,050	5,950	4,500	4,500
Total Personnel Costs - Indirect		230,003	265,940	133,785	156,611	45,400	55,400
Facility Expenses							
Telephone	5523	7,025	7,643	3,600	3,559	0	0
Total Facility Expenses		7,025	7,643	3,600	3,559	0	0
Commodities & Services							
Office Supplies	5531	1,009	527	300	121	0	0
Postage & Delivery	5533	844	640	575	543	0	0
Publications & Dues	5535	1,244	1,629	1,150	600	750	750
Professional Services - Other	5540	0	0	800	800	800	800
Total Commodities & Services		3,097	2,796	2,825	2,064	1,550	1,550
Equipment							
Maintenance & Rentals	5572	0	0	0	24	0	0
Auto Maintenance & Expense	5576	3,561	5,357	5,200	1,918	0	0
Total Equipment		3,561	5,357	5,200	1,942	0	0
Total Expenses		\$2,629,984	\$2,779,600	\$2,262,085	\$2,366,365	\$1,617,524	\$1,652,524
2020 Percent Change						(28.5)%	(26.9)%

*Divided Field Services to a separate department as part of the 2019 reorganization.

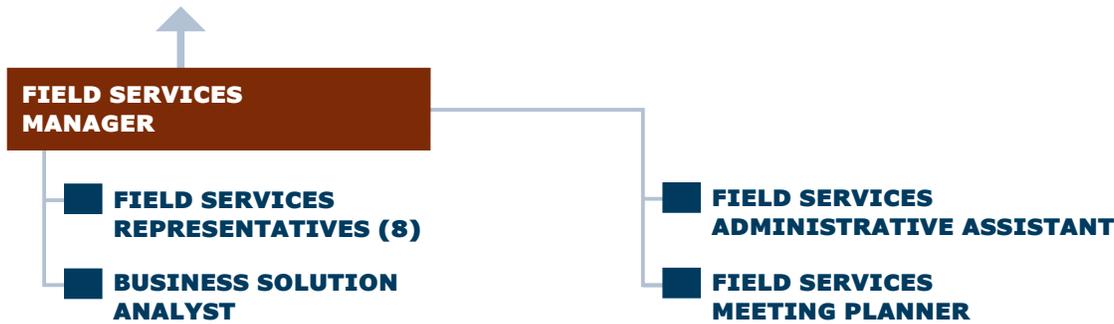
FIELD SERVICES DEPARTMENT

The Field Services department is led by one manager. One Business Solution Analyst focuses on support of the Horizon project, one Administrative Assistant and one Meeting planner are responsible for administrative and planning functions, and eight Field Representatives provide assistance to IMRF members and employers through workshops, counseling sessions, and more.

Goals and Objectives

- 1) Research field operations best practices and implement an approach to improve operations and metrics to reach top decile performance goals for all customer goals.
- 2) Review/develop/innovate appropriate measures for employer engagement and improve engagement levels through education, communication strategy, and excellent customer service.
 - Monthly Voice Of the Customer meetings; identify best practices and Opportunities for Improvement (OFI).
 - Communicate survey results with our customers; implement improvements.
- 3) Provide consistent information to our customers through high quality programs.
 - Member Workshops
 - Employer Workshops
 - Personal Benefit Reviews

Member & Field Services Department – Organization Chart



Member & Field Services – Performance Measures

Results	2015	2016	2017	2018	2019 YTD
Member Workshop Engagement (NPS)	95.80	93.80	93.42	92.36	31,141
Member Workshop Overall Satisfaction	99.2%	99.76%	99.61%	99.57%	18.8%
Target for Engagement (NPS)	N/A	N/A	N/A	>76.8%	>76.8%
Target for Overall Satisfaction	>90%	>90%	>90%	>90%	>90%

Results	2015	2016	2017	2018	2019 YTD
Employer Workshop Engagement (NPS)	97.2	94.1	95.2	93.7	90.0
Employer Workshop Overall Satisfaction	99.7%	99.7%	98.87%	98.64%	98.84%
Target for Engagement (NPS)	N/A	N/A	N/A	>76.8%	>76.8%
Target for Overall Satisfaction	>90%	>90%	>90%	>90%	>90%

Field Services Department – Budget

Expense Classification	Account No.	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020 w/out Horizon	Budget 2020 w/ Horizon
Personnel Costs - Direct							
Salaries	5501	\$0	\$0	\$495,708	\$462,054	\$1,047,397	\$1,047,397
Total Personnel Costs - Direct		0	0	495,708	462,054	1,047,397	1,047,397
Personnel Costs - Indirect							
Travel & Training	5507	0	0	1,750	5,000	6,000	6,000
Field Staff	5508	0	0	115,920	141,114	230,000	240,000
Conferences & Meetings	5517	0	0	3,050	3,050	3,745	3,745
Total Personnel Costs - Indirect		0	0	120,720	149,164	239,745	249,745
Facility Expenses							
Telephone	5523	0	0	3,600	0	0	0
Total Facility Expenses		0	0	3,600	0	0	0
Commodities & Services							
Office Supplies	5531	0	0	300	250	300	300
Postage & Delivery	5533	0	0	425	500	500	500
Publications & Dues	5535	0	0	300	0	0	0
Professional Services - Other	5540	0	0	0	0	0	0
Total Commodities & Services		0	0	1,025	750	800	800
Equipment							
Maintenance & Rentals	5572	0	0	0	0	0	0
Auto Maintenance & Expense	5576	0	0	5,400	10,000	10,000	10,000
Total Equipment		0	0	5,400	10,000	10,000	10,000
Total Expenses		\$0	\$0	\$626,453	\$621,968	\$1,297,942	\$1,307,942
2020 Percent Change						107.2%	108.8%

*Divided from Member Services as a part of the reorganization in 2019.

OFFICE SERVICES DEPARTMENT

The Office Services department is led by one manager and one supervisor. The department is comprised of three units: the Records and Mail Processing Unit, the Digital Print Center, and Facilities/Maintenance. There are 16 support employees. The department is responsible for processing member enrollments and beneficiary forms, processing all documents entered into the Imaging System, processing all incoming and outgoing mail and faxes, printing forms and other informational documents, and managing IMRF’s office space.

