



# ILLINOIS MUNICIPAL RETIREMENT FUND

**2022  
ADOPTED  
BUDGET**





## OUR VISION



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

## MISSION STATEMENT



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.



# GUIDED BY OUR VISION, COMMITTED TO OUR MISSION.

The IMRF Annual Budget for the fiscal year January 1 through December 31, 2022, reflects our organizational Vision to provide the highest quality retirement services to our members, their beneficiaries and our employers.

The budget also reflects the prudent and efficient approach to retirement system administration demanded in our Mission Statement. Every operational department at IMRF participated in development of the 2022 budget. It will position IMRF to achieve the objectives defined in our Strategic Plan, improve customer service and technology systems, and adapt to changes driven by COVID-19.

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# 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.

**GWEN HENRY**  
**2021 PRESIDENT**  
**EXECUTIVE TRUSTEE**  
 Current term ending December 31, 2025  
 DuPage County



**PETER STEFAN**  
**EMPLOYEE TRUSTEE**  
 Current term ending December 31, 2025  
 Village of Lake in the Hills



**NATALIE COPPER**  
**2021 VICE PRESIDENT**  
**EMPLOYEE TRUSTEE**  
 Current term ending December 31, 2024  
 Dawes School in Evanston



**TOM KUEHNE**  
**EXECUTIVE TRUSTEE**  
 Current term ending December 31, 2022  
 Village of Arlington Heights



**SUE STANISH**  
**2021 SECRETARY**  
**EXECUTIVE TRUSTEE**  
 Current term ending December 31, 2023  
 Naperville Park District



**DAVID MILLER**  
**EXECUTIVE TRUSTEE**  
 Current term ending December 31, 2026  
 North Shore Water Reclamation District



**TRACIE MITCHELL**  
**EMPLOYEE TRUSTEE**  
 Current term ending December 31, 2025  
 Central Illinois Regional Dispatch Center



**LOUIS KOSIBA**  
**ANNUITANT TRUSTEE**  
 Current term ending: December 31, 2025  
 Formerly Illinois Municipal Retirement Fund



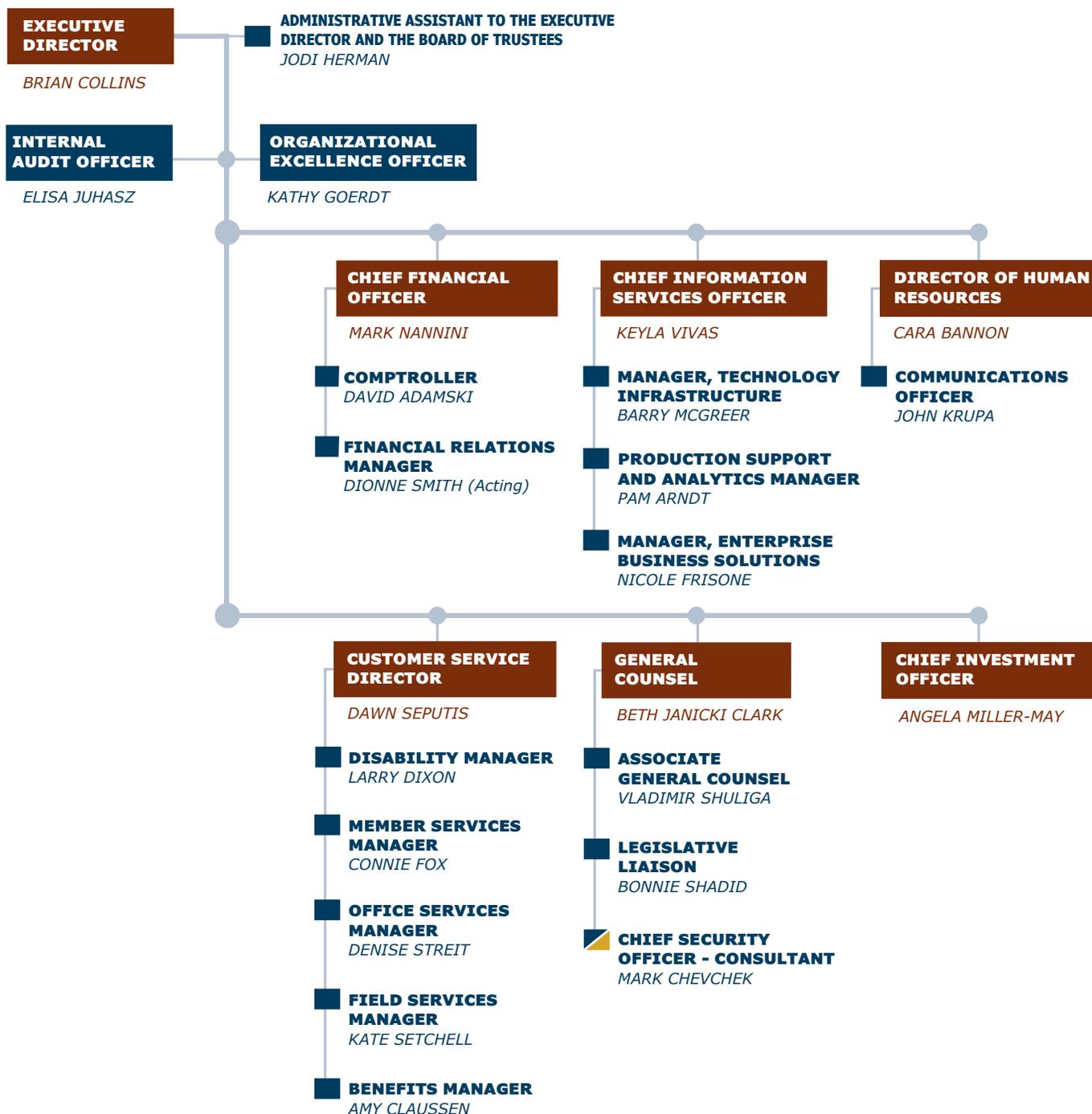
# ORGANIZATION CHART

## BOARD OF TRUSTEES

## CONSULTANTS

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

## STAFF

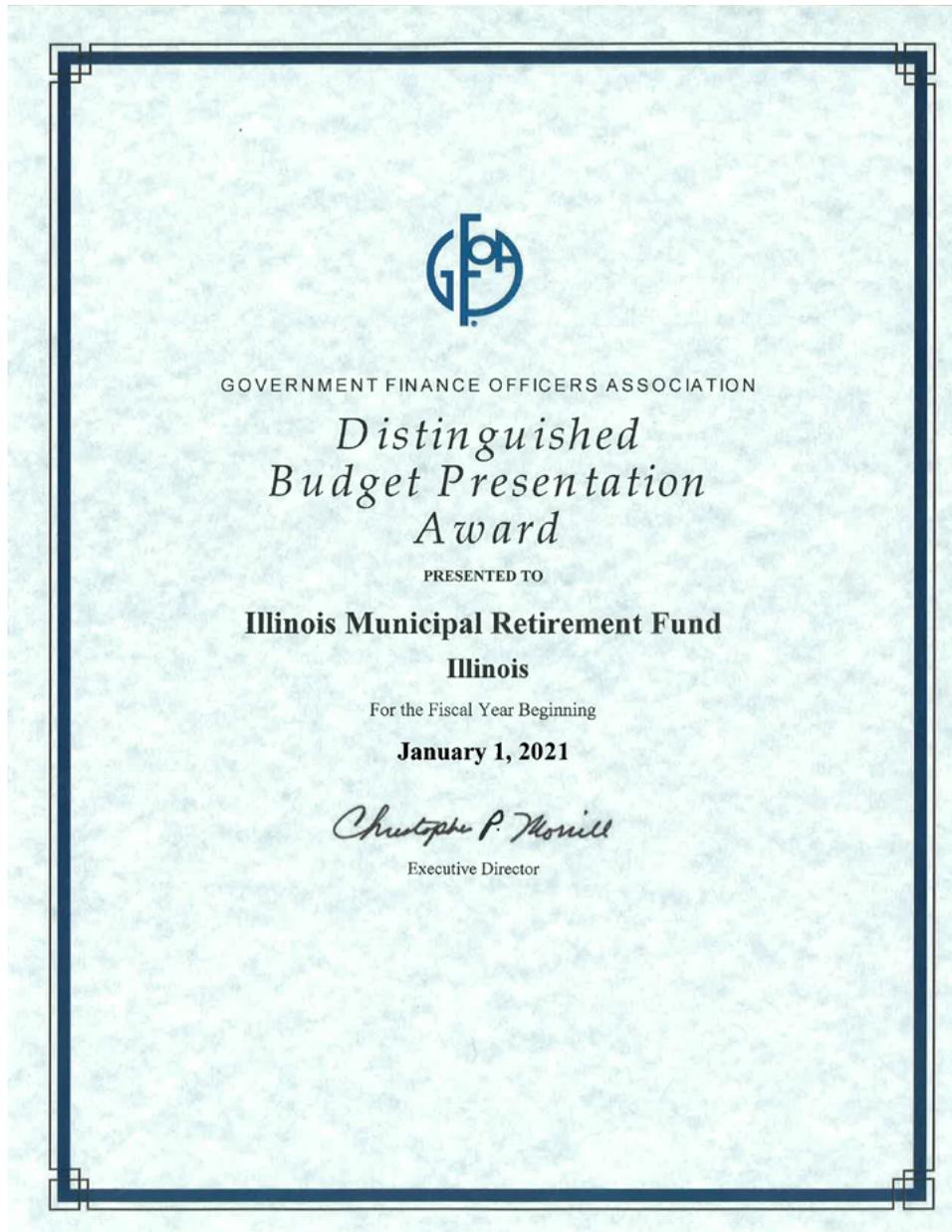


# DISTINGUISHED BUDGET PRESENTATION AWARD

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 2021, IMRF received the Distinguished Budget Presentation Award for the sixth 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 2022.



# IMRF MISSION, VISION & VALUES

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## 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.

With more than 440,000 participants, IMRF has more members than any other public pension in Illinois. The retirement system includes about 170,000 active members, 140,000 retired members, and 130,000 inactive members.

These half million local government workers provide the public services that local communities need to thrive. IMRF members are the librarians who help our children learn to read, the snowplow drivers who clear our roads, and the sheriff's deputies who keep us safe. Even though we sometimes take them for granted, they do the type of work that makes a daily difference in our local communities.

# SERVING THOSE WHO SERVE OUR COMMUNITIES



# BUDGETARY STRUCTURE

IMRF is the administrator of an agent multiple-employer public employee retirement system. In an effort to provide a more informative document, the Budgetary Structure includes an outline of IMRF's funding, business practices, and direction.

- 12** Budget Transmittal Letter
- 19** Strategic Plan
- 22** Implementation of the Strategic Plan
- 24** Asset Allocation
- 25** Contributions vs. Benefits Paid



November 11, 2021

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 January 1 through December 31, 2022, 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.

This Budget is guided by and built upon our Strategic Plan and its four primary building blocks, known as Key Result Areas (KRAs): (1) Financial Health, (2) Workforce Engagement, (3) Customer Engagement and (4) Operational Excellence. Each title and category of this budget document includes a KRA citation that reinforces the connection between our Strategic Plan and this budget.

The budget reflects the values and mission of IMRF. The 2022 budget is unique, as it continues to address COVID-19 protective measures. During 2020 and 2021, IMRF staff functioned both from the office and remotely to provide the necessary services to our employers, members, and annuitants. Safety measures were taken to protect staff entering the office, and the offices were closed to the general public. In 2021, we slowly began to move toward allowing vendors and outside parties into the office environment while following COVID-19 protocols.

As in previous budgets submitted to the Board of Trustees, this budget addresses the progress toward the completion of the Modernization project known as “Horizon,” aiming to go live in October of 2022. The 2022 budget also reflects the shifting of staff between departments to gain efficiencies and support the transition to Horizon. Several positions have been shifted or will be shifted in the Internal Audit, Finance, Organizational Excellence, Legal, and Information Services areas. The reorganization will lead to improved efficiencies and improved customer service. The headcount of 223 remains the same for the 2022 budget staffing level.

In developing this budget, we received input 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. The proposed 2022 budget was adopted without any changes.

## HIGHLIGHTS OF THE 2022 BUDGET *(Financial Health)*

Overall, normal administrative expenses are projected to increase 2.9% from 2021 to 2022. This is a comparison of budgets without the additional items associated with the Horizon Project and the Internally Managed Portfolio team. The budget items for these special projects are presented separately to provide a more meaningful comparison of year-to-year changes in the base budget. When including the additional Horizon and Internally Managed Portfolio team costs, administration expenses are projected to increase 13.7%. The 2022 investment management fees with expenses are estimated to increase 16.4% based solely on the increasing size of the total portfolio.

The 2022 personnel budget reflects a 4.0% increase for cost of living and merit increase for staff in 2022. Also, IMRF intends to follow the State of Illinois observance of the federal Juneteenth Holiday. This budget year, 2022, the holiday falls on a

weekend, so additional time off will not be recognized for the 2022 budget, as we will be consistent with the State of Illinois approach and will recognize the holiday for the first time in 2023.

The 2022 budget reflects budget line items for travel and training throughout the document. The hope is that the pandemic will further ease, and the world will return to a new normal for regular activities, including in-person meetings. If not, these funds will not be spent.

The capital plan includes an increase of about \$2.7 million over the prior year, which is largely due to planned capital purchases related to the Horizon Project and the continued outsourcing of risk/cybersecurity management. Not surprisingly, the Horizon Project remains the main driver of capital expenditures as we aim for the October 2022 “Go Live” date.

The 2022 Budget reflects several changes

- The Information Services area reflects third party support of 5 programmers for the SGL data conversion for the Horizon project through “Go Live”.
- Training and travel for 2022 is reflected throughout this budget. If the pandemic restrictions are not loosening in 2022 the funds will not be spent unless virtual activities can be substituted.
- In several departments, budget expenses are moved to the new areas. This will interrupt the historical comparison of previous year’s budgets but will be noted. The Internal Audit and Legal department areas reflecting a reorganization to address employer compliance.
- Increase in overtime budgeted for User Acceptance Testing (UAT) for the Horizon segments is reflected throughout the budget.
- The 2022 budget includes various information technology software licenses and consultants in preparation of going live with the Horizon Project in the fall of 2022.
- Cyber security system initiatives as well as Risk Management initiatives are included.
- Communications reflects the use of third-party project manager, training videos for members and employers, website develop, documentation for members, employers and IMRF staff for Horizon.
- The addition of two summer interns in the Investment department.

## PROFILE OF IMRF (*Customer Engagment*)

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.

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 3,031 different employers, 170,735 participating members, 129,779 inactive members, and 142,329 benefit recipients.

## FUNDING (*Financial Health*)

IMRF’s revenue is derived from three sources: investment earnings, employer contributions, and member contributions.



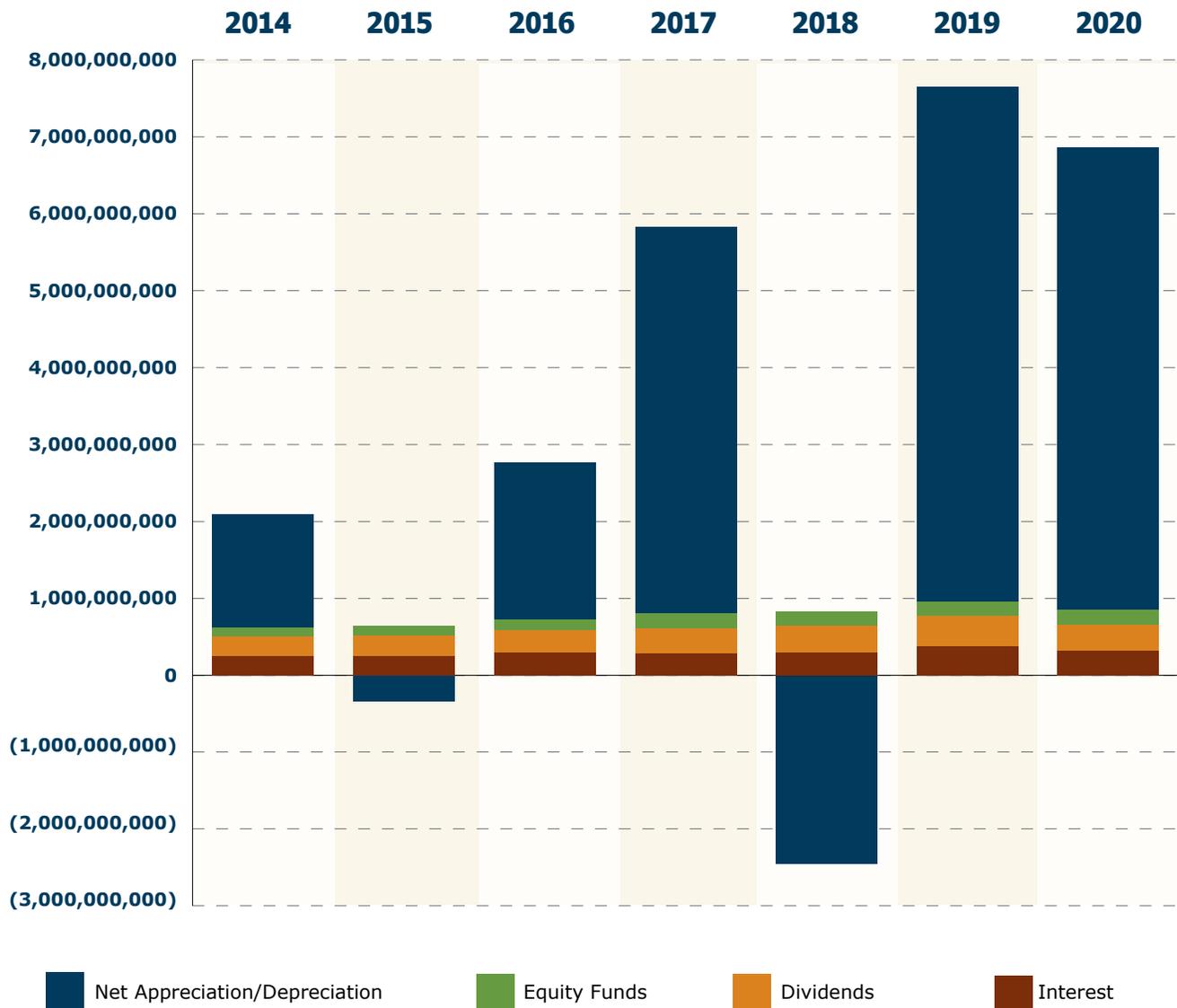
Per state statute, IMRF employers are required to make actuarially required contributions to IMRF. The Revenues by Source section of this document (page 34) presents the details of the funding for IMRF.

## INVESTMENTS *(Financial Health)*

The Investment Department is under the direction of our new Chief Investment Officer Angela Miller-May. Currently, the public markets portfolio is managed by 41 professional investment management firms, handling 46 mandates. The private markets portfolio is invested by 61 firms, including 184 separate funds. These firms make investment decisions under the prudent person rule authorized by Article 1 of the Illinois Pension Code and by the Statement of Investment Policy adopted by the IMRF Board of Trustees.

The Investment Department has implemented an internally managed, active U.S. equity portfolio that is managed against the SciBeta United States High-Factor-Intensity Diversified Multi-Beta Multi-Strategy 6-Factor 4-Strategy EW Index and implemented a second active U.S. Large Cap Factor Diversity Portfolio managed against the Goldman Sachs Asset Management U.S. Large Cap Active Beta Factor Diversity Portfolio. Combined, the two Internally Managed Portfolios are approved for up to \$3.35 billion in funding by the Board.

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. Wilshire 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, 2024.



## PERSONNEL *(Workforce Engagement)*

Total staffing remains at 223 for both our Oak Brook and Springfield locations. Several positions have been transferred internally to address operational needs. Two summer interns have been added to the budget and are not reflected in the 223 total. Our 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 to develop the next generation of employees in response to natural attrition of staff as they retire from IMRF.

Department	Headcount			
	2021 Budget Total	2021 Restructure	2022 Additional	2022 Budget Total
HR	5	-	-	5
Administration	2	-	-	2
Organizational Excellence	3	-	-	3
Customer Service	1	-	-	1
Benefits	20	-	-	20
Disability	13	-	-	13
Member Services	32	-	-	32
Field Services	13	(1)	-	12
Finance	28	-	-	28
Internal Audit	8	(4)	-	4
IS	45	1	-	46
Investments	14	-	-	14
Investments IEM	3	-	-	3
Legal	9	4	-	13
Communications	9	-	-	9
Office Services	18	-	-	18
<b>Total</b>	<b>223</b>	<b>-</b>	<b>-</b>	<b>223</b>

## **INFORMATION SYSTEMS DEVELOPMENT** *(Operational Excellence)*

### **2021**

IMRF’s major 2021 system development priorities focused on:

- Continuing the Horizon Project system implementation, including the solution upgrades of all environments, and the continuation of Phase 4 “Build and Deploy” segments four and five.
- Completing Disaster Recovery work to improve our ability to meet our Disaster Recovery Time Objectives goals. This includes adding additional storage to accommodate a larger number of virtual machines and the storage of replicated Veeam backup files for current Horizon physical servers.
- Implementing a telephony tool, “Call Back Assist,” to support IMRF’s Customer Service Goals.

### **2022**

IMRF’s major 2022 system development priorities will focus on:

- Continuing the Horizon Project system implementation, including the creation of the last two new environments, and the continuation of Phase 4 “Build and Deploy” segments 4 and 5. Horizon 1.0 will go live in October of 2022, and a subsequent version will follow in 2023.
- For Disaster Recovery, implementing new tape backup hardware to improve on our backup and recovery times from tape and allow us to continue to meet our internal SLA without tape backup and offsite retention policies. This is also a critical component of our ransomware protection policies, which rely on the availability of tape backups as an additional data recovery option.
- Replacing Firewall appliances that are reaching end of life and are a key component in our lines of defense against cybersecurity threats that IMRF must deter daily to safeguard member, employer, and beneficiary information.
- Finalizing “Interactive Voice Response” system integration in addition to completing a multitude of updates to production telephony systems such as our Avaya components and the Uptivity call recording system to meet targeted versions ahead of Horizon 1.0 Go-Live.
- Upgrading the Boardroom’s video conferencing system to ultimately give IMRF the capability to livestream future IMRF Board of Trustees meetings to members, employers, public officials, media, and the general public.

## **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 19 of this document. Note the titles for categories throughout this document show the correlating Key Approach Area (KRA) in parenthesis to tie our budget focus into the three-year Strategic plan.

## **JOURNEY OF EXCELLENCE** *(Operational 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 the 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
- Operations—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. IMRF was awarded the Bronze: Commitment to Excellence in 2009, the Silver: Progress towards Excellence in 2012 and 2014, and Gold: Achievement of Excellence 2017. Our ILPEX Gold Award affirmed IMRF’s status as a national 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 October 2019, IMRF received the coveted national Baldrige Award. Due to the pandemic, the March 2020 Awards Ceremony was cancelled. There are funds budgeted in anticipation of the ease in travel and the presentation of the award in 2022 at their annual conference.

## **DEFINED BENEFIT ADMINISTRATION**

### **BENCHMARKING ANALYSIS** *(Operational Excellence)*

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. This year, IMRF continued to have either a perfect score or score above peer median across all measured activities. Our costs per active member and annuitant were \$32 below the peer average. We will continue our participation in this benchmarking program in 2022.

## **FINANCIAL POLICIES** *(Financial Health)*

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** *(Financial Health)*

IMRF, in an effort to provide a more informative document, includes performance measures for each operational area within the budget. Performance measures are presented to support our Strategic Plan and excellence per the Baldrige criteria.

## **DEPARTMENT GOALS AND OBJECTIVES** *(Workforce Engagement)*

IMRF's goals and objectives are presented for each operational department. The department goals and objectives are identified by each operational unit to provide a better perspective of each area to IMRF overall.

## **FINANCE AND BUDGET AWARDS** *(Financial Health)*

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to IMRF for its Annual Comprehensive Financial Report (ACFR) for the year ended December 31, 2019. An application has been made for the Fiscal Year 2020 ACFR 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 39 consecutive years (Fiscal Years 1980-2019). 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 18 times.

Also, in 2021, IMRF received for the seventh straight year the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA). IMRF is proud of the 2021 budget document and its contents. We feel that it provides the reader with 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 was honored to be recognized for the Triple Crown Award by the GFOA. The Triple Crown Award acknowledges an organization that receives the (1) ACFR Award, (2) Budget Award, and (3) PAFR award in the same year. Out of more than 3,000 units of government participating in the awards program, only 23 others earned this recognition. IMRF was one of only four U.S. Public Pension Funds to win the Triple Crown Award.

## **ACKNOWLEDGMENTS**

The production of this document reflects the combined efforts 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 major efforts by numerous staff of IMRF as well as the Board. We would like to especially thank the Directors, Managers, Supervisors, John Krupa, Nickolas Kurz, David Adamski, 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 2022 IMRF budget for your consideration.

Respectfully submitted,



Brian Collins  
*Executive Director*



Mark F. Nannini  
*Chief Financial Officer*

# STRATEGIC PLAN

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2211 York Road, Suite 500 Oak Brook, IL 60523-2337 1-800-ASK-IMRF (275-4673)

[www.imrf.org](http://www.imrf.org)

November 2021

## 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 3,031 employers; 170,735 participating members; 142,329 annuitants; 129,779 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 2020-2022 Strategic Plan was made to staff in January 2020. The full plan is posted for review on our Intranet. The strategic Objectives continue to be highlighted in staff and leadership meetings. All employees are 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](http://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.

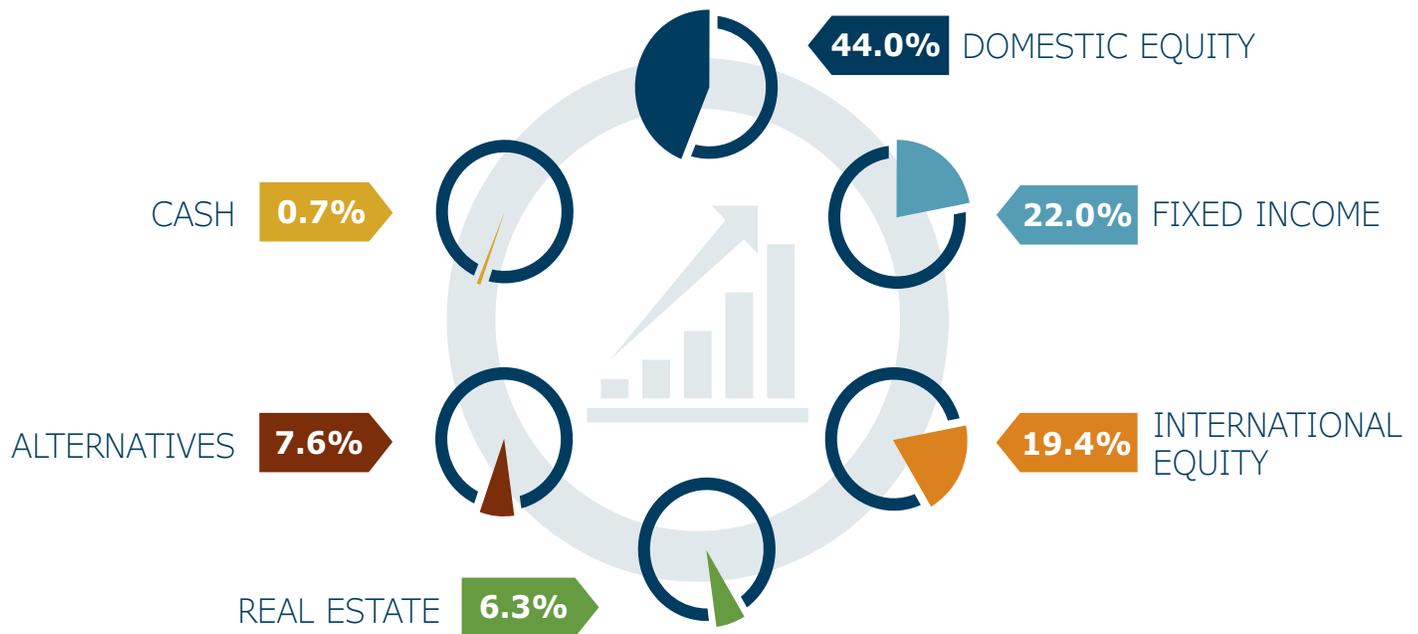
Gwen Henry  
*Board President*

Brian Collins  
*Executive Director*

# ASSET ALLOCATION

IMRF's public markets portfolio is managed by 41 professional investment management firms, handling 46 mandates. The Fund's private markets portfolio is invested by 61 firms, including 184 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, 2021

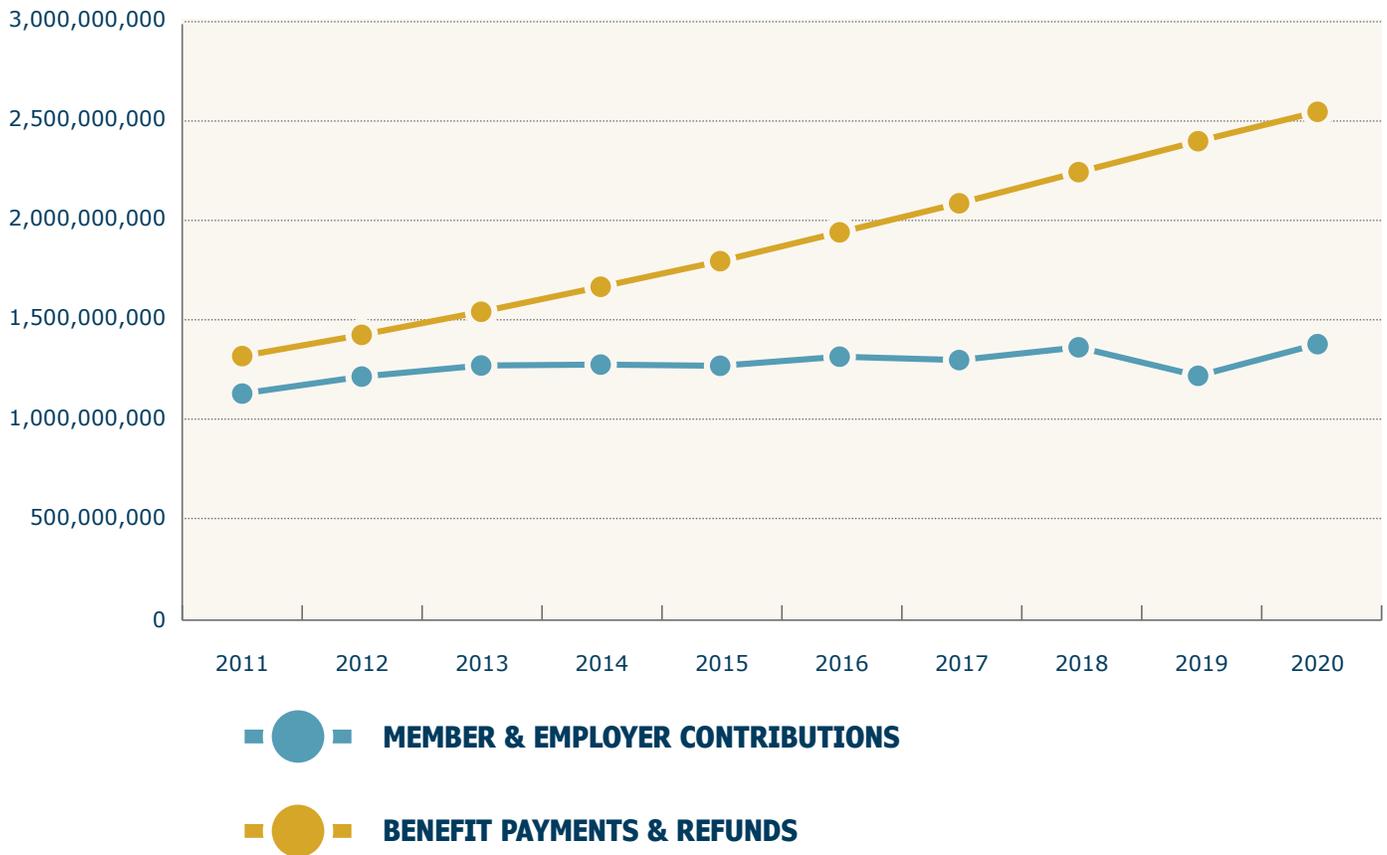


	Market Value in Millions	Target Asset Allocation	Actual Asset Allocation	Variance
Domestic Equity	\$ 24,069	39.0%	<b>44.0%</b>	5.0%
International Equity	10,620	15.0%	<b>19.4%</b>	4.4%
Fixed Income	12,053	25.0%	<b>22.0%</b>	(3.0)%
Real Estate	3,430	10.0%	<b>6.3%</b>	(3.7)%
Alternative Investments	4,151	10.0%	<b>7.6%</b>	(2.4)%
Cash & Cash Equivalents	380	1.0%	<b>0.7%</b>	(0.3)%
<b>Total</b>	<b>\$ 54,703</b>	<b>100.0%</b>	<b>100.0%</b>	

\*Asset Allocation is updated quarterly online at [www.imrf.org](http://www.imrf.org).

# CONTRIBUTIONS VS. BENEFITS PAID

Year	Member and Employer Contributions	Benefit Payments & Refunds	Member/Employer Net Cash Flow
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)
2019	1,218,080,609	2,398,609,135	(1,180,528,526)
2020	1,377,316,270	2,546,495,284	(1,169,179,014)



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.

IMRF participating employers include nearly every form of local government in Illinois. The five most common IMRF government types are school districts, townships, villages, cities, and counties. In terms of participating members, the five largest employers are DuPage County, Will County, Lake County, Elgin School District 46, and Rockford School District 205.

IMRF employers benefit children and families through park districts and library systems; protect the environment through forest preserves and wastewater systems; and maintain our public infrastructure through highway districts and airport authorities.

# WE SERVE 44 TYPES OF ILLINOIS GOVERNMENT



# 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.

- 28** Profile of IMRF
- 29** Legislative Update
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- 30** Basis of Budgeting
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- 43** Funded Status and Funding Progress
- 44** Schedule of Aggregate Funding Progress *(Last ten years)*
- 45** Changes in Fiduciary Net Position *(Last ten years)*

## 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 3,031 different employers, 170,735 participating members, and 142,329 benefit recipients.

### Employers

	2020	2019
Participating employers	3,031	3,025

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)

Inactive members	2020	2019
Retirees and beneficiaries currently receiving benefits	142,329	138,089
Terminated members entitled to benefits but not yet receiving them	15,011	14,229
Terminated members—non-vested	114,768	109,941
<b>Total inactive members</b>	<b>272,108</b>	<b>262,259</b>
Active members		
Non-vested	89,285	93,890
Vested	81,450	83,919
<b>Total active members</b>	<b>170,735</b>	<b>177,809</b>
<b>Grand Total</b>	<b>442,843</b>	<b>440,068</b>

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 2021:

### Public Act 102-0097

Creates an exemption to the competitive bid process for contracts for emerging managers through a Manager of Managers program. Also specifically allows for graduation of certain managers from the program for direct investment. Effective January 1, 2022.

### Public Act 102-0210

In the provisions applicable to IMRF, moves the Tier 2 provisions for the regular plan from Article 1 to Article 7 and removes a requirement that the state Auditor General approve the Fund's audit firm. It also sets the age for the required minimum distribution to that included in the federal Internal Revenue Code and allows certain active members of the State Employees' Retirement System to transfer IMRF law enforcement service to that system. The provisions regarding moving the Tier 2 language and removing the review by the state Auditor General will be effective January 1, 2022. The provisions regarding the age for the required minimum distribution and the SERS transfers were effective July 30, 2021.

### Public Act 102-0637

Adds the Firefighters' and Police Officers' Pension Investment Funds to the list of entities eligible to participate in IMRF for the purpose of allowing those funds' staffs to participate in IMRF. Effective August 27, 2021

### Public Act 102-0113

Allows active members of an Article 3 downstate police pension fund to transfer service earned in IMRF as a police officer, including SLEP service, to that fund (no provision to transfer service to IMRF). Allows those members to reinstate an IMRF refund in order to transfer the service. Effective July 23, 2021

### Public Act 102-0603

Prohibits trustees from being employed by that pension fund or a vendor to that fund for one year after he or she is no longer a trustee, except for certain temporary appointments to a senior leader position. Applies to all Illinois public pension funds. Effective January 1, 2022.

### Public Act 102-0479

Prohibits candidates who meet the criteria to serve as an Executive Trustee from serving as an Employee Trustee. Effective August 20, 2022.

## 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, 2020 valuation, the aggregate actuarial value of assets was \$46.0 billion. The aggregate actuarial liability for all IMRF employers was \$48.9 billion. The aggregate actuarial funding ratio is currently 94.1% (an increase from the 2019 ratio of 90.7%). 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 103.4% as of December 31, 2020, an increase from 95.1% as of December 31, 2019. As of December 31, 2020, IMRF's actuarial funding value was lower than the market-based funding value since there were \$4.2 billion of unrecognized investments gains, which will be reflected in the 2021 through 2024 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 2020 and new mortality tables were adopted for the 2020 valuation.

## 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	2021	2020	2019	2018	2017
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, 2020 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 2.25% 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 21-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 2021 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 2021 the rate is 0.15% of payroll. Interest is not granted on this reserve.

## Earnings & Experience Reserve

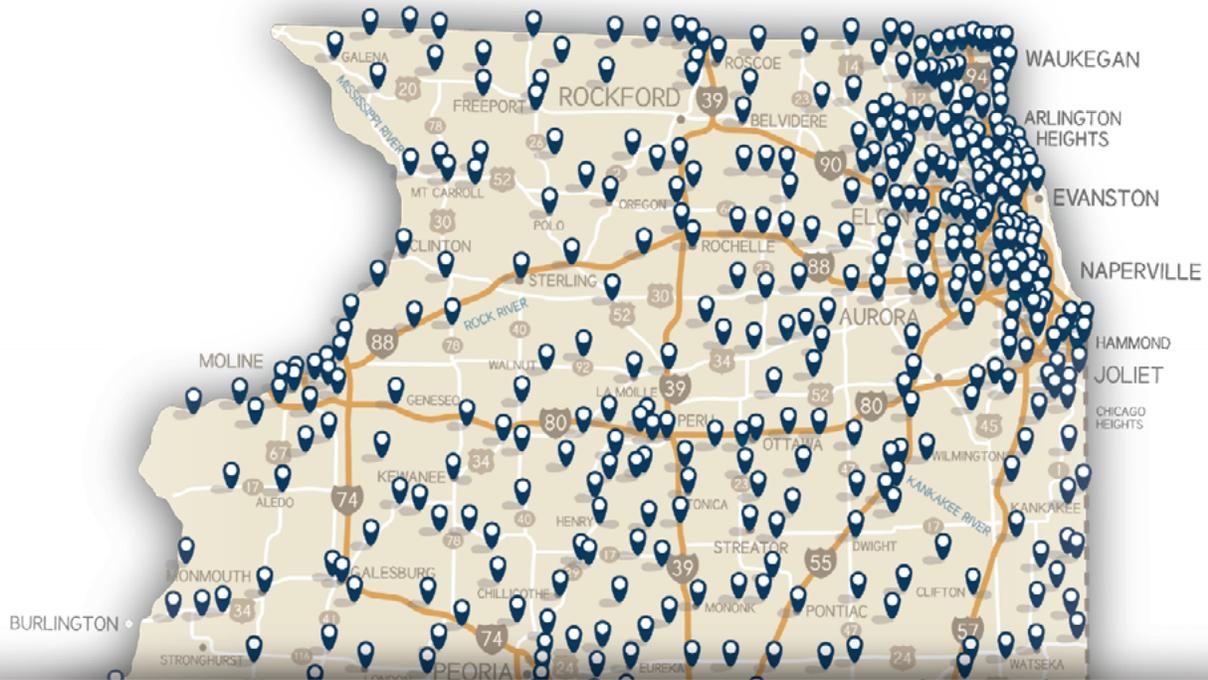
The earnings & experience reserve accounts for the accumulation of investment income for the fiscal year as well as payment of investment and administrative expenses. Interest granted to the member, employer, and annuitant reserves is also deducted from this reserve. Any remainder is credited to the 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 37-41.

## DEPARTMENT TO FUND RELATIONSHIP MATRIX

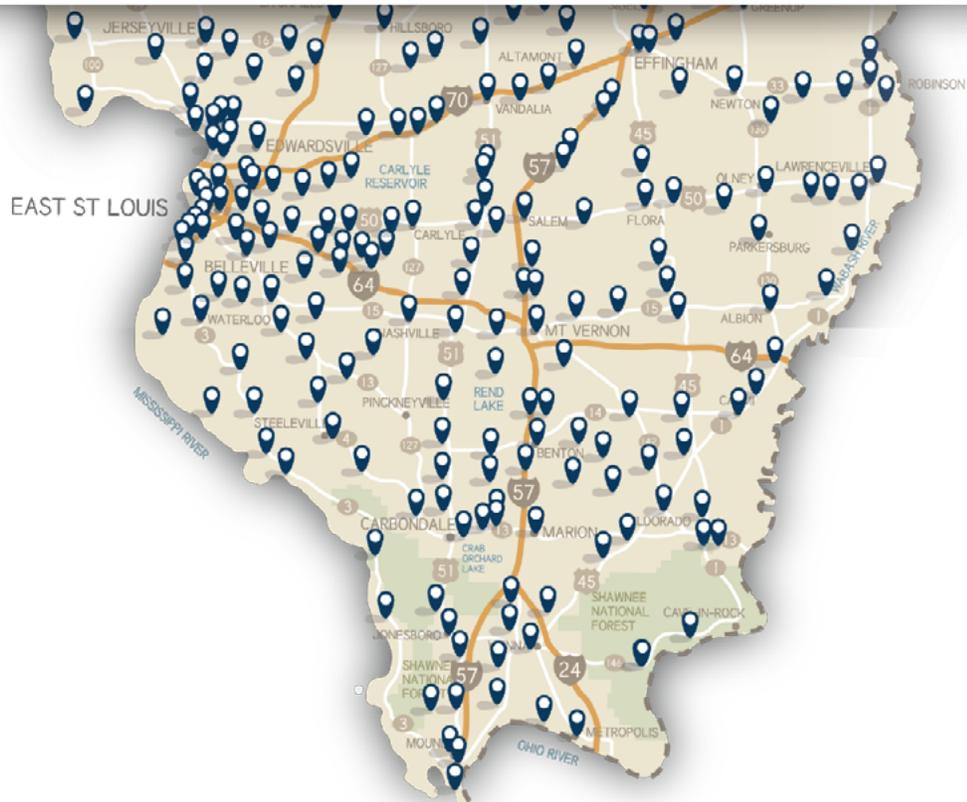
The matrix below correlates the relationship between IMRF's reserves under its sole fund to each organizational department:

	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							√



IMRF NOW SERVES

**3,031** DIFFERENT EMPLOYERS,  
**170,735** PARTICIPATING MEMBERS,  
 AND **142,329** BENEFIT RECIPIENTS.

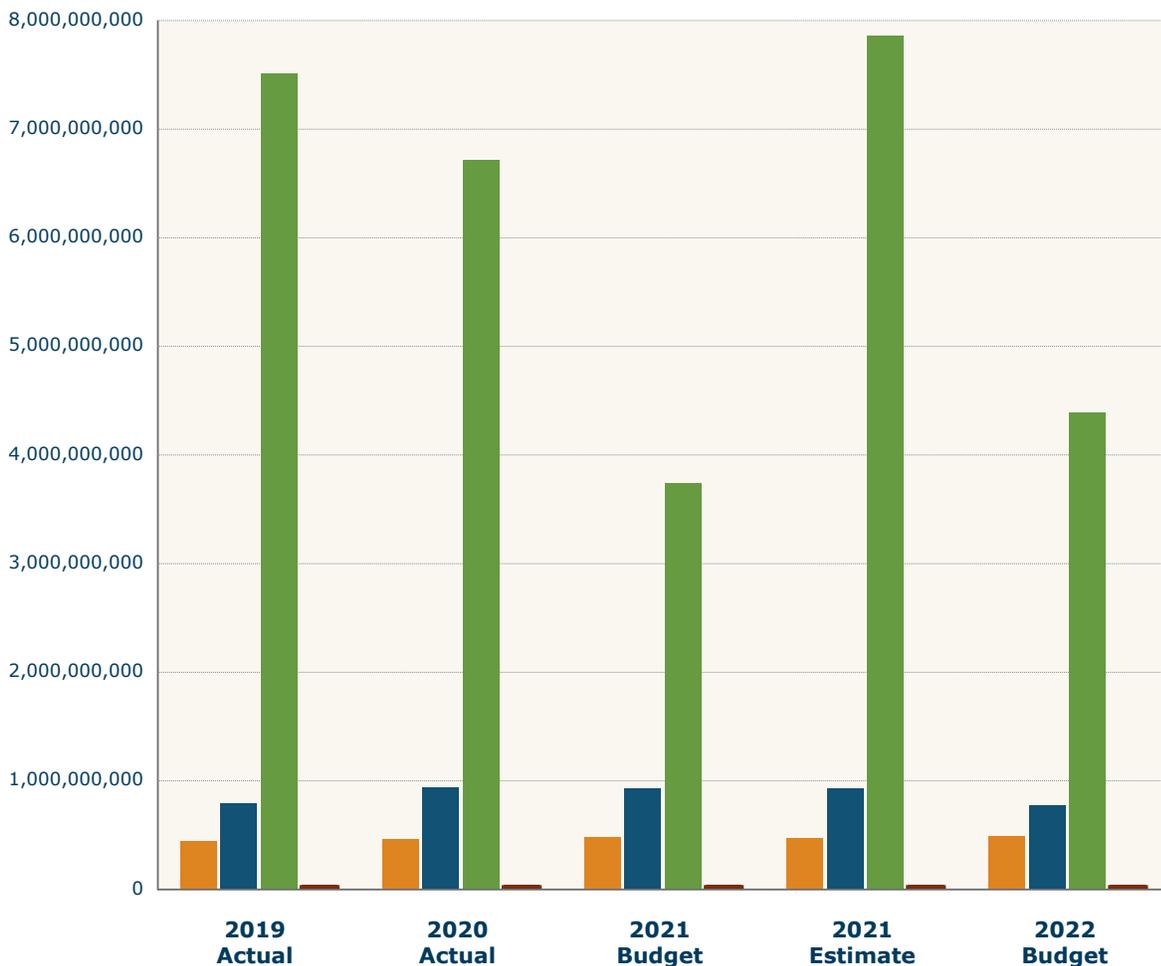


# REVENUE SCHEDULES

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 170,735 active members reported from 3,031 employers. Investment income is projected to be at the 7.75% (gross of fees) investment target return. The gross of fees percentage is the total of the assumed rate of return of 7.25% plus 0.50% to cover operating expenses.