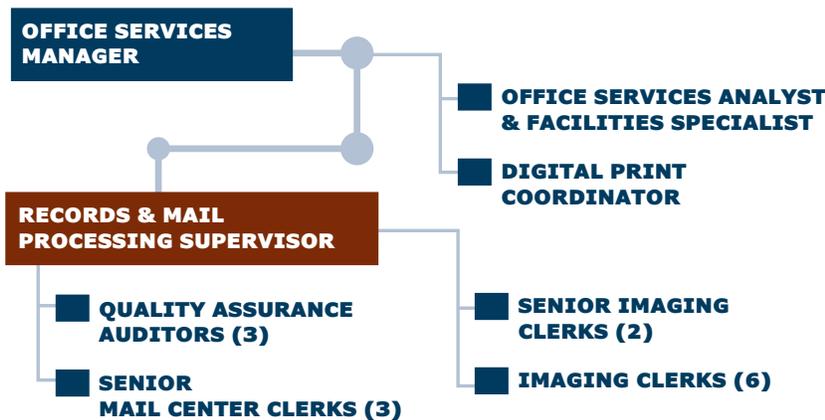
The mission statement of the Office Services department is:

“Our high level of support services will allow our internal customers the opportunity to focus on serving the needs of the IMRF members, employers, and annuitants.” The department’s vision statement is: “To provide timely and accurate support services to all of our internal and external customers.” The performance measures listed below illustrate the error rate of indexing documents and the timeliness measurement evaluates that all mail is sorted, batched, scanned, and indexed on the day the mail is initially received.

Goals and Objectives

Office Services supports the Modernization strategic objective by participating in meetings identified for the department and contributing to the discussions.

Office Services Department – Organization Chart



Office Services - Performance Measures

Standards	2014	2015	2016	2017	2018	2019 YTD
Indexing accuracy: Error rate	0.08%	0.07%	0.38%	0.22%	0.20%	0.26%
Mail timeliness: Percent same day	100%	100%	100%	100%	100%	100%

Year	2014	2015	2016	2017	2018	2019 YTD
Volume	359,746	338,848	217,566	395,209	386,404	273,262
Errors	288	214	825	861	788	721
Error rate	0.08%	0.06%	0.38%	0.22%	0.20%	0.26%
Accuracy rate	100%	100%	100%	100%	100%	100%

Office Services Department - Budget

Expense Classification	Account No.	Actual 2017	Actual 2018	Budget 2019	Estimated 2020	Budget 2020
Personnel Costs - Direct						
Salaries	5501	\$993,498	\$1,025,301	\$1,020,566	\$1,046,620	\$1,087,225
Professional Services Temps	5503	2,819	0	0	0	0
Total Personnel Costs - Direct		996,317	1,025,301	1,020,566	1,046,620	1,087,225
Personnel Costs - Indirect						
Travel & Training	5507	4,577	1,932	5,249	2,075	5,019
Conferences & Meetings	5517	4,782	8,815	6,200	2,984	7,250
Total Personnel Costs - Indirect		9,359	10,747	11,449	5,059	12,269
Facility Expenses						
Building Rent	5521	997,528	1,040,468	531,230	530,407	0
Electricity	5522	71,046	76,735	67,340	76,914	76,914
Building Operating Expense	5524	577,813	653,346	642,461	685,936	669,753
Other Facility Expense	5525	25,088	23,210	24,000	22,813	22,800
Total Facility Expenses		1,671,475	1,793,759	1,265,031	1,316,070	769,467
Commodities & Services						
Office Supplies	5531	142,436	180,416	142,733	127,826	102,948
Forms & Informational Materials	5532	36,387	36,797	35,042	33,057	0
Postage & Delivery	5533	1,109,478	1,212,169	1,317,945	1,154,079	1,164,624
Publications & Dues	5535	1,029	734	1,432	569	540
Professional Services - Other	5540	151,356	155,748	217,399	153,327	208,439
Total Commodities & Services		1,440,686	1,585,864	1,714,551	1,468,858	1,476,551
Equipment						
Maintenance & Rentals	5572	116,295	136,071	134,031	147,906	39,945
Expendable Equipment	5575	74,479	68,523	124,733	89,447	155,675
Total Equipment		190,774	204,594	258,764	237,353	195,620
Miscellaneous Expenses						
Building Renovation/Relocation Exp.	5585	45,782	30,773	36,617	27,058	32,000
Total Miscellaneous		45,782	30,773	36,617	27,058	32,000
Total Expenses		\$4,354,393	\$4,651,038	\$4,306,978	\$4,101,018	\$3,573,132
2020 Percent Change						(17.0)%

*Procurement transferred to Legal in 2019 reorganization.

2020 IMRF BUDGET – SUMMARY BY ACCOUNT

Expense Classification	Account No.	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020 w/out Horizon	Budget 2020 w/ Horizon
Personnel Costs - Direct							
Office Salaries - Regular	5501	\$15,200,676	\$15,335,050	\$15,534,402	\$16,500,710	\$17,004,109	\$17,049,109
Office Salaries - Temps & Interns	5503	13,353	30,059	1,108,205	98,500	2,500	1,362,900
Fringe Benefits	5504	2,376,749	2,316,293	2,295,841	2,348,151	2,266,575	2,266,575
IMRF & Payroll Employer Contributions	5505	3,026,526	2,703,714	2,465,338	2,648,194	2,970,060	2,970,060
Total Personnel Costs - Direct		20,617,304	20,385,116	21,403,786	21,595,555	22,243,244	23,648,644
Personnel Costs - Indirect							
Training & Travel	5507	276,948	230,412	664,355	399,800	697,555	721,555
Field Staff	5508	215,037	248,493	212,645	267,475	252,080	262,080
Recruitment & Testing	5509	47,586	47,251	65,700	60,250	59,760	59,760
Other Personnel Costs	5510	48,903	54,059	92,950	85,000	90,367	90,367
Conferences & Meetings	5517	49,927	84,089	104,829	110,022	156,695	156,695
Total Personnel Costs - Indirect		638,401	664,304	1,140,479	922,547	1,256,457	1,290,457
Consulting Services							
Auditing	5511	419,727	438,730	472,800	427,222	482,490	507,490
Actuarial	5512	698,757	600,969	640,365	636,365	777,304	777,304
Legal Counsel	5513	69,538	156,290	136,000	55,266	89,135	89,135
Compensation & Benefits	5514	697,825	359,814	1,970,362	1,847,230	122,420	1,493,279
Systems Design	5515	161,344	52,888	199,000	122,250	154,000	154,000
Medical & Field Investigations	5516	145,849	112,679	168,000	87,695	143,000	143,000
Total Consulting Services		2,193,040	1,721,370	3,586,527	3,176,028	1,768,349	3,164,208
Legislative and Lobbying Services							
Legislative Lobbying/Public Relations	5518	72,100	73,100	79,100	74,100	77,805	77,805
Public Relations Services							
Public Relations	5519	1,256	2,255	7,700	4,000	4,000	4,000
Facility Expenses							
Building Rent	5521	997,528	1,040,468	1,075,585	1,075,585	1,146,157	1,146,157
Electricity	5522	71,046	76,735	67,340	76,914	76,914	76,914
Telephone	5523	163,623	178,002	242,720	169,459	208,060	208,060
Building Operating Expenses	5524	577,813	653,346	642,461	685,936	669,753	669,753
Other Facility Expenses	5525	198,596	242,206	306,795	259,813	325,200	325,200
Total Facility Expenses		2,008,606	2,190,757	2,334,901	2,267,707	2,426,084	2,426,084

2020 IMRF BUDGET – SUMMARY BY ACCOUNT (CONT.)

Expense Classification	Account No.	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020 w/out Horizon	Budget 2020 w/ Horizon
Commodities and Services							
Office Supplies	5531	212,956	255,838	292,646	235,382	276,218	276,218
Forms & Informational Materials	5532	241,632	225,314	228,642	238,185	182,413	182,413
Postage & Delivery	5533	1,110,321	1,212,809	1,318,945	1,155,122	1,165,124	1,165,124
Publications & Dues	5535	52,436	62,924	74,082	60,343	89,895	89,895
Professional Services - Other	5540	540,881	495,254	671,949	571,824	759,089	759,089
Total Commodities and Services		2,158,226	2,252,139	2,586,264	2,260,856	2,472,739	2,472,739
Equipment							
Depreciation - Fixed Assets	5571	2,074,006	2,128,147	2,534,241	2,304,129	2,518,301	2,518,301
Equipment Maintenance & Rentals	5572	351,674	503,720	546,716	505,707	616,667	659,067
Software Maintenance	5573/5574	587,237	806,190	926,037	1,279,615	1,268,133	1,758,733
Expendable Equipment	5575	223,396	942,311	476,928	220,467	722,775	722,775
Auto Maintenance & Expense	5576	4,954	7,914	20,135	16,123	18,785	18,785
Total Equipment		3,241,267	4,388,282	4,504,057	4,326,041	5,144,661	5,677,661
Miscellaneous							
Trustee Employer Reimbursement	5580	34,807	29,434	55,000	35,000	50,000	50,000
Trustee Travel & Education	5581	78,845	66,591	88,555	83,095	89,265	89,265
Trustee Elections	5582	5,470	4,582	104,628	0	183,556	183,556
Insurance	5583	249,192	242,687	253,762	199,020	256,398	256,398
Building Renovation/Relocation Expense	5585	45,782	30,773	36,617	27,058	32,000	32,000
Other Items	5586	10,730	11,280	12,950	12,855	13,350	13,350
Total Miscellaneous		424,826	385,347	551,512	357,028	624,569	624,569
Sub-total Administrative Expenses		31,355,026	32,062,670	36,194,326	34,983,862	36,017,908	39,386,167
2020 Percent Change						(0.5)%	8.8%
Investment Expenses							
Investment Managers Fees	5788	\$114,168,794	\$124,899,237	\$132,992,900	\$136,413,800	\$146,644,900	\$146,644,900
Master Trust Services	5789	280,000	280,000	280,000	280,000	280,000	280,000
Travel	5790	65,376	64,126	140,900	125,000	155,900	155,900
Legal Fees	5791	335,079	497,588	400,000	400,000	400,000	400,000
Securities Litigation Monitoring/ RFP Support	5792	41	24	0	55	55	55
Investment Consultants	5793	1,176,287	1,191,019	1,857,542	750,000	795,000	795,000
Securities Lending Fees	5794	733,764	546,767	599,000	599,000	483,000	483,000
Tax Preparation & Custodial Expense	5795	89,020	30,740	37,000	37,000	37,000	37,000
Publications & Dues	5796	15,847	12,340	19,187	19,187	25,313	25,313
Investment Licenses	5797	0	97	212	3,097	212	212
Investment Information Service Providers	5798	0	0	0	1,074,956	1,174,642	1,174,642
Sub-total Investment Expenses		116,864,208	127,521,938	136,326,741	139,702,095	149,996,022	149,996,022
2020 Percent Change						10.0%	10.0%
Total Expenses					\$174,685,957	\$186,013,930	\$189,382,189
2020 Percent change						7.8%	9.8%



MANAGING CONTRIBUTIONS FROM MEMBERS & EMPLOYERS



SUPPLEMENTARY INFORMATION

IMRF adheres to Governmental Accounting Standards Board (GASB) accounting principles and a defined Strategic Plan, offering a road map to continuously provide the highest quality retirement services. A compilation of commonly used terms completes this document to best translate IMRF's operations and procedures.

- 104 Appendix A: New Accounting Pronouncements
- 105 Appendix B: Strategic Planning Methodology
- 108 Appendix C: Statistical Data
- 109 Appendix D: 2018 Adopted Salary Detail by Department
- 110 Glossary of Budget Terms

IMRF receives millions of dollars in member and employer contributions every month to support the benefit system. These monies are pooled and invested to pay future IMRF benefits. This budget funds the technologies, processes, and people needed to set accurate contribution rates, as well as collect and account for all payments.