	2019 Actual	2020 Actual	2021 Budget	2021 Estimate	2022 Budget
<b>Member Contributions</b>	\$ 437,930,911	\$ 449,724,661	\$ 475,856,283	\$ 464,983,360	\$ 484,090,236
<b>Employer Contributions</b>	780,149,698	927,591,609	924,360,709	919,353,378	764,775,585
<b>Investment Income</b>	7,517,792,605	6,722,889,252	3,737,156,479	7,869,424,508	4,388,315,852
<b>Other Income</b>	15,300	12,925	10,000	21,000	10,000
<b>Total</b>	<b>\$8,735,888,514</b>	<b>\$8,100,218,447</b>	<b>\$5,137,383,471</b>	<b>\$9,253,782,246</b>	<b>\$5,637,191,673</b>



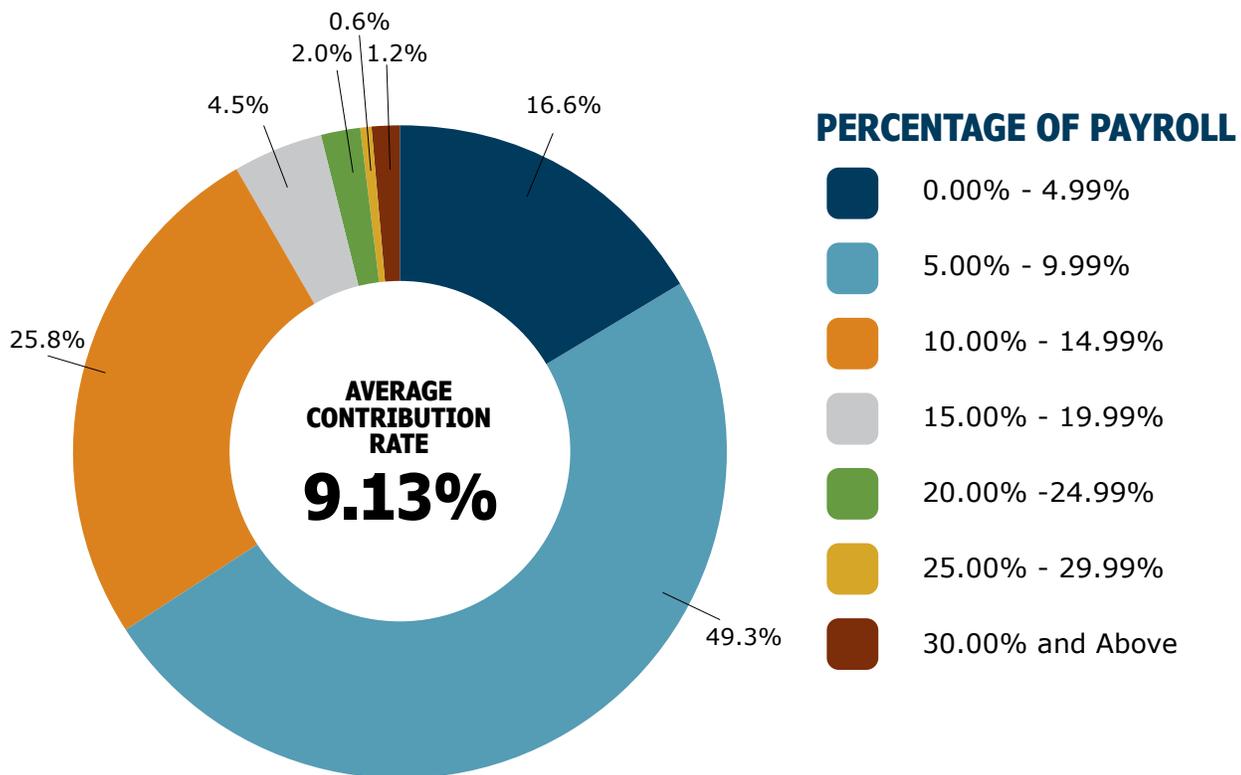
## 2022 EMPLOYER CONTRIBUTION RATE RANGES

Expressed as a percentage of payroll

Percentage of Payroll	Percent of Employers	Regular Plan	SLEP Plan	ECO Plan	Total*
0.00% - 4.99%	16.6%	538	13	7	558
5.00% - 9.99%	49.3%	1,633	25	-	1,658
10.00% - 14.99%	25.8%	699	135	36	870
15.00% - 19.99%	4.5%	129	22	1	152
20.00% -24.99%	2.0%	46	20	1	67
25.00% - 29.99%	0.6%	13	5	2	20
30.00% and Above	1.2%	20	-	20	40
	<b>100.0%</b>	<b>3,078</b>	<b>220</b>	<b>67</b>	<b>3,365*</b>

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

## 2022 Annual Contribution Rates



# 2022 BUDGET TIMELINE

2022 Administrative expenses, direct investment expenses, and capital budget schedule.

<b>7/23/2021</b>	Initial staffing requests and 2022 Budget assumptions finalized by Executive Director.
<b>7/26/2020 thru 7/30/2020</b>	Finance department present Budget workshops for IMRF staff. Scheduled for July 26 @ 2:00 p.m. and July 30 @ 10:00 a.m.
<b>8/31/2021</b>	Identification of 2021 projects to budget again in 2022. Submit necessary support to the Finance Department.
<b>9/24/2021</b>	2022 Budget submittals due to Finance Department.
<b>9/27/2021 thru 10/4/2021</b>	Finance Department reviews budget submittals with respective departments.
<b>10/5/2021 thru 10/11/2021</b>	Executive Director reviews department proposed 2022 Projects and budgets overall budget with comparisons to prior year actual amounts, current year estimates and prior year budget.
<b>10/5/2021 thru 10/16/2021</b>	Finance and Communications prepares 2022 Budget document.
<b>10/18/2021 thru 10/22/2021</b>	Final review of proposed 2022 projects and Budget document by Directors.
<b>11/11/2021</b>	Distribution of proposed 2022 Projects and Budget document to Board of Trustees.
<b>11/19/2021</b>	Presentation of Compensation Report and Health Insurance Report to the Board of Trustees
<b>11/19/2021</b>	Presentation of 2022 Projects and Budget document to the Board of Trustees

## SUMMARY OF IMRF BENEFITS

This is a brief 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 3,031 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% 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. 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 66% of IMRF 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 10 years of qualifying service credit. SLEP members are vested for a SLEP pension when they have at least 10 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 10 or more years of total service credit with at least eight years in the same elected county position. ECO members with at least 10 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 contributions if they have not attained the earliest eligible age for receiving a pension based on their plan rules. Vested members who have reached their eligible retirement age may choose to receive a refund if their pension would be less than \$100 per month or if the refund is rolled over 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 of 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% 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 are initially capped at \$106,800, increases annually by 3% or one-half of the increase of the Consumer Price Index, whichever is less. The pensionable earnings cap for 2022 will be \$119,892.41, and in 2021 it was \$116,740.42. 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 10 or more years of service, or 35 or more years of service at age 62,
- Age 55 with 10 or more years of SLEP service for members with SLEP service, or
- Age 67 with eight or more years of service in the same elected county official for members with ECO service (ten years total service).

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

- 1/2% for each month the member is under age 67, or
- 1/2% 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 1/2% 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 from multiple pension systems 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.

## Post-retirement Increases

### Tier 1

Members in all plans receive an annual 3% increase based upon the original amount of the pension. 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 pension 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 years of age (57 for Tier 2 Regular and ECO members) and 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, or “13th 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 number of persons eligible. The supplemental benefit payment amount is decreasing annually because the number of retirees is increasing while the pool of available money is decreasing.

## 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% 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 pensionable earnings cap for Tier 2 members) plus any balance in the member's account. Eligible spouses of deceased, vested, 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 ( $66\frac{2}{3}\%$  for Tier 2) of the member's pension.

For ECO members, a surviving spouse's monthly pension is  $66\frac{2}{3}\%$  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 age 50 requirement does not apply), the spouse will receive:

- A monthly pension equal to 30% of the ECO member's salary at time of death, plus
- 10% of the ECO member's salary at 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  $66\frac{2}{3}\%$  of the pension the member 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 IMRF DEPARTMENTS AND WORKFORCE

Department	2015 to Approved 2022 Headcount							2021 Vacancies	2022 Adopted
	2015	2016	2017	2018	2019	2020	2021*		
Administration	4	6	6	6	2	2	2	-	2
Benefits	31	32	32	29	17	20	20	-	20
Communications	9	8	8	8	9	9	9	-	9
Customer Service	-	-	-	-	1	1	1	-	1
Disability	-	-	-	-	14	13	12	1	13
Field Services	-	-	-	-	12	11	8	4	12
Finance	27	23	25	25	26	27	25	3	28
Human Resources	4	4	4	4	4	5	5	-	5
Information Services	34	34	38	41	42	44	45	1	46
Internal Audit	7	8	8	8	8	8	3	1	4
Investments	13	14	14	14	14	14	13	1	14
Investments IEM	-	-	-	-	3	3	3	-	3
Legal	5	5	5	6	9	8	13	-	13
Member Services	35	36	38	38	30	31	31	1	32
Office Services	19	18	17	19	18	18	18	-	18
Organizational Excellence	-	-	-	-	2	3	3	-	3
Program Management	6	6	-	-	-	-	-	-	-
<b>Total Head Count *</b>	<b>194</b>	<b>194</b>	<b>195</b>	<b>198</b>	<b>211</b>	<b>217</b>	<b>211</b>	<b>12</b>	<b>223</b>
<b>Vacant Positions</b>	<b>5</b>	<b>11</b>	<b>10</b>	<b>12</b>	<b>12</b>	<b>6</b>	<b>12</b>		
<b>Approved Headcount</b>	<b>199</b>	<b>205</b>	<b>205</b>	<b>210</b>	<b>223</b>	<b>223</b>	<b>223</b>		

2021 figures per October Human Resources Report submitted to the Board.

## FUNDED STATUS AND FUNDING PROGRESS

As of December 31, 2020, the most recent actuarial valuation date, the plan on an aggregate basis was 94.1% funded on an actuarial basis. The actuarial accrued liability for benefits was \$48.9 billion, and the actuarial value of assets was \$46.0 billion, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.9 billion. The covered payroll (annual payroll of active employees covered by the plan) was \$7.6 billion, and the ratio of the UAAL to the covered payroll was 38.4%.

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, 2020
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, 21 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%
Projected salary increases	2.89% to 13.75%
Assumed wage inflation rate	2.75%
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, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020 were used. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

## 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
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
2019*	47,357,901,268	42,936,185,938	90.7	4,421,715,330	7,547,532,434	58.6
2020*	48,922,948,739	46,017,438,373	94.1	2,905,510,366	7,568,181,773	38.4

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

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

Additions						
Employer Contributions						
Calendar Year	Investment Earnings Net of Direct Investment Expense	Dollars	Percent of Annual Covered Payroll	Member Contributions	Other	Total Additions
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)
2019	7,517,792,605	780,149,698	10.34	437,930,911	15,300	8,735,888,514
2020	6,722,889,252	927,591,609	12.26	449,724,661	12,925	8,100,218,447

Deductions					Change in Fiduciary Net Position
Calendar Year	Benefits	Refunds	Administrative Expenses	Total Deductions	
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	1,902,139,898	37,690,098	38,702,237	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)
2019	2,347,237,088	51,372,047	38,373,543	2,436,982,678	6,298,905,836
2020	2,494,317,158	52,178,126	31,776,955	2,578,272,239	5,521,946,208

Payroll number for % of payroll comes from Actuarial Report Page B-6

All IMRF retirees can count on a guaranteed stream of income for the rest of their lives. Every IMRF pension is 100% funded on day one of retirement. That means IMRF has already set aside all the money it will ever need to pay the retirement benefit.

That fact should give every IMRF retiree peace of mind. IMRF has never missed a pension payment and it never will. Combined with Social Security and personal savings, IMRF pensioners have the financial security to live with confidence and dignity in retirement. It's a retirement IMRF members have earned after so many years of dedicated public service.

# PROVIDING FINANCIAL SECURITY FOR ILLINOIS' RETIREES



# 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, adopted expenditures, and estimated versus adopted variances used to assess IMRF's funding.

- 48** General Guidelines from the Chief Financial Officer
- 52** Revenue Projections
- 54** 2022 Adopted Expenditures
- 55** Additions to Fund Balances
- 56** 2022 Adopted Capital Additions - Summary
- 56** 2022 Adopted Capital Additions - Details
- 57** 2022 Capital Purchases
- 59** Long-term Capital Plan (*Five years*)
- 60** Analysis of 2022 Budget to 2021 Estimated Actual Variances
- 61** Analysis of 2022 Budget to 2021 Budget Variances

# GENERAL GUIDELINES FROM THE CHIEF FINANCIAL OFFICER

July 30 2021

From: Brian Collins and Mark Nannini

To: IMRF Directors and Managers

Re: 2022 Budget Guidelines and Additional Information

As we prepare for the for 2022 IMRF Budget, the number one priority remains the Horizon Modernization Project as we enter the final phase. The emphasis on the Horizon Modernization 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 2022 budget is continued emphasis on the Horizon Modernization Project users assigned testing (UAT) 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 Horizon Modernization Project as well as IMRF's 2020-2022 Strategic Plan.

Each department may need to account for 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 2022. Please communicate to any other departments as well as in the document, items that may overlap responsibility and authority.

## 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.
- A request for additional staff needs to be justified to determine 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 2021. Please remember to budget for office furniture 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 Modernization Project. 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

- *Pending Projects from 2021*  
Projects intended for the 2021 approved operating and/or capital budget that were not completed or never initiated will be subject to reprioritization and possible elimination in your department's 2022 budget request.
- *Carryforward Projects from 2021*  
If a 2021 project is necessary to carry forward, you should include updated amounts needed to complete the project in your 2022 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 2022. The justification includes filling out the appropriate forms and going through the approval process.
- *New projects for 2022*  
Identify, prioritize, and develop incremental cost estimates for new projects for 2022 in your budget. As new projects are identified, please work with the Organizational Excellence Officer, Kathy Goerdt, 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 or Illinois Performance Excellence criteria and/or feedback reports. Keep in mind that some worthwhile projects may need to wait until after the implementation of Horizon Modernization Project. 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.

This memo, along with the following resources, is located in J:/Everyone/Budget 2022.

### 2022 Budget Timeline

Lists the budget deadlines for 2022.

### 2022 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 anticipated purchase date, and its estimated useful life. Only the capital portion should be budgeted here. If consumable supplies are also needed, such as toner for a copier or diesel fuel for a generator, those items should be budgeted in the appropriate expense account.
- 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 adopted purchase with a brief explanation of the need or benefit.
- Leasehold improvement projects over \$5,000.

### Adopted 2022 Project Budget Worksheets

Use these worksheets to identify incremental costs anticipated in 2021 in connection with adopted 2022 projects.

### Department Budget Worksheets

These worksheets include your actual expenses for the 12 months ended June 30, 2021, broken out between the last six months of 2020 and the first six months of 2021, and the 2021 budgeted amount for each general ledger account as comparison.

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

### List of 2022 Capital Expenditures

including internally-developed software budgeted and purchased through June 30, 2021. 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 2021. For internally developed software, please update the estimated remaining costs to be incurred in 2021 and the estimated in-service date. Capital expenditures for 2022 are to be reported separately using the Project Budget Worksheet.

To 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, 2020, and for the six months ended June 30, 2021. This information is located in **J: /Everyone/Budget 2022**.

You can also use the **Doc-link Smart Client** to look up 2020 and 2021 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 submit these forms through the use of Microsoft Excel format **ONLY**.

### Helpful Tips

Use these tips when completing your department budget:

- For capital, expendable equipment, or 2022 project requests, fill out a 2022 Capital Project Budget Worksheet. (For example, only one worksheet is needed for the purchase of PC/Laptop replacement requests.) Please make a copy of the file prior to filling out the form.

J:/Everyone/Budget2022/IMRF2022Capitalbudgetworksheet.pdf

- Estimate the actual expenses for calendar year 2021 and your adopted 2022 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 2022 Budget.
- If it is determined that specific 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.
- If a department determines it appropriate for another department to be responsible for an account, please bring this to David Adamski and Jim Splitt attention for resolution.

## Budget Account Descriptions

### Office Salaries – Regular

Office salaries will be budgeted by Finance based upon 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 2022 budget purposes unless specifically approved by the Executive Director.** If you have open positions that you are recruiting for, please provide this information via email by September 1, 2020 to the Director of Human Resources and Chief Financial Officer.

**New (incremental) positions must have approval from the Executive Director to be included in the 2022 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 the incremental equipment, training, travel, or other expenses that might be associated the hiring of a new employee.

### Office Salaries – Overtime

Departments should budget this based upon anticipated needs.

### Professional Services

Departments should budget for professional services based upon anticipated needs. The amounts budgeted should include all expenses for services provided.

### Tuition

Each department should provide Human Resources with a list of employees who they anticipate will use this benefit in 2022, the course of study and institution, and the anticipated annual 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) continue to be budgeted by each department. Human Resources can assist you with estimating amounts. The Seminar Approval Form (for any external seminar) will continue to be approved by Human Resources before an employee enrolls in an external training program. External training related to an employee's individual learning should be included in this budget account.

All **conference** expenses will continue to be budgeted by each department, this includes travel to and from the conference and any other associated expenses.

All **internal** training requiring purchase of materials and/or use of external vendors for onsite training (multiple staff in one department, multiple departments or IMRF-wide) will still be budgeted and coordinated by Human Resources. Please report to Human Resources your anticipated internal training activities and expenses for 2021 by September 1, 2021.

### Travel

Travel should be budgeted based upon 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 and the amount budgeted should include all costs associated for the conference. 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. Expenses not covered by another program or department should be budget for items, i.e., meals. 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 Procurement/Legal and are part of the Commodities group of accounts. 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, i.e., projectors bulbs, office equipment, or anything else that is significantly out of the ordinary, please let Daniel Martinez in Procurement/Legal know so it can be identified and incorporated in their 2022 budget.

## Publications and Dues

Departments should budget for publications and dues 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 2022 Capital Budget Worksheet for each type of equipment and include a brief explanation of the need or benefit.

J:/Everyone/Budget2022/IMRF2022Capitalbudget worksheet.pdf

## Automobile Maintenance

Expenses for maintenance such as car washes, oil changes, tires, batteries, 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 2022, please let Denise Streit know so they can incorporate the additional rental in their 2022 budget.

## 2022 Modernization Budget

Budgeting for Horizon Modernization Project will be a significant challenge for IMRF. While other 2022 projects will be budgeted based on incremental costs, Horizon Modernization Project related costs must be identified by activity and evaluated on whether they are an expense or a capital item. The 2022 budget is based on payment milestones approved by IMRF and estimated number of hours for Independent Verification and Validation. Horizon Modernization Project final cost may be impacted by moving targets that may be paid at a time other than originally planned.

## 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 2022. 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 current as well as 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 contact the Finance department

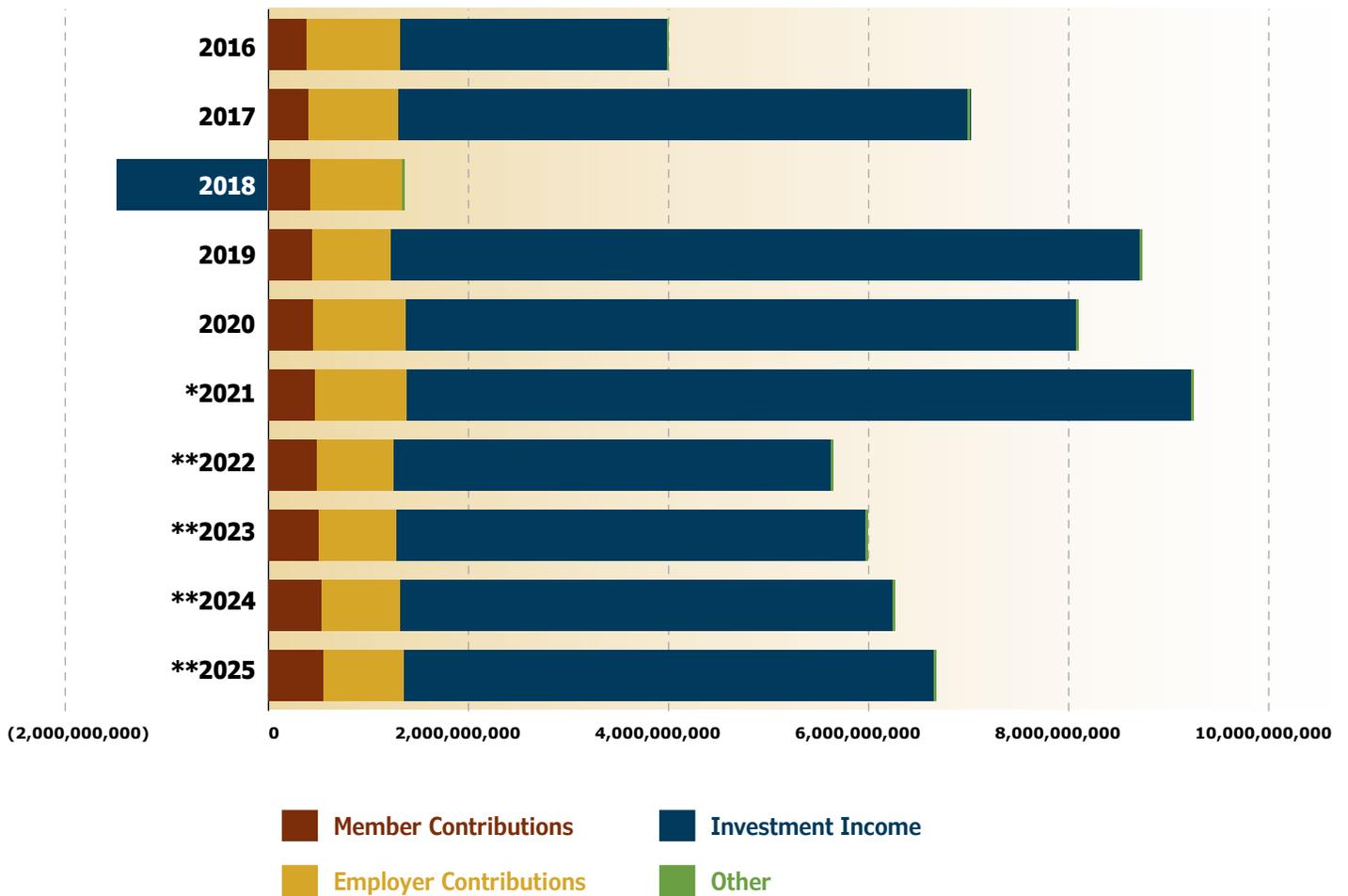
## Contact

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
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	437,930,911	780,149,698	7,517,792,605	15,300	8,735,888,514
2020	449,724,661	927,591,609	6,722,889,252	12,925	8,100,218,447
2021 *	464,983,360	919,353,378	7,869,424,508	21,000	9,253,782,246
2022 **	484,090,236	764,815,585	4,388,315,852	10,000	5,637,231,673
2023 **	505,060,502	777,694,608	4,711,160,406	10,000	5,993,925,516
2024 **	528,136,455	790,855,463	4,935,076,532	10,000	6,254,078,450
2025 **	553,466,180	804,067,498	5,311,383,917	10,000	6,668,927,595

\* 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 2020, investment gain of \$6,722.9 million represented 83.0% 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
2020	83.0%
2019	85.9%
2018	(452.8)%
2017	81.5%
2016	67.0%

IMRF's primary 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. Currently, the public markets portfolio is managed by 41 professional investment management firms handling 46 mandates. The private markets portfolio is invested with 61 investment firms across 184 separate funds. These firms make investment decisions under the Prudent Man Rule, authorized by Article 1 of the Illinois Pension Code and by investment policy guidelines adopted by the Board of Trustees.

In 2019, the Investment department added an Internally Managed Portfolio (IMP) unit. This team of three staff handled approximately \$2.1 billion in assets for 2020.

The Board employs an Investment Consultant to assist staff in the development and evaluation of IMRF's strategic asset allocation, asset liability modeling study, and investment policy statements. The Investment Consultant also assists with the selection of investment management firms and in the monitoring and evaluation of investment manager performance.

### Other Income

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

# 2022 ADOPTED EXPENDITURES

## Summary by Department

	Actual		Budget	Estimated	Adopted	2022 Adopted as a % Change Over 2021	
	2019	2020	2021	2021	2022	Budget	Estimate
Capital Additions	\$14,771,472	\$15,963,403	\$13,738,901	\$12,010,629	\$16,477,648	19.9%	37.2%
<b>Administrative Expenses</b>							
Administration	458,447	406,150	445,084	428,120	461,647	3.7%	7.8%
Benefits	1,506,069	1,068,850	1,117,864	1,088,844	1,086,103	(2.8)%	(0.3)%
Board of Trustees	87,649	252,033	150,000	86,650	150,000	0.0%	73.1%
Communications	749,425	854,249	1,104,362	917,990	1,393,882	26.2%	51.8%
Customer Service	649,188	140,961	148,344	140,528	154,190	3.9%	9.7%
Disability	397,238	914,338	1,000,238	880,713	941,299	(5.9)%	6.9%
Field Services	633,349	1,017,167	1,288,941	768,264	1,098,126	(14.8)%	42.9%
Finance	14,380,107	6,769,939	9,685,503	6,535,141	9,771,812	0.9%	49.5%
Human Resources	3,131,222	3,125,799	3,445,225	3,991,614	3,496,183	1.5%	(12.4)%
Information Services	5,624,770	7,217,147	9,689,867	8,303,900	10,462,333	8.0%	26.0%
Internal Audit	738,353	832,166	948,812	884,450	606,759	(36.1)%	(31.4)%
Investments	1,961,290	2,062,663	2,093,451	1,619,935	2,056,330	(1.8)%	26.9%
Investments - Internally Managed Portfolio (IMP)	339,743	788,808	825,688	799,773	812,972	(1.5)%	1.7%
Legal	1,748,035	2,085,928	2,750,689	2,511,545	3,399,022	23.6%	35.3%
Member Services	2,186,468	1,738,151	1,662,801	1,703,705	1,747,525	5.1%	2.6%
Office Services	3,981,110	2,855,113	3,338,438	2,808,444	3,147,022	(5.7)%	12.1%
Organizational Excel.	140,823	436,301	545,552	360,719	628,151	15.1%	74.1%
<b>Total Administrative Expenses</b>	<b>38,713,286</b>	<b>32,565,763</b>	<b>40,240,859</b>	<b>33,830,335</b>	<b>41,413,356</b>	<b>2.9%</b>	<b>22.4%</b>
<b>Direct Investment Expenses</b>							
Investments	141,509,151	157,945,281	154,618,910	172,161,871	179,887,610	16.3%	4.5%
Investments IEM Internal Management	193,470	451,628	993,700	993,250	1,298,850	30.7%	30.8%
<b>Total Direct Investment Expenses</b>	<b>141,702,621</b>	<b>158,396,909</b>	<b>155,612,610</b>	<b>173,155,121</b>	<b>181,186,460</b>	<b>16.4%</b>	<b>4.6%</b>
<b>Total</b>	<b>\$195,187,379</b>	<b>\$206,926,075</b>	<b>\$209,592,370</b>	<b>\$218,996,085</b>	<b>\$239,077,464</b>	<b>14.1%</b>	<b>9.2%</b>

2022 ADOPTED BUDGET

## ADDITIONS TO FUND BALANCES

	2020 Actual	2021 Budget	2021 Estimate	2022 Budget
<b>Revenues</b>				
<b>Contributions</b>				
Member Contributions	\$ 449,724,661	\$ 475,856,283	\$ 464,983,360	\$ 484,090,236
Employer Contributions	927,591,609	924,360,709	919,353,378	764,815,585
<b>Total Contributions</b>	<b>1,377,316,270</b>	<b>1,400,216,992</b>	<b>1,384,336,738</b>	<b>1,248,905,821</b>
<b>Investment Income</b>				
Investment Income	6,882,074,969	3,737,156,479	8,333,888,287	4,592,941,462
Less: Direct Investment Expense	(159,185,717)	(155,612,610)	(173,155,121)	(181,186,460)
<b>Net Investment Income</b>	<b>6,722,889,252</b>	<b>3,581,543,869</b>	<b>8,160,733,166</b>	<b>4,411,755,002</b>
<b>Miscellaneous Income</b>	<b>12,925</b>	<b>10,000</b>	<b>21,000</b>	<b>10,000</b>
<b>Total Additions</b>	<b>8,100,218,447</b>	<b>4,981,770,861</b>	<b>9,545,090,904</b>	<b>5,660,670,823</b>
<b>Expenses</b>				
Benefits (Paid)	2,546,495,284	2,775,805,882	2,740,833,462	2,775,805,882
Administrative Expenses	31,776,955	40,240,859	33,830,335	41,413,356
<b>Total Expenses</b>	<b>2,578,272,239</b>	<b>2,816,046,741</b>	<b>2,774,663,797</b>	<b>2,817,219,238</b>
<b>Net Increase (Decrease)</b>	<b>5,521,946,208</b>	<b>2,165,724,120</b>	<b>6,770,427,107</b>	<b>2,843,451,585</b>
<b>Net Position Restricted for Pensions Beginning of the Year</b>	<b>45,049,976,239</b>	<b>50,571,922,447</b>	<b>50,571,922,447</b>	<b>57,342,349,554</b>
<b>Net Position Restricted for Pensions End of the Year</b>	<b>\$50,571,922,447</b>	<b>\$52,737,646,567</b>	<b>\$57,342,349,554</b>	<b>\$60,185,801,139</b>

## 2022 ADOPTED CAPITAL ADDITIONS - SUMMARY

	Actual		Budget	Estimated	Adopted	2021 Adopted as a Percent Change Over 2020	
	2019	2020	2021	2021	2022	Budget	Estimate
Capital Purchases	\$ 11,092,757	\$ 12,280,561	\$7,170,665	\$7,514,583	\$11,790,208	64.4%	56.9%
Internally Generated Computer Software	3,678,715	2,835,145	6,487,854	4,496,046	4,687,440	(27.8%)	4.3%
<b>Total Capital Budget</b>	<b>\$14,771,472</b>	<b>\$15,115,706</b>	<b>\$13,658,519</b>	\$12,010,629	<b>\$16,477,648</b>	<b>20.6%</b>	<b>37.2%</b>

## 2022 ADOPTED CAPITAL ADDITIONS - DETAILS

Capital Purchases	
Horizon	\$ 13,776,648
Firewall Appliance Replacements	1,435,000
Quantum Tape Library Replacements	305,000
Dell M7000 Chassis (Disaster Recovery)	236,000
Video Conference (VTC) Upgrades (Oak Brook & Springfield)	231,000
Data Center Printer	150,000
Cisco Switch Replacements	121,500
Telephony Improvements (Disaster Recovery)	120,000
Dynamics 365 Customer Relationship Management (CRM)	50,000
Audio-Visual Replacement 5 Large Conference Room	38,500
Nice Cxone Hybrid WFO	14,000
<b>Total Capital Budget</b>	<b>\$16,477,648</b>

## 2022 CAPITAL PURCHASES

### Horizon Project

This multi-year project will replace our Spectrum system and complete the Horizon system. During 2022, work continues on Segment 5 of the project with planned go live of Horizon 1.0 in October 2022. Segment 6 will also start in 2022 for Horizon 1.1 to be completed in 2023. This will include configuring the software, testing, and training. The 2022 amount includes \$4,687,440 of internally generated costs that will be capitalized upon completion of the project.

Estimated purchase price

\$13,776,648

### Firewall Appliance Replacement

This request is to purchase 4 firewall appliances and a chassis to replace aging equipment purchased in 2016. With the introduction of newer technologies that continue to fulfill IMRF's modernization needs, these aging appliances are regularly experiencing performance issues as they are stretched to capacity. As a byproduct of the COVID-19 pandemic, IMRF was forced to expand our digital footprint by introducing more access to VPN, adding video conference meetings, and conducting more webinars.

IMRF has also continued to improve our Disaster Recovery (DR) posture with the introduction of data replication technologies. All of this digital traffic must traverse through the IMRF firewalls. These appliances are a key component in our lines of defense against cybersecurity threats that IMRF must deter daily to safeguard member, employer, and beneficiary information.

Estimated purchase price

\$1,435,000

### Quantum Tape Library Replacements

This request is to purchase and installation of 3 tape libraries. The existing tape libraries installed in both Oak Brook and our Disaster Recovery (DR) site are reaching end of life. IMRF uses these appliances to write crucial data backups to tape so we can then store these tapes externally. With significant data growth anticipated as a result of Horizon, the new tape libraries must also be capable of writing to tape quicker than before to meet our daily backup objectives. These components also remain key to our data loss prevention strategy against emerging cybersecurity threats.

Estimated purchase price

\$305,000

### Server Chassis and Software License

In the 2021 budget, IMRF budgeted for 3 Dell M7000 server chassis's. 2 MX7000 Chassis for the Oak Brook office has purchased, however the final chassis for the DR site will not be purchased until late in the year due to other priorities as well as necessary site prep work. This request is to rebudget part of those funds in 2022 should the vendors experience issues with delivery caused by interruptions to the supply chain as a result of the COVID-19 pandemic. If the delivery occurs within 2021, then these capital funds may potentially go unused in 2022.

This will be the second chassis to be purchased for the DR site and will add compute power for the upcoming replication of the Horizon environments in 2022. We will also need to purchase an additional 16 CPUs of VMware vSphere licensing to support this as VMware's license model does not allow the re-use of licensing in high availability/standby environments.

Estimated purchase price

\$236,000

## Video Conference (VTC) Upgrades (Oak Brook & Springfield)

Several Audio-Video (AV) components installed in the Oak Brook boardroom and the Springfield conference room are outdated and are reaching end of support. This request is to upgrade both conference rooms with a newer, more user-friendly layout that facilitates the use of Microsoft Teams, Zoom, or other similar software for IMRF staff to utilize for virtual meetings. In the Oak Brook boardroom, we will also be seeking to add the capability to live stream meetings to the public when needed. This will require the hiring of a consultant that will guide IMRF through testing various available streaming services to ensure that IMRF's future live streaming needs are met. In the Springfield conference room, the previously installed AV hardware poses several trip hazards due to exposed wiring. This purchase will eliminate this hazard by having additional ports terminated on the conference room table's cable wells as part of the AV component refresh.

Estimated purchase price

\$231,000

## Data Center Printer

This request is for a replacement Data Center printer that will continue to support the printing of IMRF branded documentation.

Estimated purchase price

\$150,000

## Cisco Switch Replacements

This request is for the replacement of various current Cisco Catalyst switches that will reach end of life (EOL) in October 2021. The current equipment is also no longer supported or updated as of July 2021. IMRF depends on these appliances to interconnect devices within the network. We also must ensure that we continue to receive updated firmware and support for these network devices as we remain vigilant to protect our assets against cyber threats.

Estimated purchase price

\$121,000

## Telephony Improvements (Disaster Recovery)

This request is to purchase to improve the telephony architecture at our DR site. While the existing solution would ultimately provide basic phone service at a metro center, we would like to modernize this to a solution that would allow for registration of phones via VPN connectivity at our DR site while also replicating the primary telephony server functions that currently provide calling, call monitoring, call recording, voicemail, and call reporting in a DR scenario.

Estimated purchase price

\$120,000

## Dynamics 365 Customer Relationship Management (CRM)

The renewal of Microsoft's Stock Keeping Unit (SKU) for Software Assurance (SA) of existing Dynamics CRM on-premise licensing changed as of January 2020. Throughout the rest of the year, we attempted to work with our reseller to re-establish the SA for our licensing however, Microsoft denied a grace period extension. Final notification of this denial was received in December 2020. This upcoming purchase is to procure new licensing and re-establish SA for IMRF's Dynamics CRM server licensing. Software Assurance is needed for multiple reasons, including disaster recovery/failover rights, license mobility, and new version rights for eventually upgrading our upcoming Horizon on-premise servers from Dynamics CRM 2016 to Dynamics 365.

Estimated purchase price

\$50,000

## Audio-Visual Replacement 5 Large Conference Room

This request is to rebudget 2021 capital funds for the replacement of the audio visual equipment in the large conference room on the 5th floor off the Oak Brook office due to concerns with interruptions to the supply chain and the potential completion timeline for this project reaching into 2022. The current equipment was installed in 2014 and has parts failing for which replacements have become unavailable. The projectors and control panel require replacement soon as well. The typical lifespan for AV equipment is 7 years and this equipment will soon be reaching its 8th year of usability.

Estimated purchase price

\$38,500

## Call Recording Software

IMRF's existing call recording software, Nice Uptivity, will reach End of Life (EOL) on June 30, 2022. Upgrading to the latest version will only extend the EOL date by 1 year. Therefore, we will seek to migrate to the next product release, Nice CXone Hybrid Workforce Optimization (WFO). This will allow us to continue to receive updates and support for this software used by the Contact Center to provide quality assurance to our members, employers, and their beneficiaries.

Estimated purchase price

\$14,000

## LONG-TERM CAPITAL PLAN (Five years)

IMRF's 5 year capital plan is a planning tool that gives a snapshot into the next 5 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
2023	Horizon	IS and Provaliant	7,156,799
	Vehicles (3)	Field Services	70,000
	Digital Copier	Office Services	12,500
2024	Computer Room Air Conditioning Units (2)	Information Services	350,000
	Vehicles (3)	Field Services	70,000
	Digital Copiers (2)	Office Services	25,000
2025	Air Conditioning Units (2)	Information Services	350,000
	Digital Copiers (3; 2 Oak Brook, 1 Springfield)	Office Services	37,500
2026	Air Conditioning Units (2)	Information Services	350,000
2027	Vehicles (3)	Field Services	76,000
<b>Total 5 Year Capital Plan</b>			<b>\$ 8,497,799</b>

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

## ANALYSIS OF 2022 BUDGET TO 2021 ESTIMATED ACTUAL VARIANCES

		Percentage Change
2022 Adopted Budget	\$ 41,413,356	
2021 Estimated Actual	33,830,335	
<b>Increase</b>	<b>\$ 7,583,021</b>	<b>22.4%</b>

### Expense Variations by Major Expense Category

Percent of Total Budget		Increase (Decrease)	% Change
46.9%	<p><b>Salaries</b> The increase in the 2022 budget versus the estimated 2021 reflects the impact of the 2022 compensation plan which provides for a 3.0% base salary adjustment and a 1.0% average discretionary. The estimated increase due to the compensation plan is \$1,490 thousand. Overtime, accrued absences, and temporary services will add an additional \$27, \$69, and \$866 thousand, respectively. These increases are offset by a \$1,484 thousand decrease 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>	\$968,302	5.3%
14.7%	<p><b>Fringe Benefits</b> The majority of the increase in the 2022 budget versus the 2021 estimated actual is due to the increase of \$2.5 million in GASB 68 pension expense. Offsetting this are increases in the amount of capitalized fringe benefits related to internally developed software for the Horizon Project/Modernization Program of \$417 thousand and \$419 thousand less in health and dental insurance.</p>	1,677,992	38.0%
3.0%	<p><b>Personnel Costs - Indirect</b> The majority of this increase, \$294 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 \$112 thousand increase in conferences when comparing to the 2021 estimated. Additionally there is an \$105 increase in Field Services travel. While these increases seem large, all of these areas are under budget for 2021 due to the COVID-19 pandemic.</p>	576,428	88.1%
5.6%	<p><b>Consulting Services</b> This increase in the 2022 budget versus the 2021 estimated is being driven by a \$317 thousand increase in Horizon consulting services. As well as \$86 thousand and \$83 thousand increases in medical consultants and salary surveys, respectively. This is offset by an \$112 thousand decrease for actuarial services</p>	408,508	21.5%
6.8%	<p><b>Facility Expenses</b> The majority of this increase, \$92 thousand, is related to increases in telephone and internet fees and \$66 thousand for building rent and operating expenses. In addition, we anticipate a \$40 thousand increase in disaster recovery and offsite storage costs.</p>	203,300	8.1%
5.3%	<p><b>Commodities &amp; Services</b> The major increase in this area is due to cybersecurity consulting and postage and delivery - \$359 thousand and \$314 thousand respectively. There is also an increase of \$196 thousand office and computer supplies as more and more staff are returning to the office from working remotely.</p>	950,734	65.3%
16.4%	<p><b>Equipment</b> The majority of the increase here is due to an increase of \$1,016 thousand and \$382 thousand in software and equipment maintenance costs, respectively. Also, an increase in depreciation expense of \$1,228 thousand in anticipation of the Horizon project going into service in November 2022.</p>	2,677,608	65.1%
1.1%	<p><b>Miscellaneous</b> This increases in this area relate to trustee expenses and employer reimbursements of \$63 thousand and \$57 thousand in insurance costs.</p>	120,149	36.0%
<b>100%</b>		<b>\$ 7,583,021</b>	<b>22.4%</b>