APPENDIX A

New Accounting Pronouncements

In January 2017, GASB issued Statement No. 84, “Fiduciary Activities.” The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported by primary governments. This statement is effective for IMRF’s December 31, 2019 financial statements.

In May 2017, GASB issued Statement No. 86, “Certain Debt Extinguishment Issues.” The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. IMRF does not fall within the scope of Statement No. 86; therefore there is no impact on its financial statements.

In June 2017, GASB issued Statement No. 87, “Leases.” The objective of this Statement is to improve accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. IMRF will adopt Statement No. 87 for its December 31, 2020 financial statements.

In March 2018, GASB issued Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.” The objective of this Statement is to improve information that is disclosed in the notes to financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. IMRF does not carry any debt and therefore does not fall within the scope of Statement No. 88. There is no impact on its financial statements.

In June, 2018, GASB issued Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period.” The objective of this Statement is (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. IMRF does not borrow funds for construction projects and therefore there is no impact to its financial statements.

In August, 2018, GASB issued Statement No. 90, “Majority Equity Interests.” The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It also defines a majority equity interest and specifies how it should be reported. As IMRF already reports majority equity interests as investments per GASB Statement No. 72, “Fair Value Measurement and Application”, there is no impact to its financial statements.

In May, 2019, GASB issued Statement No. 91, “Conduit Debt Obligations.” The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. IMRF does not issue debt instruments in its own name, therefore there is no impact to its financial statements.

APPENDIX B

Strategic Planning General Methodology

Assess and Develop Phase

(Steps in this phase are completed every three years as part of the three-year Strategic Planning Process. Steps 1-2 require active involvement of the Board of Trustees and the IMRF management team. Step 3 requires active involvement of the Board of Trustees, stakeholders, IMRF management, and staff. Steps 4-5 are to be completed by management and staff, with periodic reports to the Board of Trustees.)

1. Examine Mission, Vision, and Values (MVV):

Examine the Mission statement to determine if it answers the question “Why does our organization exist?” Examine the Vision statement to determine if it answers the question “What do we want for our membership?” Examine our Values to determine if they represent our priorities in how we carry out our activities with key stakeholders. Senior Leaders make any needed changes to draft versions of the MVV in preparation for review by the Board.

2. Conduct an Environmental Scan:

The Board of Trustees and Senior Leaders meet to discuss how shifts in Societal, Technological, Economic, and Political factors are impacting IMRF utilizing a STEP Analysis. National Association of State Retirement Administrators (NASRA) articles, recent or pending legislation, demographic trends, possible competitive factors, and how our stakeholders perceive IMRF are used as inputs to frame the STEP Analysis. The output of the STEP Analysis is a list of Societal, Technological, Economic, and Political factors that may have an effect on the Fund over the next three years and must be considered during Strategic Planning.

3. Conduct a SWOT Analysis:

Meetings are held to identify our major Strengths, Weaknesses, Opportunities, and Threats utilizing a SWOT Analysis. A SWOT analysis of each Key Result Area (KRA) is facilitated by the Organizational Excellence Officer. Factsheets using data from benchmarking services such as CEM, Cobalt, and McLean, plus our Leadership Scorecard are used to frame these brainstorming sessions. The following SWOT Analyses are performed:

- Cross functional teams of Fund employees perform a SWOT analysis for each KRA
- External stakeholder groups such as special interest group representing members and employers perform an overall Fund SWOT
- The Board and senior leaders perform a SWOT analysis for each KRA

These SWOT Analyses consider how our reputation, funding, finances, operational efficiencies, monopolistic position, staff issues, employee expertise, depth of knowledge, staff development, succession planning, expectations, innovation opportunities and possible threats affect the Fund. The output of the SWOT analyses is a list of Fund Strengths, Weaknesses, Opportunities, and Threats that must be considered during Strategic Planning.

4. Summarize Key Strategic Challenges, Advantages, and Opportunities, and Validate Core Competencies:

Cross functional teams summarize the STEP and SWOT Analyses into a set of key strategic challenges, opportunities, and advantages for each KRA that IMRF must address, both short and long term. Guidelines for these analyses include:

- Relative to the weaknesses and threats identified, what are our key strategic challenges? Consider what improvements or contingencies might be necessary to address these challenges.
- Relative to the opportunities identified, what are our key strategic opportunities?
- Relative to the strengths and opportunities identified, what are the key strategic advantages? Consider how we can leverage these advantages to ensure current and future success.
- Consider issues over the term of our strategic plan, but especially look closely at the next year. Avoid looking too far into the future.
- Consider the relative priority of challenges and advantages. Concentrate on the most important issues.
- Focus on those issues we can affect. Avoid addressing broad issues which we cannot control.

The output of these summaries is a short list (3 – 5) of key strategic challenges, opportunities, and advantages for each KRA. Innovation opportunities are denoted with an innovation icon . Senior leaders consider these summaries in reviewing and revising the Fund Core Competencies.

5. Establish Strategic Objectives:

We use the summaries of key strategic challenges, opportunities, and advantages identified in Step 4 to develop Strategic Objectives for each KRA to ensure we accomplish our Mission and realize our Vision. Objectives clarify what IMRF must achieve to remain successful in both the short- and long-term, and will be used to communicate direction, and guide goal-setting, action planning, resource allocation and prioritization. Senior Leaders must balance the needs of all key stakeholders, and address opportunities for innovation in services and operations, utilizing the 4x4 Intelligent Risk Matrix and current and future core competencies. Each strategic objective will have a member of the senior leadership team serve as sponsor with overall responsibility for the strategic objective. Each Strategic Objective consists of two parts – a description of the objective and the method(s) of measuring the achievement of the objective. The output of Step Five is a draft Strategic Objective and one or more measures for each KRA. These drafts are reviewed, revised as needed, and approved by the Board.

Implementation Phase

(Steps in this phase are completed every year in order to ensure that the strategies, action plans, Leadership Scorecard, and budget remain up to date and reflect recent changes within and outside the Fund. These steps are completed by management and staff, with periodic reports to the Board of Trustees.)