## ANALYSIS OF 2022 BUDGET TO 2021 BUDGET VARIANCES

		Percentage Change
2022 Adopted Budget	\$ 41,413,356	
2021 Adopted Actual	40,240,859	
<b>Increase</b>	<b>\$ 1,172,497</b>	<b>2.9%</b>

### Expense Variations by Major Expense Category

Percent of Total Budget		Increase (Decrease)	% Change
46.9%	<p><b>Salaries</b></p> <p>The increase in the 2022 budget versus the 2021 budget reflects the impact of the 2022 compensation plan which provides for a 3.0% base salary adjustment and a 1.0% average discretionary. The estimated increase due to the compensation plan is \$681 thousand. Overtime and temporary services will add an additional \$9 and \$428 thousand, respectively. These increases are offset by a \$198 thousand decrease in accrued absences and a \$161 thousand decrease 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>	\$ 758,626	4.1%
14.7%	<p><b>Fringe Benefits</b></p> <p>The decrease in the 2022 budget versus the 2021 budget is being driven by a \$500 thousand decrease in GASB 68 pension expense and \$133 thousand decrease in IMRF employer contributions due to a lowering of the employer contribution rate for 2022. This is offset by an increase in payroll taxes based on the increase in compensation as explained above of \$56 thousand.</p>	(553,073)	(8.3)%
3.0%	<p><b>Personnel Costs - Indirect</b></p> <p>The 2022 budget contains a \$70 thousand decrease in Field Services costs and \$8 thousand in travel and training. This is offset by increases in recruitment and conferences of \$12 thousand and \$10 thousand, respectively.</p>	(53,819)	(4.2)%
5.6%	<p><b>Consulting Services</b></p> <p>This decrease in the 2022 budget versus the 2021 budget is being driven by the \$125 thousand decrease for actuarial expenses. Also decreasing are expected costs for auditing and the Horizon Project consulting expenses of \$15 thousand each. These are offset by the increase in salary surveys of \$83 thousand.</p>	(81,628)	(3.4)%
6.6%	<p><b>Facility Expenses</b></p> <p>Increases in this category are related to a \$34 thousand increase in rent and \$27 thousand in operating expenses. Also projected to increase are telephone and internet costs by \$61 thousand. These are offset by decreases in building renovations by \$33 thousand, and disaster recovery expenses by \$36 thousand.</p>	56,497	2.1%
5.8%	<p><b>Commodities &amp; Services</b></p> <p>The major increases in this area are related to mail presort and permirt costs, \$176 thousand, cybersecurity consulting, \$74 thousand, office and computer supplies, \$51 thousand, and check stock and forms purchases, \$47 thousand. This is offset by a decrease in newsletters of \$150 thousand.</p>	220,144	10.1%
16.4%	<p><b>Equipment</b></p> <p>The majority of the increase here is due to a \$810 thousand increase in depreciation in anticipation of the Horizon Project going into service in November 2022. Also increasing are equipment and software maintenance costs by \$93 thousand and \$509 thousand, respectively. This is offset by a \$640 thousand reduction in expendable equipment purchases.</p>	773,625	12.9%
1.1%	<p><b>Miscellaneous</b></p> <p>This increase is due to \$53 thousand increase in insurance premiums mostly from cybersecurity insurance, \$42 thousand.</p>	52,125	13.0%
<b>100.0%</b>		<b>\$ 1,172,497</b>	<b>2.9%</b>

IMRF provides a lifetime of income security. The foundation is a traditional defined benefit pension. An IMRF pension is calculated based on a member's wages and years of service. The pension is payable for life. Unlike a defined contribution retirement account, an IMRF member can never outlive his or her pension.

IMRF also provides protection if a member becomes disabled. When an IMRF member passes away, death benefits are payable to those left behind.

# IMRF PROVIDES RETIREMENT, DISABILITY & DEATH BENEFITS



# 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.

<b>64</b>	Condensed 2022 Budget Comparison
<b>66</b>	Board of Trustees
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## CONDENSED 2022 BUDGET COMPARISON

The table below provides a synopsis of the 2022 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 2021 budget and 2021 estimated amounts are also provided.

### 2022 Budget Summary by Department

	2021 Budget	2021 Estimated	2022 Budget w/o Horizon Costs	2022 Budget w/o Horizon Increase/ (Decrease) over 2021 Budget	Percent
<b>Administrative Expense</b>					
Administration	\$ 445,084	\$ 428,120	\$ 461,647	\$ 16,563	3.7%
Benefits	1,117,864	1,088,844	1,086,103	(31,761)	(2.8)%
Board of Trustees	150,000	86,650	150,000	-	0.0%
Communications	1,104,362	917,990	736,932	(367,430)	(33.3)%
Customer Service	148,344	140,528	154,190	5,846	3.9%
Disability	1,000,238	880,713	941,299	(58,939)	(5.9)%
Field Services	1,288,941	768,264	1,098,126	(190,815)	(14.8)%
Finance	9,685,503	6,535,141	9,239,438	(446,065)	(4.6)%
Human Resources	3,445,225	3,991,614	3,451,183	5,958	0.2%
Information Services	9,689,867	8,303,900	8,225,480	(1,464,387)	(15.1)%
Internal Audit	948,812	884,450	606,759	(342,053)	(36.1)%
Investments	2,093,451	1,619,935	2,056,330	(37,121)	(1.8)%
Investments - Internally Managed Portfolio (IMP)	825,688	799,773	812,972	(12,716)	(1.5)%
Legal	2,750,689	2,511,545	3,399,022	648,333	23.6%
Member Services	1,662,801	1,703,705	1,710,025	47,224	2.8%
Office Services	3,338,438	2,808,444	3,147,022	(191,416)	(5.7)%
Organizational Excellence	545,552	360,719	628,151	82,599	15.1%
<b>Sub-total</b>	<b>40,240,859</b>	<b>33,830,335</b>	<b>37,904,679</b>	<b>(2,336,180)</b>	<b>(5.8)%</b>
<b>Direct Investment Expense</b>					
Investments	154,618,910	172,161,871	179,887,610	25,268,700	16.3%
Investments - Equity Internal Mngement (EIM)	993,700	993,250	1,298,850	305,150	30.7%
<b>Sub-total</b>	<b>155,612,610</b>	<b>173,155,121</b>	<b>181,186,460</b>	<b>25,573,850</b>	<b>16.4%</b>
<b>Total</b>	<b>\$ 195,853,469</b>	<b>\$ 206,985,456</b>	<b>\$ 219,091,139</b>	<b>\$ 23,237,670</b>	<b>11.9%</b>

## CONDENSED 2022 BUDGET COMPARISON - CONTINUED

2022 Budget Incremental Increase Due to Horizon	2022 Aggregate Budget with Horizon	2022 Aggregate Budget Increase/ (Decrease) over 2021 Budget	Percent	2022 Aggregate Budget Increase over 2021 Estimate	Percent
\$ -	\$ 461,647	\$ 16,563	3.7%	\$ 33,527	7.8%
-	1,086,103	(31,761)	(2.8)%	(2,741)	(0.3)%
-	150,000	-	0.0%	63,350	73.1%
656,950	1,393,882	289,520	26.2%	475,892	51.8%
-	154,190	5,846	3.9%	13,662	9.7%
-	941,299	(58,939)	(5.9)%	60,586	6.9%
-	1,098,126	(190,815)	(14.8)%	329,862	42.9%
532,374	9,771,812	86,309	0.9%	3,236,671	49.5%
45,000	3,496,183	50,958	1.5%	(495,431)	(12.4)%
2,236,853	10,462,333	772,466	8.0%	2,158,433	26.0%
-	606,759	(342,053)	(36.1)%	(277,691)	(31.4)%
-	2,056,330	(37,121)	(1.8)%	436,395	26.9%
-	812,972	(12,716)	(1.5)%	13,199	1.7%
-	3,399,022	648,333	23.6%	887,477	35.3%
37,500	1,747,525	84,724	5.1%	43,820	2.6%
-	3,147,022	(191,416)	(5.7)%	338,578	12.1%
-	628,151	82,599	15.1%	267,432	74.1%
<b>3,508,677</b>	<b>41,413,356</b>	<b>1,172,497</b>	<b>2.9%</b>	<b>7,583,021</b>	<b>22.4%</b>
-	179,887,610	25,268,700	16.3%	7,725,739	4.5%
-	1,298,850	305,150	30.7%	305,600	30.8%
-	<b>181,186,460</b>	<b>25,573,850</b>	<b>16.4%</b>	<b>8,031,339</b>	<b>4.6%</b>
<b>\$ 3,508,677</b>	<b>\$ 222,599,816</b>	<b>\$ 26,746,347</b>	<b>13.7%</b>	<b>\$ 15,614,360</b>	<b>7.5%</b>

## 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

#### Key Result Area: Financial Health and Operational Excellence

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

#### The 2021 Board of Trustees include:

**Gwen Henry, President**

**Tom Kuhne**

**Natalie Copper, Vice President**

**David Miller**

**Sue Stanish, Secretary**

**Tracie Mitchell**

**Louis Kosiba**

**Peter Stefan**

#### Board of Trustees – Budget

Expense Classification	Account No.	Actual 2019	Actual 2020	Budget 2021	Estimated 2021	Budget 2022
<b>Commodities &amp; Services</b>						
Publications & Dues	5535	\$ 3,835	\$ 2,454	\$5,000	\$ 4,800	\$5,000
<b>Total Personnel Costs - Direct</b>		<b>3,835</b>	<b>2,454</b>	<b>5,000</b>	<b>4,800</b>	<b>5,000</b>
<b>Miscellaneous</b>						
Trustee Employer Reimbursement	5580	16,979	24,874	50,000	30,000	49,500
Trustee Reimbursement & Education	5581	66,835	8,789	90,000	46,850	90,000
Trustee Elections	5582	0	215,916	5,000	5,000	5,500
<b>Total Miscellaneous</b>		<b>83,814</b>	<b>249,579</b>	<b>145,000</b>	<b>81,850</b>	<b>145,000</b>
<b>Total Expenses</b>		<b>\$ 87,649</b>	<b>\$ 252,033</b>	<b>\$ 150,000</b>	<b>\$ 86,650</b>	<b>\$ 150,000</b>
<b>2022 Percent Change</b>						<b>0.0%</b>

## 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

#### Key Result Area: Operational Excellence

- Support and adhere to the Strategic Plan for the current fiscal year.
- Meet with IMRF members, employers and legislators to promote the IMRF brand.
- Support and manage our modernization efforts (Horizon Project)

#### Key Result Area: Financial Health

- Provide and support a balanced budget.

### Administration Department – Organization Chart



### Administration – Budget

Expense Classification	Account No.	Actual 2019	Actual 2020	Budget 2021	Estimated 2021	Budget 2022	Budget with Horizon 2022
<b>Personnel Costs - Direct</b>							
Salaries	5501	\$391,508	\$393,646	\$396,084	\$404,320	\$414,647	\$414,647
<b>Total Personnel Costs - Direct</b>		<b>391,508</b>	<b>393,646</b>	<b>396,084</b>	<b>404,320</b>	<b>414,647</b>	<b>414,647</b>
<b>Personnel Costs - Indirect</b>							
Travel & Training	5507	4,394	1,276	14,000	6,000	14,000	14,000
Conferences & Meetings	5517	8,409	495	8,000	1,600	8,000	8,000
<b>Total Personnel Costs - Indirect</b>		<b>12,803</b>	<b>1,771</b>	<b>22,000</b>	<b>7,600</b>	<b>22,000</b>	<b>22,000</b>
<b>Commodities &amp; Services</b>							
Publications & Dues	5535	25,432	8,262	25,000	14,000	20,000	20,000
Other Services	5540	27,535	1,000	0	0	0	0
<b>Total Commodities &amp; Services</b>		<b>52,967</b>	<b>9,262</b>	<b>25,000</b>	<b>14,000</b>	<b>20,000</b>	<b>20,000</b>
<b>Equipment</b>							
Auto Maintenance & Expenses	5576	1,169	1,471	2,000	2,200	5,000	5,000
<b>Total Equipment</b>		<b>1,169</b>	<b>1,471</b>	<b>2,000</b>	<b>2,200</b>	<b>5,000</b>	<b>5,000</b>
<b>Total Expenses</b>		<b>\$458,447</b>	<b>\$406,150</b>	<b>\$445,084</b>	<b>\$428,120</b>	<b>\$461,647</b>	<b>\$461,647</b>
<b>2022 Percent Change</b>						<b>3.7%</b>	<b>3.7%</b>

## 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 10 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

#### Key Result Area: Customer Engagement

- Process benefit applications accurately and in a timely manner according to department identified standards.

#### Key Result Area: Workforce Engagement

- Support Modernization and shift responsibilities as necessary to complete core tasks.

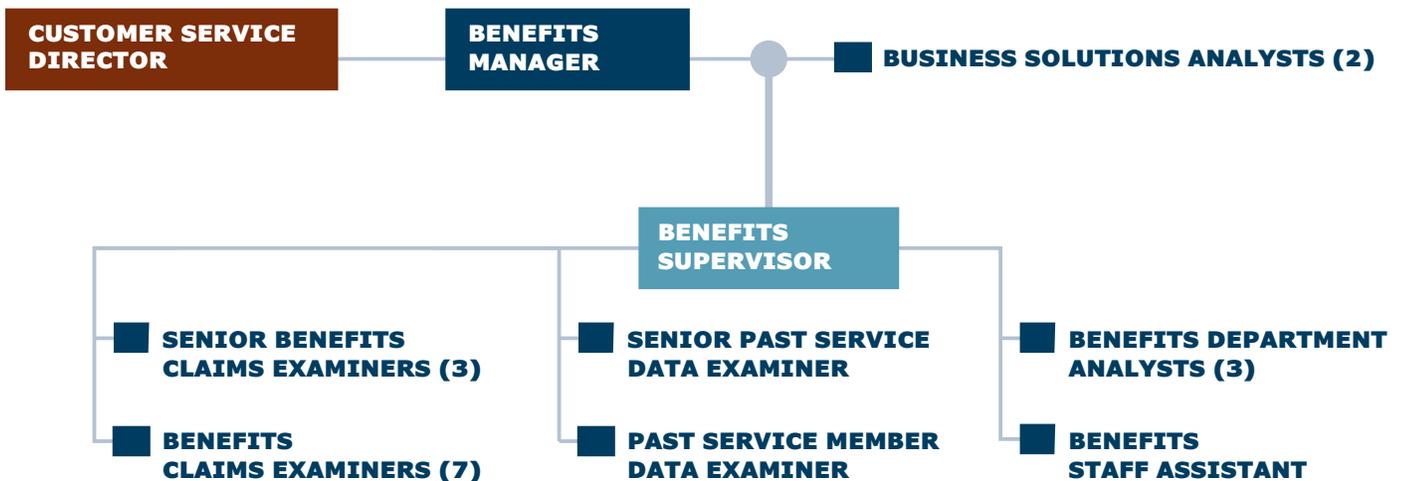
#### Key Result Area: Financial Health

- Work with the Finance department to support the SOC-1 audit.

#### Key Result Area: Operational Excellence

- 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	2016	2017	2018	2019	2020 *	2021 YTD
Average Processing Time (days) for all claim types	7.43	7.89	7.36	9.04	31.10	19.82
Financial Accuracy (M)	99.9%	90.0%	96.7%	97.8%	98.3%	97.8%
Financial Accuracy (A)	99.1%	94.7%	96.0%	99.0%	99.0%	99.5%
Procedural Accuracy (M)	99.1%	78.3%	87.4%	95.5%	96.5%	100.0%
Procedural Accuracy (A)	98.8%	88.6%	92.7%	97.0%	97.4%	97.8%

M = Manual

A = Automated

\* During this time period, only four Benefits Examiners processed all the incoming claims due to the COVID-19 pandemic.

## Benefits Department – Budget

Expense Classification	Account No.	Actual 2019	Actual 2020	Budget 2021	Estimated 2021	Budget 2022	Budget with Horizon 2022
<b>Personnel Costs - Direct</b>							
Salaries	5501	\$1,452,120	\$1,068,335	\$1,112,094	\$1,086,644	\$1,080,553	\$1,080,553
<b>Total Personnel Costs - Direct</b>		<b>1,452,120</b>	<b>1,068,335</b>	<b>1,112,094</b>	<b>1,086,644</b>	<b>1,080,553</b>	<b>1,080,553</b>
<b>Personnel Costs - Indirect</b>							
Travel & Training	5507	566	515	4,020	2,200	4,550	4,550
Conferences & Meetings	5517	2,020	0	1,750	0	1,000	1,000
<b>Total Personnel Costs - Indirect</b>		<b>2,586</b>	<b>515</b>	<b>5,770</b>	<b>2,200</b>	<b>5,550</b>	<b>5,550</b>
<b>Consulting Services</b>							
Medical & Field Investigations	5516	112,679	51,363	0	0	0	
<b>Total Consulting Services</b>		<b>145,849</b>	<b>112,679</b>	<b>98,000</b>	<b>37,895</b>	<b>0</b>	
<b>Total Expenses</b>		<b>\$1,506,069</b>	<b>\$1,068,850</b>	<b>\$1,117,864</b>	<b>\$1,088,844</b>	<b>\$1,086,103</b>	<b>\$1,086,103</b>
<b>2022 Percent Change</b>						<b>(2.8)%</b>	<b>(2.8)%</b>

# 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

### Key Result Area: Financial Health

- Educate members, employers, and external stakeholders about IMRF’s 100% funding principle.

### Key Result Area: Customer Engagement

- Educate members and employers about IMRF’s benefits program.

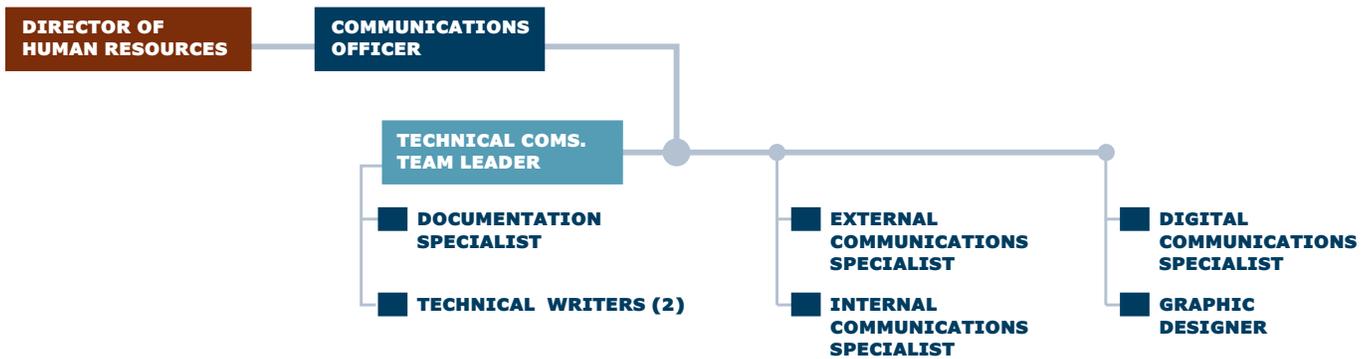
### Key Result Area: Workforce Engagement

- Manage internal knowledge assets, share organizational news, and promote IMRF’s Mission, Vision, and Values with IMRF staff.

### 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

Measures	2016	2017	2018	2019	2020	2021 YTD
Open rate Employer Digest newsletter	43.0%	46.9%	46.5%	49.1%	46.0%	42.0%

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	2016	2017	2018	2019	2020	2021 YTD
Total page views at www.imrf.org	6,916,512	7,557,570	7,971,477	8,219,514	9,418,749	8,449,220

## Key Result Area: Workforce Engagement

Measures	2016	2017	2018	2019	2020	2021 YTD
Staff intranet total page views	113,554	113,633	439,511	485,857	338,823	257,119
Open rate IMRF Update newsletter	77.0%	80.1%	82.2%	80.0%	61.0%	45.0%

## Communications Department – Budget

Expense Classification	Account No.	Actual 2019	Actual 2020	Budget 2021	Estimated 2021	Budget 2022 w/out Horizon	Budget with Horizon 2022
<b>Personnel Costs - Direct</b>							
Salaries	5501	\$530,675	\$681,684	\$543,947	\$713,975	\$574,227	\$594,227
Professional Services – Temps	5503	20,663	45,178	406,000	70,000	0	636,950
<b>Total Personnel Costs - Direct</b>		<b>551,338</b>	<b>726,862</b>	<b>949,947</b>	<b>783,975</b>	<b>574,227</b>	<b>1,231,177</b>
<b>Personnel Costs - Indirect</b>							
Travel and Training	5507	2,913	3,294	11,425	11,175	13,525	13,525
Conferences & Meetings	5517	6,487	1,474	16,150	7,000	9,925	9,925
<b>Total Personnel Costs - Indirect</b>		<b>9,400</b>	<b>4,768</b>	<b>27,575</b>	<b>18,175</b>	<b>23,450</b>	<b>23,450</b>
<b>Public Relations Services</b>							
Public Relations	5519	1,265	3,251	1,500	1,500	1,500	1,500
<b>Total Public Relations Services</b>		<b>1,265</b>	<b>3,251</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>
<b>Commodities &amp; Services</b>							
Forms & Informational Materials	5532	182,377	116,022	117,950	110,950	108,950	108,950
Publications & Dues	5535	4,343	1,345	3,090	3,090	1,430	1,430
Professional Services – Other	5540	0	2,000	4,000	0	27,000	27,000
<b>Total Commodities &amp; Services</b>		<b>186,720</b>	<b>119,367</b>	<b>125,040</b>	<b>114,040</b>	<b>137,380</b>	<b>137,380</b>
<b>Equipment</b>							
Expendable Equipment	5575	702	0	300	300	375	375
<b>Total Equipment</b>		<b>702</b>	<b>0</b>	<b>300</b>	<b>300</b>	<b>375</b>	<b>375</b>
<b>Total Expenses</b>		<b>\$749,425</b>	<b>\$854,248</b>	<b>\$1,104,362</b>	<b>\$917,990</b>	<b>\$736,932</b>	<b>\$1,393,882</b>
<b>2022 Percent Change</b>						<b>(33.3)%</b>	<b>26.2%</b>

## 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

#### Key Result Area: Customer Engagement and Operational Excellence

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

### Customer Service – Organization Chart



### Customer Service– Performance Measures

Measurements	2016	2017	2018	2019	2020	2021 YTD
Member Transaction Engagement (NPS)	86.30	87.10	87.14	86.63	82.27	83.83
Member Workshop Engagement (NPS)	0.96	0.95	92.85	92.45	89.00	86.55
Member Transaction Satisfaction	97.60%	97.35%	97.31%	97.32%	96.99%	96.48%
Member Workshop Satisfaction	99.20%	99.76%	99.61%	99.59%	97.09%	97.22%
Member Transaction Customer Effort	95.50%	95.10%	94.90%	94.90%	94.19%	93.53%
Member Workshop Customer Effort	97.90%	99.50%	99.90%	99.80%	95.96%	95.72%
Member Transaction Dissatisfaction	1.30%	1.12%	1.40%	1.41%	1.68%	1.90%
Member Workshop Dissatisfaction	0.30%	0.00%	0.10%	0.16%	1.64%	0.64%
Cobalt Overall Percentile Rank	100%	100%	100%	100%	80%	80%
Employer Transaction Engagement (NPS)	75.60	82.00	80.65	79.23	79.80	81.53
Employer Workshop Engagement (NPS)	94.10	95.20	93.16	90.57	88.04	87.29
Employer Transaction Satisfaction	93.90%	95.79%	96.03%	95.33%	94.48%	95.28%
Employer Workshop Satisfaction	99.70%	98.87%	98.64%	99.20%	97.42%	96.76%
Employer Transaction Customer Effort	90.70%	91.20%	92.20%	90.90%	89.90%	91.13%
Employer Workshop Customer Effort	99.40%	99.70%	99.60%	91.80%	96.57%	93.55%
Employer Transaction Dissatisfaction	1.10%	0.85%	0.83%	0.90%	1.21%	0.94%
Employer Workshop Dissatisfaction	0.00%	0.28%	0.19%	0.20%	0.00%	0.81%

## Customer Service – Budget

Expense Classification	Account No.	Actual 2019	Actual 2020	Budget 2021	Estimated 2021	Budget 2022 w/out Horizon	Budget with Horizon 2022
<b>PERSONNEL COSTS - DIRECT</b>							
Salaries	5501	\$351,317	\$140,543	\$138,494	\$140,079	\$144,040	\$144,040
		<b>351,317</b>	<b>140,543</b>	<b>138,494</b>	<b>140,079</b>	<b>144,040</b>	<b>144,040</b>
<b>PERSONNEL COSTS - INDIRECT</b>							
Travel & Training	5507	3,417	23	3,600	0	3,600	3,600
Conferences & Meetings	5517	16,362	395	5,750	0	6,050	6,050
		<b>19,779</b>	<b>418</b>	<b>9,350</b>	<b>0</b>	<b>9,650</b>	<b>9,650</b>
<b>CONSULTING SERVICES</b>							
Process Improvement / Scorecarding	5514	159,203	0	0	0	0	0
		<b>159,203</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>COMMODITIES &amp; SERVICES</b>							
Publications & Dues	5535	267	0	500	449	500	500
Professional Services - Other	5540	118,622	0	0	0	0	0
		<b>118,889</b>	<b>0</b>	<b>500</b>	<b>449</b>	<b>500</b>	<b>500</b>
<b>Total Expenses</b>		<b>\$649,188</b>	<b>\$140,961</b>	<b>\$148,344</b>	<b>\$140,528</b>	<b>\$154,190</b>	<b>\$154,190</b>
<b>2022 Percent Change</b>						<b>3.9%</b>	

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

## DISABILITY DEPARTMENT

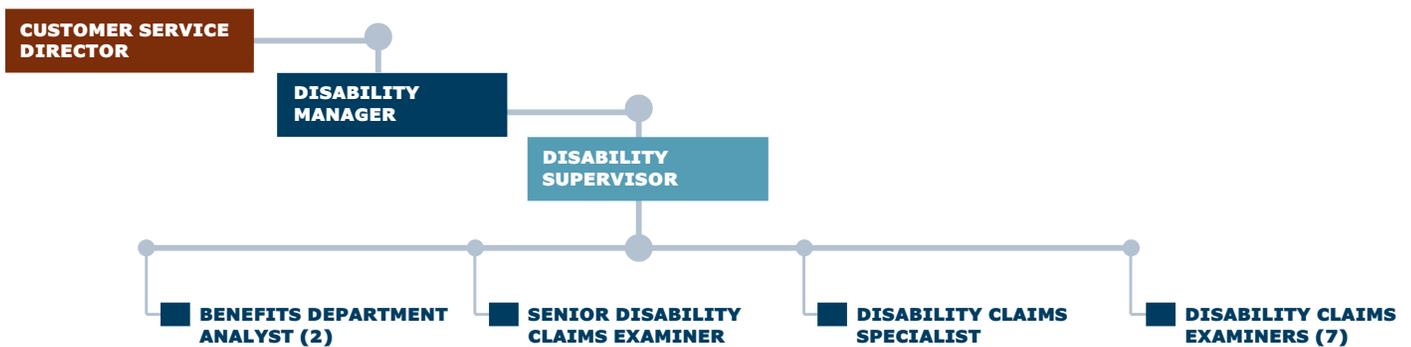
The Disability department is led by one manager and one supervisor. Two analysts assist in the day-to-day activities, and approximately 9 specialists and examiners process claims. The department serves IMRF’s members, and employers by providing information and services related to all aspects of disability application processing.

### Goals and Objectives

#### Key Result Area: Customer Engagement and Operational Excellence

- Process benefit applications accurately and in a timely manner according to department identified standards.
- Support Modernization and shift responsibilities as necessary to complete core tasks.
- Work with the Finance department to support the SOC-1 audit.
- 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	2016	2017	2018	2019	2020	2021 YTD
Average processing time for all claim types (days)	7.43	7.89	7.36	8.20	4.70	5.01
Financial accuracy (M)	99.9%	90.0%	96.7%	98.1%	99.0%	100.0%
Financial accuracy (A)	99.1%	94.7%	96.0%	99.3%	100.0%	94.2%
Procedural accuracy (M)	99.1%	78.3%	87.4%	98.1%	97.4%	100.0%
Procedural accuracy (A)	98.8%	88.6%	92.7%	97.7%	100.0%	98.4%

M = Manual

A = Automated

## Disability Department – Budget

Expense Classification	Account No.	Actual 2019	Actual 2020	Budget 2021	Estimated 2021	Budget 2022 w/out Horizon	Budget with Horizon 2022
<b>Personnel Costs - Direct</b>							
Salaries	5501	\$383,584	\$885,244	\$862,218	\$838,163	\$805,549	\$805,549
<b>Total Personnel Costs - Direct</b>		<b>383,584</b>	<b>885,244</b>	<b>862,218</b>	<b>838,163</b>	<b>805,549</b>	<b>805,549</b>
<b>Personnel Costs - Indirect</b>							
Travel	5507	-	795	6,150	800	6,750	6,750
Conferences & Meetings	5517	-	-	3,670	-	1,000	1,000
<b>Total Personnel Costs - Indirect</b>		<b>-</b>	<b>795</b>	<b>9,820</b>	<b>800</b>	<b>7,750</b>	<b>7,750</b>
<b>Consulting Services</b>							
Medical & Field Investigations	5516	13,654	28,248	128,000	41,750	128,000	128,000
<b>Total Consulting Services</b>		<b>13,654</b>	<b>28,248</b>	<b>128,000</b>	<b>41,750</b>	<b>128,000</b>	<b>128,000</b>
<b>Commodities &amp; Services</b>							
Publications & Dues	5535	-	-	100	50	200	-
<b>Total Commodities &amp; Services</b>		<b>-</b>	<b>-</b>	<b>100</b>	<b>50</b>	<b>200</b>	<b>-</b>
<b>Total Expenses</b>		<b>\$397,238</b>	<b>\$914,337</b>	<b>\$1,000,238</b>	<b>\$880,713</b>	<b>\$941,299</b>	<b>\$941,299</b>
<b>2022 Percent Change</b>						<b>(5.9)%</b>	<b>(5.9)%</b>

Created due to 2019 reorganization.

## FIELD SERVICES DEPARTMENT

The Field Services Department is led by one Manager and one Team Leader. Within the department, one Business Solution Analyst focuses on support of the Horizon Project, one Field Services Analyst supports department operations, and four Field Services Representatives provide assistance to IMRF members and employers through webinars, GoTo Meetings, phone counseling sessions and more.

### Goals and Objectives

#### Key Result Area: Financial Health

- Educate employers and members on IMRF's 100% funding principle.
- Educate employers on financial documents: Reserve Statement, GASB68 and Rate Notice.

#### Key Result Area: Customer Engagement

- Review/Develop /innovate appropriate measures for employer engagement and improve engagement levels through education, communication strategy, and excellent customer service.
- Provide consistent information to our customers though high quality programs.
  - Webinars for Members and Employers: Pre-Retirement, Glass Half Full and Authorized Agent Modules.
  - GoTo Meeting: member presentations and meetings for Employers and their Members
  - Phone Personal Benefit Reviews (individual counseling sessions)
  - In-person Personal Benefits Review: 1-1 meetings (postponed due to COVID-19)
  - In-Person Member and Employer Workshops (postponed due to COVID-19)
  - Communicate survey results with our customers and implement improvements.

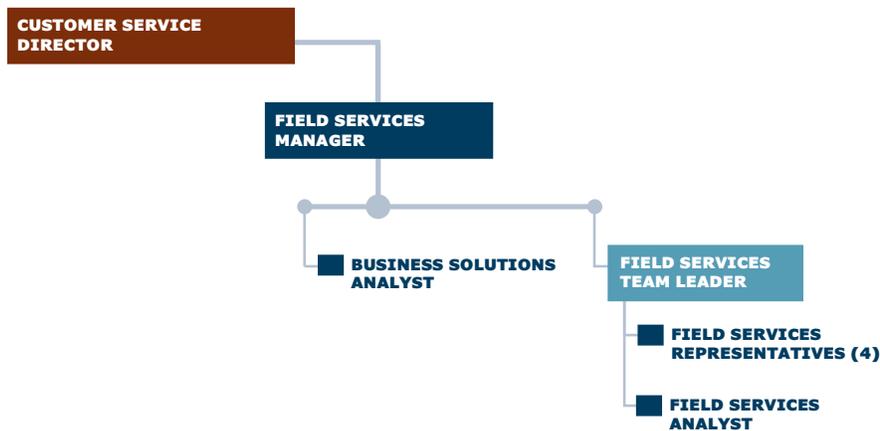
#### Key Result Area: Workforce Engagement

- Research field operations best practices and implement an approach to improve operations and metrics to reach top decile performance goals for all customer goals.

#### Key Result Area: Operational Excellence

- Monthly Voice of the customer Meetings; identify best practices and Opportunities for Improvement (OFI).
- Implement and Communicate survey results with our customers to implement improvements.

### Member & Field Services Department – Organization Chart



### Member & Field Services – Performance Measures

Member Performance Measures	2016	2017	2018	2019	2020	2021 YTD
Member webinar workshop engagement (NPS)	95.8	93.8	93.4	92.5	89.0	93.9
Member webinar workshop overall satisfaction	99.2%	99.8%	99.6%	99.6%	97.1%	98.9%
Target for engagement (NPS)	N/A	N/A	>76.8	>76.8	>76.8	>76.8
Target for overall satisfaction	>90%	>90%	>90%	>90%	>90%	>90%

Results	2016	2017	2018	2019	2020	2021 YTD
Employer webinar workshop engagement (NPS)	94.1	95.2	93.7	90.6	88.0	89.8
Employer webinar workshop overall satisfaction	99.7%	98.9%	98.6%	99.2%	97.4%	97.6%
Target for engagement (NPS)	N/A	N/A	>76.8	>76.8	>76.8	>76.8
Target for overall satisfaction	>90%	>90%	>90%	>90%	>90%	>90%

## Field Services Department – Budget

Expense Classification	Account No.	Actual 2019	Actual 2020	Budget 2021	Estimated 2021	Budget 2022 w/out Horizon	Budget with Horizon 2022
<b>Personnel Costs - Direct</b>							
Salaries	5501	\$505,049	\$969,919	\$1,092,271	\$758,527	\$970,156	\$970,156
<b>Total Personnel Costs - Direct</b>		<b>505,049</b>	<b>969,919</b>	<b>1,092,271</b>	<b>758,527</b>	<b>970,156</b>	<b>970,156</b>
<b>Personnel Costs - Indirect</b>							
Travel & Training	5507	2,179	158	5,800	2,000	6,750	6,750
Field Staff	5508	117,121	38,777	176,000	3,017	106,000	106,000
Conferences & Meetings	5517	302	0	3,745	0	3,175	3,175
<b>Total Personnel Costs - Indirect</b>		<b>119,602</b>	<b>38,935</b>	<b>185,545</b>	<b>5,017</b>	<b>115,925</b>	<b>115,925</b>
<b>Facility Expenses</b>							
Telephone	5523	3,444	0	0	0	0	0
<b>Total Facility Expenses</b>		<b>3,444</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Commodities &amp; Services</b>							
Office Supplies	5531	451	456	300	25	300	300
Postage & Delivery	5533	593	552	825	1,000	1,000	1,000
Publications & Dues	5535	140	690	0	195	245	245
<b>Total Commodities &amp; Services</b>		<b>1,184</b>	<b>1,698</b>	<b>1,125</b>	<b>1,220</b>	<b>1,545</b>	<b>1,545</b>
<b>Equipment</b>							
Auto Maintenance & Expense	5576	4,070	6,615	10,000	3,500	10,500	10,500
<b>Total Equipment</b>		<b>4,070</b>	<b>6,615</b>	<b>10,000</b>	<b>3,500</b>	<b>10,500</b>	<b>10,500</b>
<b>Total Expenses</b>		<b>\$633,349</b>	<b>\$1,017,167</b>	<b>\$1,288,941</b>	<b>\$768,264</b>	<b>\$1,098,126</b>	<b>\$1,098,126</b>
<b>2022 Percent Change</b>						<b>(14.8)%</b>	<b>(14.8)%</b>

## 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

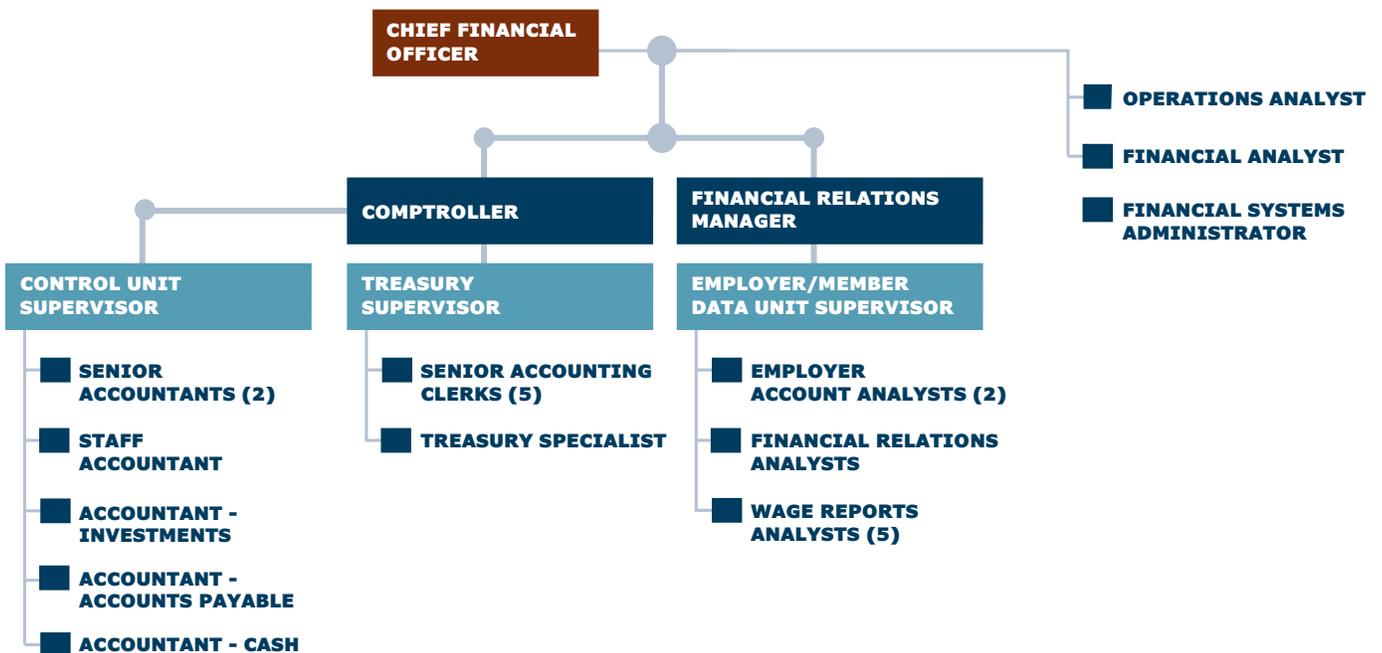
#### Key Result Area: Financial Health

- Close each month within 30 business days of month-end.
- Provide monthly financial reports to the Board of Directors.
- Provide preliminary Expense versus Budget reports by the 8<sup>th</sup> business day of the month to management staff.

#### Key Result Area: Operational Excellence

- 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	2015	2016	2017	2018	2019	2020 YTD
Outstanding wage reports	-	-	-	-	-	138
Benefit checks issued in lieu of EFTs	93,847	48,103	36,464	28,499	16,941	15,792
Benefit payments - EFTs	1,519,414	1,586,270	1,746,300	1,697,384	1,169,442	1,370,906
Treasury transactions	47,912	50,777	47,609	48,626	31,211	33,414

## Finance Department – Budget

Expense Classification	Account No.	Actual 2019	Actual 2020	Budget 2021	Estimated 2021	Budget 2022 w/out Horizon	Budget with Horizon 2022
<b>Personnel Costs - Direct</b>							
Salaries	5501	\$1,818,555	\$1,929,904	\$1,784,193	\$2,008,990	\$1,753,672	\$1,753,672
Unemployment Costs	5504	22,088	1,269	15,000	16,000	16,000	16,000
IMRF/SS ER Contributions	5505	9,031,258	1,015,493	4,249,997	1,379,935	3,688,616	3,688,616
		<b>10,871,901</b>	<b>2,946,666</b>	<b>6,049,190</b>	<b>3,404,925</b>	<b>5,458,288</b>	<b>5,458,288</b>
<b>Personnel Costs - Indirect</b>							
Travel & Training	5507	86	697	10,250	3,850	17,000	17,000
Conferences & Meetings	5517	9,058	2,193	13,500	6,500	11,800	11,800
		<b>9,144</b>	<b>2,890</b>	<b>23,750</b>	<b>10,350</b>	<b>28,800</b>	<b>28,800</b>
<b>Consulting Services</b>							
Auditing	5511	343,497	346,790	325,090	324,000	319,500	319,500
Actuarial	5512	609,637	668,189	702,889	689,500	578,000	578,000
		<b>953,134</b>	<b>1,014,979</b>	<b>1,027,979</b>	<b>1,013,500</b>	<b>897,500</b>	<b>897,500</b>
<b>Commodities &amp; Services</b>							
Office Supplies	5531	-	32	-	-	-	-
Publications & Dues	5535	5,002	4,329	10,000	8,500	10,000	10,000
Professional Services - Other	5540	189,886	212,038	234,250	196,250	226,500	226,500
		<b>194,888</b>	<b>216,399</b>	<b>244,250</b>	<b>204,750</b>	<b>236,500</b>	<b>236,500</b>
<b>Equipment</b>							
Depreciation - Capital Assets	5571	2,302,157	2,571,019	2,260,334	1,842,116	2,537,840	3,070,214
Software Maintenance PC	5574	35,582	39,981	65,000	45,000	65,510	65,510
		<b>2,337,739</b>	<b>2,611,000</b>	<b>2,325,334</b>	<b>1,887,116</b>	<b>2,603,350</b>	<b>3,135,724</b>
<b>Miscellaneous Expenses</b>							
Filing Fees	5586	12,164	9,877	15,000	14,500	15,000	15,000
		<b>12,164</b>	<b>9,877</b>	<b>15,000</b>	<b>14,500</b>	<b>15,000</b>	<b>15,000</b>
<b>Total Expenses</b>		<b>\$14,378,970</b>	<b>\$6,801,811</b>	<b>\$9,685,503</b>	<b>\$6,535,141</b>	<b>\$9,239,438</b>	<b>\$9,771,812</b>
<b>2022 Percent Change</b>						<b>(4.6)%</b>	<b>0.9%</b>

## HUMAN RESOURCES DEPARTMENT

The Human Resources department is led by one director, and includes an assistant, a supervisor, a 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.

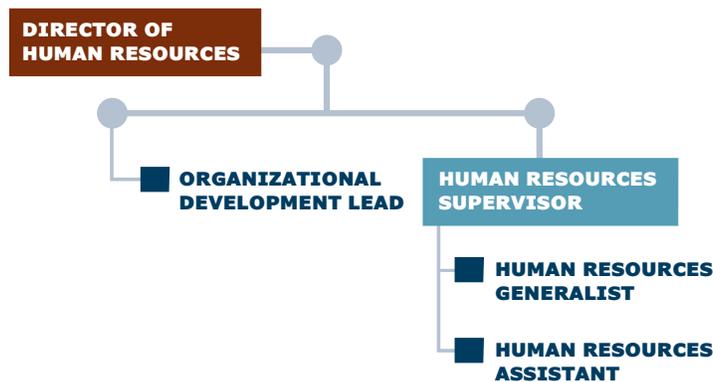
### Goals and Objectives

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.

### Key Result Area: Workforce Engagement and Operational Excellence

- 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.
- 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.
- Implement tactics outlined in the Strategic Action Plan WE-03 Learning and Development Experience.