6. Develop Key Strategies for each Strategic Objective:

Identify the short- and long-term strategies required to achieve our Strategic Objectives. Consider strategies over the term of the strategic plan, but pay particular attention to the next 12 months. Each year, the Strategic Objectives are re-validated, strategies are updated and the remaining steps in the Strategic Planning Process are repeated to refresh the plan for the coming year. Annual updates to Strategic Objectives and key strategies are included in the Planning and Budget document submitted to the Board of Trustees for their approval in November each year.

7. Develop or Update Action Plans:

Assign individuals as Single Point Accountable (SPA) to take the lead role in planning and executing each Key Strategy. Each SPA documents the actions required to implement the strategy and reviews plans with the sponsor for their Strategic Objective. There will usually be one action plan for each strategy; however, multiple Key Strategies may be combined into one action plan. Action plans identify needed actions, resources, timelines and the staff responsible to ensure completion of the action. Action plan details will be used to determine staffing plans and the annual operating budget in Step 9. SPAs also determine the Key Performance Measures (KPMs) that will be used to track the effectiveness of action plans in achieving Strategic Objectives. As part of the annual mid-year and year-end review of the action plans, Senior Leaders review staffing

and other resource implications of action plans to identify and resolve potentially competing needs and/or trade-offs between the various strategic objectives.

8. Align Leadership Scorecard Measures and Goals with Strategic Objectives:

The Key Performance Measures (KPMs) that are used to evaluate progress toward achievement of the Strategic Objective are defined in the “as measured by” clause. Each KPM is tracked on the Leadership Scorecard and evaluated to determine historical performance and projected improvements expected from identified strategies. Appropriate comparisons, projections and requirements are reviewed to establish short- and long-term goals for the KPMs on the Leadership Scorecard. Intelligent risks are denoted with an innovation icon and tracked as part of the Leadership Scorecard. Taken together, objectives, goals and measures must be specific, measurable, attainable, relevant, time bound and aligned with our Mission, Vision, and Values.

9. Develop an Annual Operating Budget:

Determine the resources needed to implement the strategies and action plans that are required to achieve Strategic Objectives. Include corresponding resource requests in development of the annual operating budget for the coming year. As part of the annual operating budget process, assess workforce capability and capacity needs as follows:

- Each Department Manager assesses the workforce capability and capacity needed to maintain current operations and meet future needs
- Each Action Plan SPA assesses the workforce capability and capacity needed to implement key strategies and action plans

Where current staffing does not meet these needs, senior leaders develop a plan to restructure, add staff, or take other measures to align workforce capability and capacity with what is needed to achieve the Strategic Objectives. The annual operating budget is included in the Planning and Budget document submitted to the Board of Trustees in November of each year for their approval.

10. Align Performance Goals of Senior Leaders with Strategic Objectives:

Senior leaders are responsible for Strategic Objectives, key goals, and the alignment of action plans with the strategic plan. The Board updates the performance objectives of the Executive Director such that they are aligned with achievement of the strategic plan. The Executive Director completes this same exercise for each member of the senior management group. Sponsors ensure that SPAs are responsible for implementation of their action plans.

11. Communicate and Deploy the Strategic Plan:

The plan document includes an Executive Summary, a Board Authorization section, and an Organization Information section that includes a history of the Fund, our services, and a description of the process used to develop the Strategic Plan. Senior leadership communicates highlights of the Strategic Plan, Strategic Objectives, Leadership Scorecard, key goals and action plans to Trustees, staff, and our membership. We discuss the plan at Board Meetings and publish portions of the Plan in member newsletters and employer memos. We develop department plans and scorecards that directly align with and support the overall Strategic Plan.

12. Implement, Monitor, and Adjust:

Develop a calendar of meetings to review the Leadership Scorecard and Action Plan status during the year in order to evaluate organizational performance and monitor progress to achieve Strategic Objectives. Prior to each monthly Leadership Scorecard and Action Plan review meeting, Sponsors will update the Leadership Scorecard and SPAs will update action plans. These updates and review meetings also provide the information needed for quarterly reports to the Board of Trustees, which address whether objectives are being met, outline current issues, and ensure that the resources needed to implement the plan are in place. In addition to monthly review meetings, twice each year evaluate completion of action plans (mid-year and year-end) and determine whether to continue, modify or discontinue existing plans, or develop new plans. Each year during Step 6 evaluate key strategies and develop or modify action plans as needed. As progress is made and goals are achieved, communicate and celebrate successes, including employee events and Board recognition as appropriate.

Our Strategic Plan provides the Fund with a road map for meeting our challenges and leveraging our strengths and opportunities in providing excellent service to our annuitants, members, and employers.

APPENDIX C

Statistical Data

Created in 1939 by Illinois General Assembly in response to economic conditions (Great Depression); Social Security was not available to public employees

- Began operations in 1941
- Governed by Articles 1, 7, and 20 of the Illinois Pension Code
- Neither funded nor managed by the state
- Independently managed by autonomous Board of Trustees that represents municipal employers, employees, and retirees:
 - 4 elected by employers
 - 3 elected by active members
 - 1 elected by retired members
 - No appointed or *ex-officio* trustees
- Serves 3,010 units of local government (employers) that include 43 types of government such as cities, counties, park districts, and school districts (non-teaching personnel)
- Second largest public pension system in Illinois
- \$38.8 billion in assets as of December 31, 2018
- Best funded statewide system
- 85.4 percent funded on a market basis
- 90.0 percent funded on an actuarial basis
- 176,517 actively participating members
- 133,261 benefit recipients
- 119,939 inactive members
- Profile of average active member in 2018
 - Age: 47.8
 - Service: 10.3 years
 - Annual salary: \$41,476
- Profile of average member who retired in 2018
 - Age at retirement: 62.3
 - Service at retirement 19.0 years
 - Average monthly pension: \$1,653
- Employees Regular = 4.5 percent of pay, SLEP = 7.5 percent of pay
- IMRF has enforcement authority — employers pay required contributions monthly and have a long history of commitment

APPENDIX D

2020 Adopted Salary Detail by Department

The following chart provides detailed salary expenditures for IMRF staff by department. Gross salaries are budgeted at the proposed level of 223 staff positions (see page 42). Per GASB Statement No. 16, accrued absences are budgeted based on the estimated increase of the liability for compensated absences. Per GASB Statement No. 51, staff time associated with the Horizon Project are capitalized based on the estimated time allocated to the project and the employee's salary. Overtime is budgeted to compensate staff during heavy workload periods.