### Human Resources Department – Organization Chart



### Human Resources – Performance Measures

Year	2016	2017	2018	2019	2020	2021 YTD
Workforce Engagement Survey (Percentile Rank)	94th	95th	95th	89th	92nd	73rd
Year	2016	2017	2018	2019	2020	2021 YTD
Turnover Rate - IMRF	6.32%	5.91%	10.66%	12.00%	5.58%	8.14%
Turnover Rate - CompData average	18.20%	20.80%	21.10%	21.70%	24.60%	N/A

*\*Through September 2021*

## Human Resources Department – Budget

Expense Classification	Account No.	Actual 2019	Actual 2020	Budget 2021	Estimated 2021	Budget 2022 w/out Horizon	Budget with Horizon 2022
<b>Personnel Costs - Direct</b>							
Salaries	5501	\$478,152	\$525,177	\$389,005	\$519,900	\$428,388	\$428,388
Fringe Benefits	5504	2,246,078	2,278,645	2,240,047	2,873,813	2,249,266	2,249,266
<b>Total Personnel Costs - Direct</b>		<b>2,724,230</b>	<b>2,803,822</b>	<b>2,629,052</b>	<b>3,393,713</b>	<b>2,677,654</b>	<b>2,677,654</b>
<b>Personnel Costs - Indirect</b>							
Travel & Training	5507	175,908	169,371	546,855	391,000	419,300	449,300
Recruitment & Testing	5509	65,029	43,861	56,678	47,444	68,768	68,768
Other Personnel Costs	5510	63,168	26,035	93,530	51,931	95,537	95,537
Conferences & Meetings	5517	0	2,308	6,200	2,300	11,800	11,800
<b>Total Personnel Costs - Indirect</b>		<b>304,105</b>	<b>241,575</b>	<b>703,263</b>	<b>492,675</b>	<b>595,405</b>	<b>625,405</b>
<b>Consulting Services</b>							
Compensation & Benefit Surveys	5514	77,646	68,105	82,500	82,500	150,500	165,500
<b>Total Consulting Services</b>		<b>77,646</b>	<b>68,105</b>	<b>82,500</b>	<b>82,500</b>	<b>150,500</b>	<b>165,500</b>
<b>Commodities &amp; Services</b>							
Publications & Dues	5535	803	1,113	3,110	2,925	2,924	2,924
<b>Total Commodities &amp; Services</b>		<b>803</b>	<b>1,113</b>	<b>3,110</b>	<b>2,925</b>	<b>2,924</b>	<b>2,924</b>
<b>Equipment</b>							
Maintenance & Rentals	5572	567	275	900	101	0	0
Software Maintenance PC	5574	23,870	10,908	25,000	18,700	23,500	23,500
Expendable Equipment	5575	0	0	1,400	1,000	1,200	1,200
<b>Total Equipment</b>		<b>24,437</b>	<b>11,183</b>	<b>27,300</b>	<b>19,801</b>	<b>24,700</b>	<b>24,700</b>
<b>Total Expenses</b>		<b>\$3,131,221</b>	<b>\$3,125,798</b>	<b>\$3,445,225</b>	<b>\$3,991,614</b>	<b>\$3,451,183</b>	<b>\$3,496,183</b>
<b>2022 Percent Change</b>						<b>0.2%</b>	<b>1.5%</b>

# INFORMATION SERVICES DEPARTMENT

The Information Services division is headed by the Chief Information Services Officer and consists of two departments: 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

### Key Result Area: Operational Excellence and Customer Engagement

- 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.
- 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.
- Ensure that systems are developed/configured in accordance with the Illinois Statute (Pension Code), IMRF Policies, and IS standards.
- Implement appropriate controls and safeguards to manage electronic and other data/information to ensure their accuracy and validity, integrity and reliability, currency, and availability.
- 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.

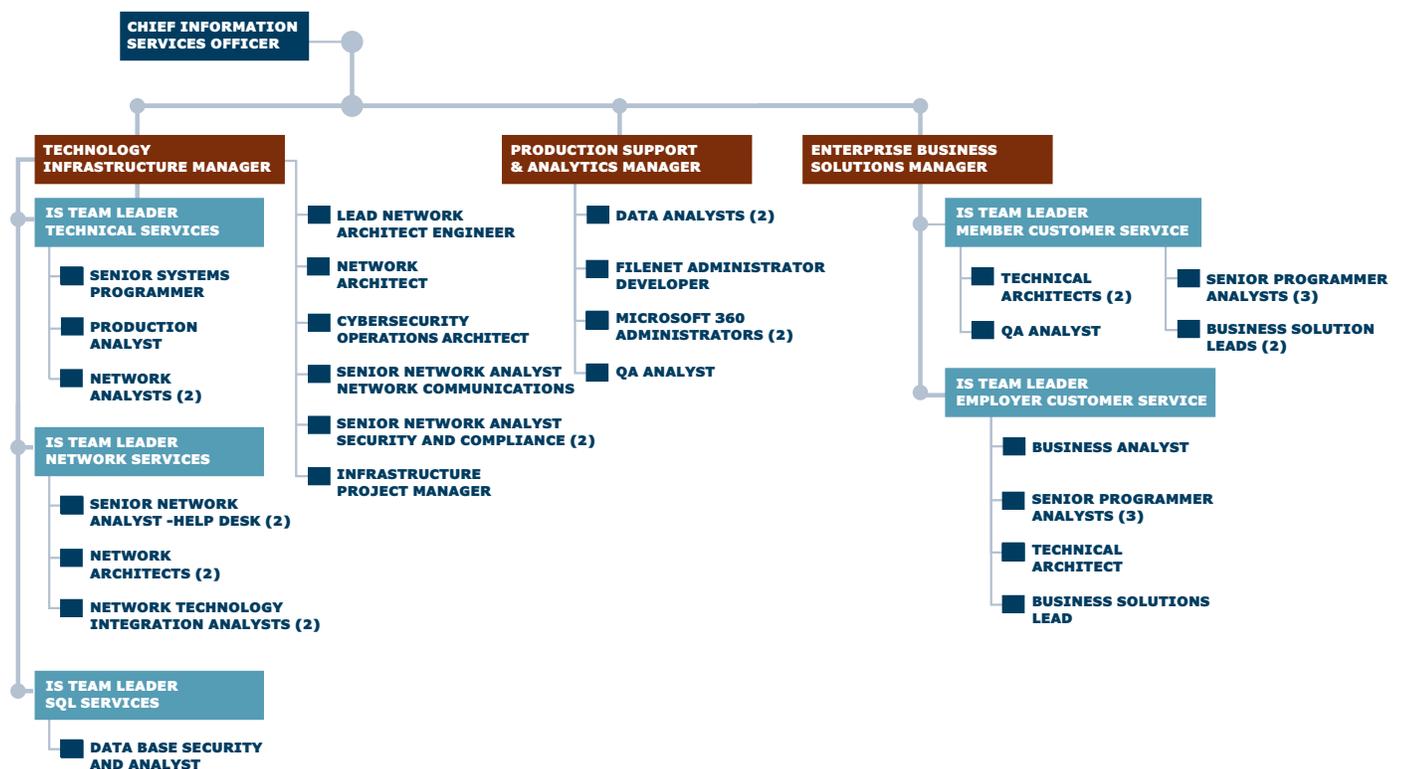
### Key Result Area: Financial Health and Operational Excellence

- 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.

### Key Result Area: Workforce Engagement and Operational Excellence

- Develop staff's skills and depth to both meet project requirements and ensure depth of support knowledge (cross-training).
- 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	2016	2017	2018	2019	2020	2021 YTD
Outage minutes	810	601	1,095	2,640	510	23
Percent uptime	99.8%	99.8%	99.6%	92.6%	99.8%	100.0%
Transactions less than 1 second	94.0%	93.2%	93.0%	93.0%	93.0%	90.0%
Technology audit: High-risk findings	3	1	-	-	1	-
Technology audit: Moderate & low-risk findings	22	26	33	19	26	12

Business Continuity and Disaster Recovery Drills	2016	2017	2018	2019	2020	2021 YTD
Desktop drills	-	1	-	1	-	-
Live drills at warm site	2	2	1	1	1	1
Restore toll-free number	No	Yes	Yes	Yes	Yes	Yes
Restore benefits system	Yes	Yes	Yes	Yes	Yes	Yes
Print benefits checks	Yes	No	No	Yes	No	Yes
Critical systems capability	85%	100%	91%	100%	89%	100%

## Information Services Department – Budget

Expense Classification	Account No.	Actual 2019	Actual 2020	Budget 2021	Estimated 2021	Budget 2022 w/out Horizon	Budget with Horizon 2022
<b>Personnel Costs - Direct</b>							
Salaries	5501	\$3,400,603	\$3,644,635	\$3,261,756	\$3,924,600	\$3,467,391	\$3,617,391
Professional Services - Temps	5503	0	612,468	1,407,500	1,300,000	-	1,601,720
<b>Total Personnel Costs - Direct</b>		<b>3,400,603</b>	<b>4,257,103</b>	<b>4,669,256</b>	<b>5,224,600</b>	<b>3,467,391</b>	<b>5,219,111</b>
<b>Personnel Costs - Indirect</b>							
Travel & Training	5507	23,275	32,791	104,475	48,500	77,879	91,979
Conferences & Meetings	5517	17,193	1,950	22,400	4,000	33,100	33,100
<b>Total Personnel Costs - Indirect</b>		<b>40,468</b>	<b>34,741</b>	<b>126,875</b>	<b>52,500</b>	<b>110,979</b>	<b>125,079</b>
<b>Consulting Services</b>							
Implementation Phase Consulting	5514	99,479	655,744	472,065	468,000	-	471,033
Systems Design - Modernization	5515	137,130	47,312	344,667	36,750	331,750	331,750
<b>Total Consulting Services</b>		<b>236,609</b>	<b>703,056</b>	<b>816,732</b>	<b>504,750</b>	<b>331,750</b>	<b>802,783</b>
<b>Facility Expenses</b>							
Telephone	5523	170,578	200,632	236,798	206,000	297,868	297,868
Other Facility Expense	5525	295,829	280,340	373,100	306,000	335,000	335,000
<b>Total Facility Services</b>		<b>466,407</b>	<b>480,972</b>	<b>609,898</b>	<b>512,000</b>	<b>632,868</b>	<b>632,868</b>
<b>Commodities &amp; Services</b>							
Office Supplies	5531	95,736	118,906	162,150	83,500	241,900	241,900
Publications & Dues	5535	1,797	1,483	3,000	1,500	1,000	1,000
<b>Total Commodities &amp; Service</b>		<b>97,533</b>	<b>120,389</b>	<b>165,150</b>	<b>85,000</b>	<b>242,900</b>	<b>242,900</b>
<b>Equipment</b>							
Maintenance & Rentals	5572	259,700	327,880	691,427	442,000	822,868	822,868
Software Maintenance	5573-5574	841,584	1,096,194	1,777,754	1,296,000	2,259,724	2,259,724
Expendable Equipment	5575	280,324	195,646	829,700	184,000	354,500	354,500
<b>Total Equipment</b>		<b>1,381,608</b>	<b>1,619,720</b>	<b>3,298,881</b>	<b>1,922,000</b>	<b>3,437,092</b>	<b>3,437,092</b>
<b>Miscellaneous Expenses</b>							
Filing fees	5586	1,542	1,166	3,075	3,050	2,500	2,500
<b>Total Miscellaneous</b>		<b>1,542</b>	<b>1,166</b>	<b>3,075</b>	<b>3,050</b>	<b>2,500</b>	<b>2,500</b>
<b>Total Expenses</b>		<b>\$5,624,770</b>	<b>\$7,217,147</b>	<b>\$9,689,867</b>	<b>\$8,303,900</b>	<b>\$8,225,480</b>	<b>\$10,462,333</b>
<b>2022 Percent Change</b>						<b>(15.1)%</b>	<b>8.0%</b>

## INTERNAL AUDIT DEPARTMENT

The Internal Audit department is headed by the Internal Audit Officer and is comprised of a senior internal auditor, and two internal audit associates. This department is responsible for auditing IMRF’s internal operations, validating compliance with policies, plans, regulations, including the Illinois Pension Code, and best business practices. The Internal Audit department also performs consulting and advisory services related to governance, risk management, and control, and provides assistance to IMRF’s external audit team.

### Goals and Objectives

#### Key Result Area: Financial Health and Operational Excellence

- Develop a risk-based Annual Audit Plan and present it to the Audit Committee for review and approval.
- Audit IMRF’s internal operations, validating compliance with IMRF policies, plans, regulations, and best business practices.
- Train and maintain a professional audit team of staff with sufficient knowledge, skills and experience needed to carry on the Audit Plan.
- Review and/or update testing policies and procedures annually to ensure effectiveness and efficiency of the audit process.
- Coordinate the annual IMRF IS Security Audit.
- Follow-up on the implementation of audit recommendations.
- Report to the Audit Committee on audit status on a quarterly basis.
- Provide assistance to external auditors during the year-end and SOC1 activities.
- Consulting services to IMRF departments, as needed.

### Internal Audit Department – Organization Chart



## Internal Audit Department – Budget

Expense Classification	Account No.	Actual 2019	Actual 2020	Budget 2021	Estimated 2021	Budget 2022 w/out Horizon	Budget with Horizon 2022
<b>Personnel Costs - Direct</b>							
Salaries	5501	\$586,623	\$663,580	\$680,512	\$646,150	\$359,944	\$359,944
<b>Total Personnel Costs - Direct</b>		<b>586,623</b>	<b>663,580</b>	<b>680,512</b>	<b>646,150</b>	<b>359,944</b>	<b>359,944</b>
<b>Personnel Costs - Indirect</b>							
Travel & Training	5507	2,178	1,320	18,600	6,600	20,340	20,340
Conferences & Meetings	5517	5,956	1,174	15,900	5,000	9,350	9,350
<b>Total Personnel Costs - Indirect</b>		<b>8,134</b>	<b>2,494</b>	<b>34,500</b>	<b>11,600</b>	<b>29,690</b>	<b>29,690</b>
<b>Consulting Services</b>							
Auditing	5511	133,861	158,239	219,600	216,000	210,000	210,000
<b>Total Consulting Services</b>		<b>133,861</b>	<b>158,239</b>	<b>219,600</b>	<b>216,000</b>	<b>210,000</b>	<b>210,000</b>
<b>Commodities &amp; Services</b>							
Publications & Dues	5535	1,925	2,337	2,500	2,000	2,000	2,000
<b>Total Commodities &amp; Services</b>		<b>1,925</b>	<b>2,337</b>	<b>2,500</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
<b>Equipment</b>							
Software Maintenance PC	5574	6,876	4,008	7,700	7,700	5,125	5,125
Auto Maintenance & Expense	5576	934	1,508	4,000	1,000	0	0
<b>Total Equipment</b>		<b>7,810</b>	<b>5,516</b>	<b>11,700</b>	<b>8,700</b>	<b>5,125</b>	<b>5,125</b>
<b>Total Expenses</b>		<b>\$738,353</b>	<b>\$832,166</b>	<b>\$948,812</b>	<b>\$884,450</b>	<b>\$606,759</b>	<b>\$606,759</b>
<b>2022 Percent Change</b>						<b>(36.1)%</b>	<b>(36.1)%</b>

## INVESTMENTS DEPARTMENT

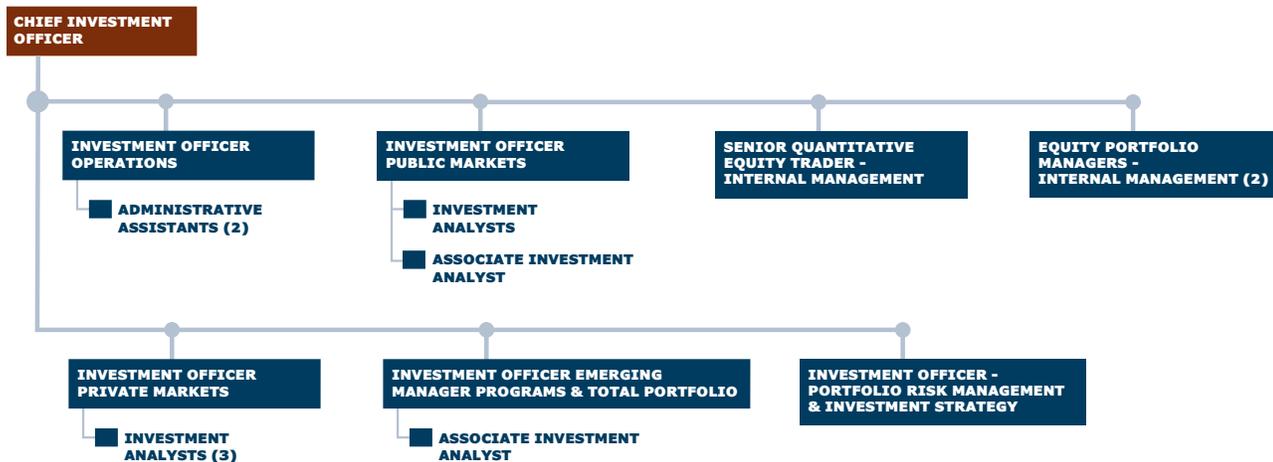
IMRF's Investment department works to optimize the total return of the IMRF investment portfolio through a policy of long-term diversified investment, using parameters of prudent risk management. The Investment department's strategic objective is to meet or exceed IMRF's actuarial assumed rate of return and outperform the total portfolio benchmark. The Chief Investment Officer heads the Investment department and leads a team of 16 (based on approved positions). The Investment department is organized by key function areas including: Public Markets, Private Markets, Emerging Manager Program and Total Portfolio, Operations, Portfolio Risk Management and Internal Equity Management. Key highlights of the Investment department's activity in 2020 include: initiating a search for a chief investment officer to provide oversight and coordinate all investment activities and matters involving IMRF's assets; working with Wilshire 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 a second internally managed, active US equity portfolio that is managed against the Goldman Sachs Asset Management (GSAM) ActiveBeta US Large Cap Factor Diversity Custom Index; monitoring portfolio performance; and presenting investment recommendations to the Investment Committee of the IMRF Board of Trustees.

### Goals and Objectives

#### Key Result Area: Financial Health an Operational Excellence

- Achieve and maintain a funding level that sustains the Plan.
- 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 and mitigate risks.
- Achieve or exceed a 7.25% annual return over the long term (over 5-, 10-, and 15-year basis).
- 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	2021 YTD	2020	Last 3 Years	Last 5 Years	Last 10 Years
IMRF Total Fund	14.56%	14.98%	9.67%	10.57%	9.18%
Total Fund Benchmark	10.10%	13.16%	9.17%	9.93%	8.70%
Difference	4.46%	1.82%	0.50%	0.64%	0.48%
Rank: IMRF Total Fund	N/A	14	16	15	14

Goal is for IMRF returns greater than portfolio benchmarks over 3-, 5-, and 10-year periods.  
Performance YTD through August 31, 2021.

## Investments Department – Budget

Expense Classification	Account No.	Actual 2019	Actual 2020	Budget 2021	Estimated 2021	Budget 2022
<b>Personnel Costs - Direct</b>						
Salaries	5501	\$1,956,407	\$2,061,672	\$2,074,251	\$1,600,735	\$2,035,650
<b>Total Personnel Costs - Direct</b>		<b>1,956,407</b>	<b>2,061,672</b>	<b>2,074,251</b>	<b>1,600,735</b>	<b>2,035,650</b>
<b>Personnel Costs - Indirect</b>						
Travel & Training	5507	3,915	991	19,200	19,200	20,680
<b>Total Personnel Costs - Indirect</b>		<b>3,915</b>	<b>991</b>	<b>19,200</b>	<b>19,200</b>	<b>20,680</b>
<b>Commodities &amp; Services</b>						
Publications & Dues	5535	968	0	0	0	0
<b>Total Commodities &amp; Services</b>		<b>968</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sub-total Administrative Expenses</b>		<b>1,961,290</b>	<b>2,062,663</b>	<b>2,093,451</b>	<b>1,619,935</b>	<b>2,056,330</b>
<b>2021 Percent Change</b>				<b>6.7%</b>		<b>(1.8)%</b>
<b>Investment Expenses</b>						
Investment Managers Fees	5788	139,699,546	156,162,145	151,965,700	169,688,661	177,312,200
Master Trust Services	5789	280,000	280,000	280,000	280,000	323,000
Investment Travel	5790	83,996	13,574	120,000	20,000	120,000
Investment Legal Fees	5791	224,806	172,199	350,000	270,000	350,000
Investment RFP Support	5792	0	22	55	0	0
Investment Consultants	5793	1,131,002	854,676	795,000	795,000	795,000
Securities Lending Fees	5794	536,121	730,073	483,000	483,000	385,000
Tax Preparation & Custodial Expense	5795	39,740	8,085	37,000	37,000	37,000
Investment Publications & Dues	5796	14,401	12,469	19,663	19,718	18,918
Investment Licenses	5797	0	8	212	212	3,212
Investment Information Service Providers - Investments	5798	35,661	442,102	568,280	568,280	543,280
<b>Total Investment Expenses</b>		<b>142,045,273</b>	<b>158,675,353</b>	<b>154,618,910</b>	<b>172,161,871</b>	<b>179,887,610</b>
<b>2021 Percent Change</b>						<b>16.3%</b>
<b>Total Expenses</b>		<b>\$144,006,563</b>	<b>\$160,738,016</b>	<b>\$156,712,361</b>	<b>\$173,781,806</b>	<b>\$181,943,940</b>
<b>2022 Percent Change</b>						<b>16.1%</b>

## Investments Department (IAP) – Budget

Expense Classification	Account No.	Actual 2019	Actual 2020	Budget 2021	Estimated 2021	Budget 2022
<b>Personnel Costs - Direct</b>						
Salaries	5501	\$263,623	\$647,120	\$679,579	\$656,633	\$672,824
Fringe Benefits	5504	17,888	64,232	66,120	66,116	66,448
IMRF/SS ER Contributions	5505	42,900	77,456	72,789	77,024	70,550
<b>Total Personnel Costs - Direct</b>		<b>324,411</b>	<b>788,808</b>	<b>818,488</b>	<b>799,773</b>	<b>809,822</b>
<b>Personnel Costs - Indirect</b>						
Travel & Training	5507	0	0	0	0	3,150
<b>Total Personnel Costs - Indirect</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,150</b>
<b>Commodities &amp; Services</b>						
Office Supplies	5531	0	0	600	0	0
<b>Total Commodities &amp; Services</b>		<b>0</b>	<b>0</b>	<b>600</b>	<b>0</b>	<b>0</b>
<b>Equipment</b>						
Expendable Equipment	5575	15,332	0	6,600	0	0
<b>Total Equipment</b>		<b>15,332</b>	<b>0</b>	<b>6,600</b>	<b>0</b>	<b>0</b>
<b>Sub-total Administrative Expenses</b>		<b>339,743</b>	<b>788,808</b>	<b>825,688</b>	<b>799,773</b>	<b>812,972</b>
<b>2021 Percent Change</b>						<b>(1.5)%</b>
<b>Investment Expenses</b>						
Investment Travel	5790	2,738	100	35,900	35,900	31,500
Investment Consultants	5793	12,500	0	0	0	0
Investment Publications & Dues	5796	0	2,900	5,800	5,350	5,350
Investment Information Service Providers - Investments IEM	5798	178,232	448,628	952,000	952,000	1,262,000
<b>Total Investment Expenses</b>		<b>193,470</b>	<b>451,628</b>	<b>993,700</b>	<b>993,250</b>	<b>1,298,850</b>
<b>2022 Percent Change</b>						<b>30.7%</b>
<b>Total Expenses</b>		<b>\$533,213</b>	<b>\$1,240,436</b>	<b>\$1,819,388</b>	<b>\$1,793,023</b>	<b>\$2,111,822</b>
<b>2022 Percent Change</b>						<b>16.1%</b>

## 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 General Counsel also serves as the Compliance officer to the Fund and is the Sponsor of the Business Continuity Plan. The Legal department oversees all 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 3 attorneys, a Paralegal, a Legal Secretary, a Governmental Affairs Manager, a Legislative Analyst, a Supervisor of Employer Compliance, one Senior Employer Compliance Associate, 3 Employer Compliance Associates, and Procurement Specialist. The cybersecurity function also falls under the legal department and this function is currently performed by Sentinel Technologies, Inc. Finally, the Legal department conducts employer compliance reviews which ensure participating employer compliance with the Illinois Pension Code.