	Gross Salaries	Accrued Absences	Horizon Capitalized Costs	Overtime	Net Salaries
Administration	\$356,688	\$5,148	\$(20,000)	\$-	\$341,836
Benefits	1,255,982	31,430	(107,998)	22,000	1,201,414
Communications	707,135	9,893	(118,760)	20,000	618,268
Customer Service	142,879	18,871	(27,584)	-	134,166
Disability	899,139	34,846	(56,305)	5,000	882,680
Field Services	1,073,157	38,519	(67,279)	3,000	1,047,397
Finance	2,022,063	67,547	(274,276)	25,000	1,840,334
Human Resources	546,416	10,615	(84,661)	700	473,070
Information Services	4,935,226	138,515	(1,936,720)	100,000	3,237,021
Internal Audit	635,032	17,910	(2,500)	2,500	652,942
Investments	2,033,179	78,768	-	1,000	2,112,947
Investments Internal Equity Management	636,746	8,675	-	-	645,421
Legal	883,745	14,770	(40,429)	1,000	859,086
Member Field Services	1,675,814	30,017	(172,757)	60,000	1,593,074
Office Services	996,652	20,020	(19,447)	90,000	1,087,225
Organizational Excellence	312,070	10,158	-	-	322,228
Total	\$19,111,923	\$535,702	\$(2,928,716)	\$330,200	\$17,049,109

GLOSSARY OF BUDGET TERMS

A

ACSI (American Customer Satisfaction Index)

An index score reported by the Cobalt Community Research survey of member satisfaction with pension inception. Cobalt uses measurement methods similar to the University of Michigan's American Customer Satisfaction Index (ACSI), the only uniform, cross-industry measure of satisfaction available in the United States today. For over a decade, the index has been considered the "gold-standard" for customer satisfaction metrics in both the private sector and the federal government.

Accrual

An accounting method that measures the performance and position of an organization by recognizing economic events regardless of when the cash transaction occurs (matching principle).

Action Plans

Each Strategic Goal is sponsored by an IMRF Director or Manager. Each Sponsor is responsible for assigning team members and developing high level Action Plans for a Strategic Goal. These Action Plans provide direction towards the achievement of the goals, but are expanded to include a greater level of detail and corresponding time lines.

Active Member

A member currently working in an IMRF-qualified position and making contributions to IMRF, or who is receiving IMRF disability benefits.

Actuarial Assumptions

A formal set of estimates of what will happen to IMRF members, e.g., salary increases, retirement age, mortality. The assumptions are developed by the Board of Trustees with assistance from independent actuaries. They are also used to calculate funding levels and employer contribution rates.

Affinity Analysis

Through this analysis, an Affinity Diagram is created which helps to synthesize large amounts of data by finding relationships between ideas. The information is then gradually structured from the bottom up into meaningful groups.

Annuitant

See "Retired Member."

Asset Liability Study

A third party study to match revenues with future liabilities.

Assumed Rate of Return

IMRF's actuarial studies set 7.25% as the long-term assumed rate of return on investments.

Audit

An objective examination and evaluation of an organization's financial statements by an external certified public accounting firm to ensure they are a fair and accurate representation of the transactions they claim to represent.

Authorized Agent

The employee designated by an employer (unit of government) to administer IMRF locally.

B

Balanced Budget

A budget in which revenues equal expenditures.

Baldrige Award

The only formal recognition of the performance excellence of both public and private U.S. organizations given by the President of the United States.

Beneficiaries

The individual(s) or organization(s) members choose to receive their IMRF death benefits. Also, individuals who choose to receive their IMRF death benefit as a monthly payment.

Benefit Recipients

Those who receive some sort of benefit payment from IMRF, including disabled or retired members, surviving spouses of deceased members, and in some cases their children, etc.

Board of Trustees

A group of eight persons organized to oversee IMRF; seven must be active members and one trustee must be receiving an IMRF pension. Four trustees are elected by employers, three are elected by active members, and one is elected by retired members. The Board hires an Executive Director to administer the Fund.

C

Capital Expenditures

An expenditure greater than \$5,000 with an estimated useful life of three years or more. Capital assets are depreciated over their useful life and expensed each period.

CEM Benchmarking Study

CEM Benchmarking, Inc.'s Defined Benefit Administration Benchmarking Analysis. IMRF participates in the CEM analysis to evaluate its operations in such areas as benefit administration costs, service levels, and industry best practices. The CEM analysis aids IMRF in critically assessing the value it provides to members and employers compared to other retirement systems.

CompData Surveys

CompData Surveys is a national compensation survey data and consulting firm. Each year, they gather compensation information from 5,000 organizations covering more than six million employees across the country.

Compliance Certification Process

IMRF is required to fully adhere to federal, state, and local laws, rules, and regulations governing all aspects of public pension fund administration. Quarterly, Directors must certify in writing that IMRF is in compliance with all applicable rules and regulations.

Contributions

See "Member Contributions" and "Employer Contributions."

Continuous Process Improvement (CPI) Program

A formal program implemented in 2008 to enhance customer focus and ongoing improvement.

COTS

This acronym stands for commercial off the shelf product. This is referring to prespurchased, web based, computer software that IMRF is updating and customizing to use as its pension administration system (Horizon). A COTS solution was chosen, rather than building a new solution from scratch.

D

Defined Benefit (DB) Pension Plan

A retirement plan in which a member's retirement income is determined by a formula that typically uses age, years of service, and salary history. Benefits are payable for life and the investment risk is borne by the employer.

Defined Contribution (DC) Plan

A retirement plan in which a participant's retirement income is based upon the amount contributed and on the performance of investment choices. These include 401(k), 403(b), and 457 plans. Investment risk is borne by the employee.

Disability Benefits

IMRF provides both temporary or total and permanent disability benefit payments to active members. While on disability, members can earn service credit and have the same death benefit as if they were working.

E

Early Retirement Incentive (ERI)

At the employer's option, a member can purchase up to five years of service credit to qualify sooner for retirement. For each period of service credit purchased, the member's age is increased accordingly. The member must be at least age 50 and have at least 20 years of service credit.

Elected County Official (ECO) Plan

This alternate benefit plan is available for some elected county officials. This plan was closed to new members effective August 8, 2011.

Emerging Investment Managers

As defined by the Illinois Pension Code, a qualified investment adviser that manages an investment portfolio of at least \$10 million but less than \$10 billion, and is a "minority owned business" or "female owned business" or "business owned by a person with a disability" as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

Employee Engagement

IMRF administers an annual employee engagement survey. IMRF analyzes the results and implements recommendations to improve engagement.

Employer

IMRF employers are local units of government in the state of Illinois (with the exclusion of the government of Cook County and the city of Chicago). Agency types eligible or mandated to join include school districts, counties, cities, villages, towns, townships, park districts, library districts, and other special districts, among others.

Employer Contributions

The percentage of payroll contributed by an employer and submitted to IMRF each month. Each employer has a unique contribution rate for each plan it participates in, determined by its individual funding level, demographics, and any optional programs it has adopted.

F

Fiduciary

Individuals required to exercise the highest standard of care when dealing with another's assets. In the case of IMRF, it's pension trust assets. The IMRF Board and staff are fiduciaries to IMRF members.

Fiduciary Counsel

The Illinois Pension Code requires Trustees to follow the Prudent Person Rule and discharge their duties "solely in the interest of the participants and beneficiaries." IMRF retains fiduciary counsel to review Board materials, attend meetings, and offer guidance that helps Trustees fulfill their fiduciary duties.

Field Services Representatives/Field Services

Seven IMRF Field Services Representatives work in designated geographic areas to provide coverage for every member and employer throughout the state. They are trained to conduct counseling, provide educational programs, investigate problems, and to serve as a local representative to employers, members, and governing bodies.

Final Rate of Earnings

Average of the highest continuous 48 months (Tier 1) or 96 months (Tier 2) of the final 10 years of service.

FOIA (Freedom of Information Act)

The Freedom of Information Act (FOIA) is a U.S. federal law that grants the public access to information possessed by government agencies. Upon written request, agencies are required to release information unless it falls under one of nine exemptions. Though not an agency of state or federal government, IMRF is subject to FOIA requirements.

Formula

The Regular plan formula to calculate a pension is 1–2/3% of the Final Rate of Earnings (FRE) for each of the first 15 years of service credit, plus 2% of the FRE for each year of service credit thereafter, with a maximum benefit of 75% of the FRE. SLEP, and ECO have separate formulas.

Fund

A fiscal entity with revenues and expenses which are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitation, and constituting an independent fiscal and accounting entity.

Fund Balance

The cumulative difference between revenues and expenditures over the life of a fund. A negative fund balance is usually referred to as a deficit.

Funding

The ratio of IMRF's assets to liabilities.

Funding, 100% Goal

An optimal state in which assets equal liabilities.

G

GAAP

(Generally Accepted Accounting Principles)

The common set of accounting principles, standards, and procedures that companies use to compile their financial statements.

GASB

(Governmental Accounting Standards Board)

The independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments.

H

Horizon

A key project within the Modernization Program and a key strategic opportunity to develop a new, state-of-the-art pension administration system.

I

Illinois Pension Code

Articles 1, 7, and 20 specifically govern IMRF operations. (40 ILCS 5/1–101 et. seq)

Illinois General Assembly (IGA)

The Illinois State Legislature. Any changes to the IMRF plan must be introduced as legislation, passed by the General Assembly, and signed into law by the Governor.

Illinois Performance Excellence (ILPEX)

Illinois Performance Excellence, a non-profit organization that seeks to help other organizations improve their performance by embracing the Baldrige Criteria for Performance Excellence and aligning their processes to become more efficient and sustainable

Inactive Member

A member who no longer actively contributes to IMRF, but who has contributions on deposit for a future benefit.

Investment Consultant

IMRF's current investment consultant is Callan Associates, Inc., a fiduciary who works for the IMRF Board of Trustees and makes recommendations on investment strategy and asset allocation; reports on the performance of the investment portfolio and investment managers; assists with the selection or termination of investment managers; and recommends new investment opportunities.

Investment Managers

IMRF hires independent, professional investment firms to manage our assets. As of December 31, 2018, IMRF's public markets portfolio is managed by 45 professional investment management firms handling 44 mandates. IMRF's private markets portfolio is invested with 53 investment firms across 124 separate funds.

J

K

Key Result Areas (KRA)

Four Key Result Areas – Financial Health, Customer Engagement, Workforce Engagement and Operational Excellence are established as the pillars of a balanced scorecard approach to achieving the goals of IMRF's Strategic Plans.

L

Leadership Scorecard

Leadership scorecards are IMRF's highest-level scorecards. They summarize those issues of highest-level importance to IMRF, and are closely aligned with IMRF's Strategic Plan. There are currently five key categories measured on IMRF Leadership Scorecards: Financial Health and Sustainability, Investment Returns, Customer Service and Operational Excellence, Workforce Engagement, and Modernization Program.

M

Master Trustee

A Master Trust is an arrangement where a trust company acts as a Trustee to custody the assets or properties of IMRF. The Master Trustee facilitates asset transactions and works with IMRF staff and investment managers.

Member Contributions

The percentage of an IMRF member's gross salary withheld by the IMRF employer and submitted to IMRF each month in order to fund their health and retirement benefits. These monies are held until the member requests a refund or qualifies to receive a pension, or when the member's beneficiaries receive a death benefit. The percentage is 4.5% for the Regular plan and 7.5% for SLEP and ECO.

Members

Current or former employees of units of local government who participate in any IMRF plan. See "Active Member," "Retired Member," and "Inactive Member." Also known as "participants."

Mission

It is IMRF's mission to efficiently and impartially develop, implement, and administer programs that provide income protection to members and their beneficiaries on behalf of participating employers in a prudent manner. IMRF incorporates its mission into the Illinois Compiled Statute 40ILCS5/7-102.

Modernization Program

A comprehensive program that includes replacing or upgrading IMRF's technology systems, continuous process improvement, and the expansion of IMRF's customer service capabilities.

N

O

Opportunity for Improvement (OFI)

Formal suggestions to improve any process or procedure, e.g., modifying a current procedure, or implementing an entirely new procedure to complete a task in a more effective, customer-focused way. OFIs can be identified in many ways, from staff suggestions to CEM benchmarking survey feedback.

P

Pension

A monthly payment paid as long as the member lives. It is increased by 3 percent of the original amount each year. No lump sum payouts are permitted.

Portfolio Benchmarks

A standard against which the performance of a security or investment manager can be measured. Generally, broad market and market-segment stock and bond indexes are used for this purpose.

Prudent Person Rule

Also known as "prudent" or "reasonable person" rule. This standard assigns to the investment manager the responsibility to restrict investments to assets that a prudent person seeking reasonable income and preservation of capital might buy for his or her own portfolio.

Q

QILDRO

Qualified Illinois Domestic Relations Orders (QILDROs) are court orders that direct IMRF to pay a portion of a member's retirement benefit or refund to an alternate payee, typically a former spouse.

R

Regular Plan

Unless a member's position qualifies for participation in an alternate benefit plan (see "SLEP" and "ECO" plans), he or she participates in IMRF's Regular plan. Approximately 97 percent of IMRF's membership participates in this plan.

Reciprocal Act/System, Reciprocity

Reciprocity is a statutory requirement covering IMRF and 12 other Illinois public pension funds that allows a member's service credit to be combined to determine eligibility for and the amount of retirement benefits.

Retired Member

A person receiving an IMRF pension or surviving spouse pension.

S

Service Credit

This is the total time as an IMRF member, referred to as service credit, service, or pension credits. Service is credited monthly while working or while receiving IMRF disability benefits. Service credits are one factor in determining the retirement benefit.

Sheriff's Law Enforcement Personnel (SLEP) Plan

This alternate benefit plan is available to county sheriffs, deputy sheriffs, forest preserve rangers, airport police, and certain police chiefs. It provides a different formula and earlier retirement; members contribute 7.5%.

SIPOC

A method for analysis of work systems that identifies Suppliers-Inputs-Process-Outputs-Customers.

Spectrum

IMRF's proprietary mainframe computer pension administration system.

Sponsor

Each of IMRF's Strategic Goals is assigned a sponsor, either a director or manager. Each sponsor is responsible for assigning team members and developing high level Action Plans for the Strategic Goal.

Staff

An employee of IMRF. IMRF staff are also IMRF members.

Strategic Plan

Every three years, the IMRF Board and staff establish a multi-year strategic plan. The 2020-2022 is includes objectives for the four key result areas (KRAs).

T

Tier

A modification to a pension plan which offers reduced or enhanced benefits to members participating in that tier; pension plan tiers are often developed to provide reduced benefits to new members. "Tier 1" is the legacy program that applies to people entering the system prior to 1/1/2011. The "Tier 2" program became effective for IMRF on January 1, 2011. Changes included increasing the earliest retirement age, increasing the years of service needed to vest for a pension (Regular and ECO plan), and increasing the number of months used to calculate the final rate of earnings.

U

Unit of Government

See "Employer."

V

Values

IMRF's Values: Respect, Empathy, Accountability, Accuracy, Honesty, Courage.

Vest

Vesting establishes the right to a guaranteed future monthly retirement benefit. Under Tier 1, a member needs a

minimum of eight years of credit to vest for the Regular plan, 20 years of SLEP service to vest for the SLEP plan, and eight years of service in the same elected office to vest for the ECO plan. Under Tier 2, a member needs a minimum of 10 years to vest for the Regular, 10 years of SLEP service to vest for the SLEP plan, and 10 years of service (eight in the same elected office) to vest for the ECO plan.

Vision

IMRF's Vision: "To provide the highest quality retirement services to our members, their beneficiaries, and employers."

W

Web-Centric Customer Service Delivery Model

IMRF is transitioning to a Web-Centric Customer Service Delivery Model that emphasizes digital over paper-based communication and customer support. Some of the initiative's objectives include prompting more members to activate online accounts; changing the organization's business processes to better support digital customer service; and conserving the organization's resources and better respecting the environment by decreasing the amount of paper-based communication.

Workforce Engagement

Engagement of workforce to demonstrate they are highly involved with their work and the organization.

X

Y

Z



MALCOLM BALDRIGE NATIONAL QUALITY AWARD RECIPIENT

In November 2019, IMRF received the Malcolm Baldrige National Quality Award.

A Presidential-level honor, the award recognizes exemplary U.S. organizations and businesses that demonstrate an unceasing drive for radical innovation, thoughtful leadership, and administrative improvement.

IMRF is the first public pension fund in the nation to receive our country's highest presidential honor for performance excellence. Of the more than 7.6 million U.S. organizations, less than 1% have received this distinction, with only 121 total winners over the last three decades.

Over the last 10 years, IMRF has analyzed, evaluated, and improved the organization in many ways, using the Baldrige Criteria for Performance Excellence as a guide. Some of these improvements include

redesigning the organization's strategic-planning process and leadership system, expanding our customer feedback and surveying program, and benchmarking performance against peers from both the public and private sectors. These improvements ultimately benefit our members and employers. IMRF ranks within the top 15% of North American public pensions for cost-effective customer service.

IMRF Executive Director Brian Collins received news of the award from U.S. Secretary of Commerce Wilbur Ross.

"It is because of our commitment to excellence and to continuously improving how we serve our members and employers that we have reached this pinnacle in IMRF's Journey of Excellence," Collins said. "We are incredibly proud of this accomplishment."





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