### Goals and Objectives

#### Key Result Area: Operational Excellence

- Defend the IMRF Board's administrative decisions in state court.
- Serve as counsel to the IMRF Board of Trustees Benefit Review Committee and as staff counsel in administrative hearings before the IMRF hearing officer.
- Review, interpret, and opine on various state and federal statutes.
- Provide a timely response to inquiries from employers, members, and other individuals regarding the Illinois Pension Code.
- Represent IMRF's position on operational matters before the Illinois General Assembly, including drafting and interpreting legislative proposals.
- Serve as IMRF's FOIA officer and Compliance Officer.
- Oversee and administer IMRF Board of Trustees elections.
- Review, approve, and administer QILDROS.
- Develop and implement plans that support IMRF's goal to utilize businesses owned by minorities, females, and persons with disabilities.
- Protect the confidentiality, integrity, and availability of information and information systems throughout IMRF.
- Create and manage key cybersecurity performance indicators to gauge information risk.
- Maintain and provide education surrounding IMRF's Code of Conduct and Business Continuity Plan.

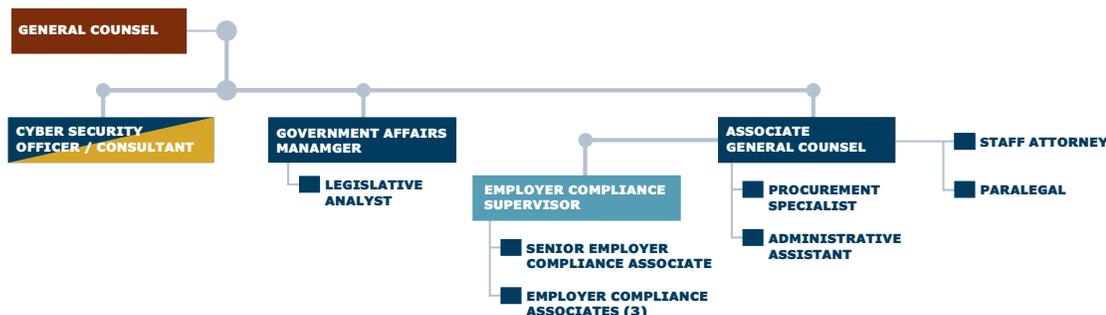
#### Key Result Area: Financial Health

- Review and approve Requests for proposals and contracts, and assure compliance with purchasing rules.
- Effectively represent IMRF's position before the Illinois General Assembly.
- Assure that IMRF is adequately protected through the purchase of insurance coverage.
- Utilize statutory methods to secure contributions from delinquent employers.
- Review IMRF employers for compliance with the Illinois Pension Code.

#### Key Result Area: Customer Engagement

- Strive for 90% employer engagement in post-compliance review surveys.
- Maintain the IMRF Authorized Agent's Manual.

### Legal Department – Organization Chart



### Legal Department – Performance Measures

Measures	2016	2017	2018	2019	2020	2021 YTD
FOIA requests	199	172	191	168	134	84
FOIA request turnaround time (standard = 5 days)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
QILDROS	198	192	257	165	165	126
QILDROs turnaround time (standard = 45 days)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Contract review	80	70	154	101	148	66
Contract review turnaround time (standard = 3 days)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Compliance reviews	174	205	213	188	198	191
Percent of active membership reviewed	20.0%	20.4%	20.1%	10.4%	10.5%	10.5%

## Legal Department – Budget

Expense Classification	Account No.	Actual 2019	Actual 2020	Budget 2021	Estimated 2021	Budget 2022 w/out Horizon	Budget with Horizon 2022
<b>Personnel Costs - Direct</b>							
Salaries	5501	\$712,309	\$752,336	\$800,029	\$758,609	\$1,176,187	\$1,176,187
<b>Total Personnel Costs - Direct</b>		<b>712,309</b>	<b>752,336</b>	<b>800,029</b>	<b>758,609</b>	<b>1,176,187</b>	<b>1,176,187</b>
<b>Personnel Costs - Indirect</b>							
Travel & Training	5507	17,477	4,766	21,100	4,050	40,755	40,755
Conferences & Meetings	5517	14,092	1,365	18,025	6,500	28,025	28,025
<b>Total Personnel Costs - Indirect</b>		<b>31,569</b>	<b>6,131</b>	<b>39,125</b>	<b>10,550</b>	<b>68,780</b>	<b>68,780</b>
<b>Consulting Services</b>							
Legal Counsel	5513	55,584	21,498	86,000	32,000	76,000	76,000
Legislative Lobbying Services	5518	75,213	0	0	0	0	0
<b>Total Costs - Consulting Services</b>		<b>130,797</b>	<b>21,498</b>	<b>86,000</b>	<b>32,000</b>	<b>76,000</b>	<b>76,000</b>
<b>Facility Expenses</b>							
Rent	5521	580,373	951,855	1,179,560	1,179,585	1,214,000	1,214,000
<b>Total Facility Expenses</b>		<b>580,373</b>	<b>951,855</b>	<b>1,179,560</b>	<b>1,179,585</b>	<b>1,214,000</b>	<b>1,214,000</b>
<b>Commodities &amp; Services</b>							
Office Supplies	5531	26,056	45,315	63,000	45,000	52,500	52,500
Forms & Informational Materials	5532	4,712	38,035	9,550	8,715	65,700	65,700
Publications & Dues	5535	19,778	14,430	18,315	13,735	32,150	32,150
Professional Services - Other	5540	1,049	24,136	277,000	189,760	352,000	352,000
<b>Total Commodities &amp; Services</b>		<b>51,595</b>	<b>121,916</b>	<b>367,865</b>	<b>257,210</b>	<b>502,350</b>	<b>502,350</b>
<b>Equipment</b>							
Maintenance & Rentals	5572	6,230	15,799	22,600	21,630	20,800	20,800
Software Maintenance PC	5574	31,748	7,700	17,210	18,010	45,905	45,905
Expendable Equipment	5575	3,545	0	0	0	0	0
Auto Maintenance & Expense	5576	655	96	0	0	4,000	4,000
<b>Total Equipment Costs</b>		<b>42,178</b>	<b>23,595</b>	<b>39,810</b>	<b>39,640</b>	<b>70,705</b>	<b>70,705</b>
<b>Miscellaneous Expenses</b>							
Insurance	5583	199,214	208,597	238,300	233,951	291,000	291,000
<b>Total Miscellaneous</b>		<b>199,214</b>	<b>208,597</b>	<b>238,300</b>	<b>233,951</b>	<b>291,000</b>	<b>291,000</b>
<b>Total Expenses</b>		<b>\$1,748,035</b>	<b>\$2,085,928</b>	<b>\$2,750,689</b>	<b>\$2,511,545</b>	<b>\$3,399,022</b>	<b>\$3,399,022</b>
<b>2022 Percent Change</b>						<b>23.6%</b>	<b>23.6%</b>



Results	2016	2017	2018	2019	2020	2021 YTD
Target (in seconds)	< 120	< 120	< 120	< 105	< 90	< 90

Results	2016	2017	2018	2019	2020	2021 TYD
Undesired calls	58,972	47,060	39,311	39,251	34,897	48,003
Percent undesired calls	29.5%	25.1%	19.7%	18.87%	22.36%	27.74%
Target	< 20%	< 20%	< 20%	< 20%	< 20%	<20%

## Member Services Department – Budget

Expense Classification	Account No.	Actual 2019	Actual 2020	Budget 2021	Estimated 2021	Budget 2022 w/out Horizon	Budget with Horizon 2022
<b>Personnel Costs - Direct</b>							
Salaries	5501	\$2,031,694	\$1,734,404	\$1,631,421	\$1,686,778	\$1,682,915	\$1,720,415
Professional Services Temps	5503	5,453	0	0	4,797	2,500	2,500
<b>Total Personnel Costs - Direct</b>		<b>2,037,147</b>	<b>1,734,404</b>	<b>1,631,421</b>	<b>1,691,575</b>	<b>1,685,415</b>	<b>1,722,915</b>
<b>Personnel Costs - Indirect</b>							
Travel & Training	5507	12,141	1,186	14,550	7,500	14,230	14,230
Field Staff	5508	124,224	1,721	5,000	3,000	5,000	5,000
Conferences & Meetings	5517	5,831	30	10,200	0	3,750	3,750
<b>Total Personnel Costs - Indirect</b>		<b>142,196</b>	<b>2,937</b>	<b>29,750</b>	<b>10,500</b>	<b>22,980</b>	<b>22,980</b>
<b>Facility Expenses</b>							
Telephone	5523	3,494	0	0	0	0	0
<b>Total Facility Expenses</b>		<b>3,494</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Commodities &amp; Services</b>							
Office Supplies	5531	121	0	80	80	80	80
Postage & Delivery	5533	543	0	0	0	0	0
Publications & Dues	5535	1,049	750	750	750	750	750
Professional Services - Other	5540	0	0	800	800	800	800
<b>Total Commodities &amp; Services</b>		<b>1,713</b>	<b>750</b>	<b>1,630</b>	<b>1,630</b>	<b>1,630</b>	<b>1,630</b>
<b>Equipment</b>							
Auto Maintenance & Expense	5576	1,918	60	0	0	0	0
<b>Total Equipment</b>		<b>1,918</b>	<b>60</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Expenses</b>		<b>\$2,186,468</b>	<b>\$1,738,151</b>	<b>\$1,662,801</b>	<b>\$1,703,705</b>	<b>\$1,710,025</b>	<b>\$1,747,525</b>
<b>2022 Percent Change</b>						<b>2.8%</b>	<b>5.1%</b>

## 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:

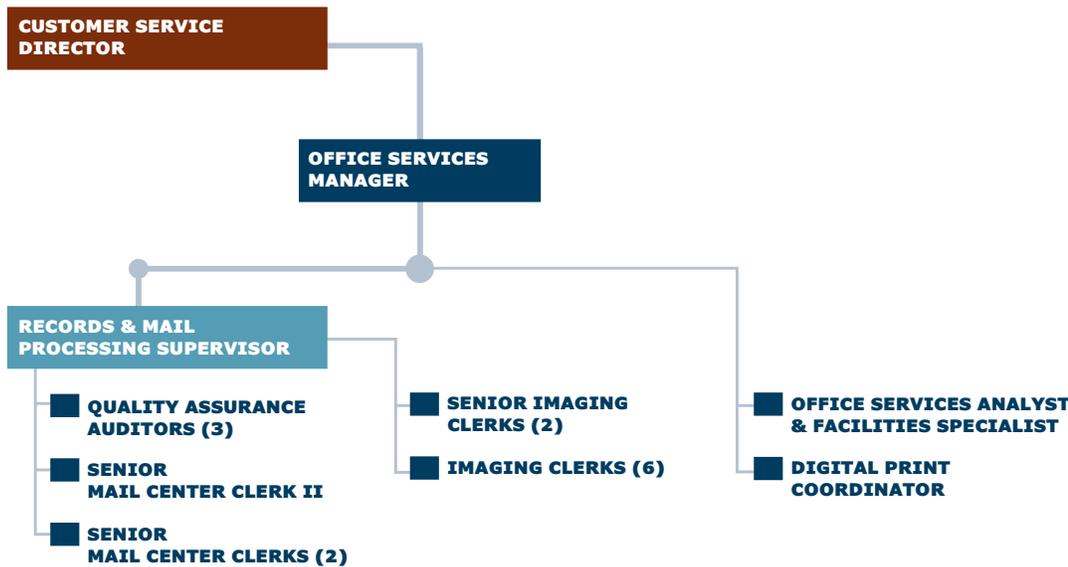
“Our high level of support services will allow our internal customers the opportunity to focus on serving the needs of the IMRF members, employers, and annuitants.” The department’s vision statement is: “To provide timely and accurate support services to all of our internal and external customers.” Teamwork is the motto and key to meeting our goals. 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

#### Key Result Area: Operational Excellence and Customer Engagement

- 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

Performance Standards	2016	2017	2018	2019	2020	2021 YTD
Indexing accuracy: Error rate	0.4%	0.2%	0.2%	0.3%	0.1%	0.2%
Mail timeliness: Percent same day	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Year	2016	2017	2018	2019	2020	2021 YTD
Volume	217,566	395,209	386,404	367,624	326,863	267,410
Errors	825	861	788	883	451	565
Error rate	0.4%	0.2%	0.2%	0.3%	0.1%	0.2%
Accuracy rate	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

## Office Services Department - Budget

Expense Classification	Account No.	Actual 2019	Actual 2020	Budget 2021	Estimated 2021	Budget 2022 w/out Horizon	Budget with Horizon 2022
<b>Personnel Costs - Direct</b>							
Salaries	5501	\$1,042,329	\$1,021,676	\$1,082,395	\$1,032,168	\$1,074,175	\$1,074,175
Professional Services Temps	5503	3,032	0	0	0	0	0
<b>Total Personnel Costs - Direct</b>		<b>1,045,361</b>	<b>1,021,676</b>	<b>1,082,395</b>	<b>1,032,168</b>	<b>1,074,175</b>	<b>1,074,175</b>
<b>Personnel Costs - Indirect</b>							
Travel & Training	5507	846	846	6,235	5,253	5,660	5,660
Conferences & Meetings	5517	3,113	375	8,200	447	5,100	5,100
<b>Total Personnel Costs - Indirect</b>		<b>3,959</b>	<b>1,221</b>	<b>14,435</b>	<b>5,700</b>	<b>10,760</b>	<b>10,760</b>
<b>Facility Expenses</b>							
Building Rent	5521	486,171	(98,044)	0	0	0	0
Electricity	5522	67,998	70,137	77,400	78,907	79,800	79,800
Building Operating Expense	5524	567,606	611,183	696,090	692,303	723,477	723,477
Other Facility Expense	5525	23,115	66,595	30,400	21,450	32,400	32,400
<b>Total Facility Expenses</b>		<b>1,144,890</b>	<b>649,871</b>	<b>803,890</b>	<b>792,660</b>	<b>835,677</b>	<b>835,677</b>
<b>Commodities &amp; Services</b>							
Office Supplies	5531	119,744	74,239	103,028	55,600	85,520	85,520
Forms & Informational Materials	5532	33,057	0	0	0	0	0
Postage & Delivery	5533	1,168,007	681,780	831,850	560,510	874,050	874,050
Publications & Dues	5535	589	299	614	440	540	540
Professional Services - Other	5540	187,173	157,315	134,900	97,055	125,345	125,345
<b>Total Commodities &amp; Services</b>		<b>1,508,570</b>	<b>913,633</b>	<b>1,070,392</b>	<b>713,605</b>	<b>1,085,455</b>	<b>1,085,455</b>
<b>Equipment</b>							
Maintenance & Rentals	5572	153,292	93,608	128,726	90,711	92,955	92,955
Expendable Equipment	5575	100,176	150,197	165,900	138,600	8,000	8,000
<b>Total Equipment</b>		<b>253,468</b>	<b>243,805</b>	<b>294,626</b>	<b>229,311</b>	<b>100,955</b>	<b>100,955</b>
<b>Miscellaneous Expenses</b>							
Building Renovation/Relocation Exp.	5585	24,862	24,907	72,700	35,000	40,000	40,000
<b>Total Miscellaneous</b>		<b>24,862</b>	<b>24,907</b>	<b>72,700</b>	<b>35,000</b>	<b>40,000</b>	<b>40,000</b>
<b>Total Expenses</b>		<b>\$3,981,110</b>	<b>\$2,855,113</b>	<b>\$3,338,438</b>	<b>\$2,808,444</b>	<b>\$3,147,022</b>	<b>\$3,147,022</b>
<b>2022 Percent Change</b>						<b>(5.7)%</b>	<b>(5.7)%</b>

## 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

#### Key Result Area: Financial Health, Operational Excellence, Customer Engagement, and Workforce Engagement

- Administer and oversee the triennial strategic planning process.
- Administer and oversee the strategic plan including ownership and facilitation of action plans and monitoring objectives and metrics via the Leadership Scorecard process.
- 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.
- Manage the Continuous Process Improvement initiatives.

#### Key Result Area: Financial Health and Operational Excellence

- Administer and oversee the Project Portfolio Management process and Project Management process
- Administer and oversee the Enterprise Risk Management process

#### Key Result Area: Operational Excellence and Customer Engagement

- Administer and oversee the CEM and COBALT benchmarking studies.

#### Key Result Area: Customer Engagement

- Provide support, key metrics, and insights for the Voice of the Customer (VOC) Program.

### Organizational Excellence Department – Organization Chart



### Organizational Excellence - Performance Measures

#### Key Result Area: Financial Health, Operational Excellence, Customer Engagement, and Workforce Engagement

Standards	2016	2017	2018	2019	2020	2021 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	100%

## Organizational Excellence - Budget

Expense Classification	Account No.	Actual 2019	Actual 2020	Budget 2021	Estimated 2021	Budget 2022
<b>Personnel Costs - Direct</b>						
Salaries	5501	\$137,254	\$318,314	\$309,702	\$290,707	\$321,089
<b>Total Personnel Costs - Direct</b>		<b>0</b>	<b>137,254</b>	<b>322,228</b>	<b>312,570</b>	<b>309,702</b>
<b>Personnel Costs - Indirect</b>						
Travel	5507	0	2,116	29,240	5,084	95,230
Conferences & Meetings	5517	0	1,448	4,000	2,000	15,500
<b>Total Personnel Costs - Indirect</b>		<b>0</b>	<b>3,564</b>	<b>33,240</b>	<b>7,084</b>	<b>110,730</b>
<b>Consulting Services</b>						
Process Improvement/Scorecarding	5514	538	38,275	28,600	8,775	28,000
<b>Total Consulting Services</b>		<b>538</b>	<b>38,275</b>	<b>28,600</b>	<b>8,775</b>	<b>28,000</b>
<b>Commodities &amp; Services</b>						
Publications & Dues	5535	0	573	3,660	1,657	4,232
Professional Services - Other	5540	3,031	75,575	170,350	52,496	164,100
<b>Total Commodities &amp; Services</b>		<b>3,031</b>	<b>76,148</b>	<b>174,010</b>	<b>54,153</b>	<b>168,332</b>
<b>Total Expenses</b>		<b>\$140,823</b>	<b>\$436,301</b>	<b>\$545,552</b>	<b>\$360,719</b>	<b>\$628,151</b>
<b>2022 Percent Change</b>						<b>15.1%</b>

## 2022 IMRF BUDGET – SUMMARY BY ACCOUNT

Expense Classification	Account No.	Actual 2019	Actual 2020	Budget 2021	Estimated 2021	Budget 2022 w/out Horizon	Budget with Horizon 2022
<b>Personnel Costs - Direct</b>							
Office Salaries - Regular	5501	\$16,041,803	\$17,438,189	\$16,837,951	\$17,066,978	\$16,961,407	\$17,168,907
Office Salaries - Temps & Interns	5503	29,149	657,646	1,813,500	1,374,797	2,500	2,241,170
Fringe Benefits	5504	2,286,054	2,344,146	2,321,167	2,955,929	2,331,714	2,331,714
IMRF & Payroll Employer Contributions	5505	9,074,158	1,092,949	4,322,786	1,456,959	3,759,166	3,759,166
<b>Total Personnel Costs - Direct</b>		<b>27,431,164</b>	<b>21,532,930</b>	<b>25,295,404</b>	<b>22,854,663</b>	<b>23,054,787</b>	<b>25,500,957</b>
<b>Personnel Costs - Indirect</b>							
Training & Travel	5507	249,296	220,145	815,500	513,212	763,399	807,499
Field Staff	5508	241,346	40,498	181,000	6,017	111,000	111,000
Recruitment & Testing	5509	65,029	43,861	56,678	47,444	68,768	68,768
Other Personnel Costs	5510	63,168	26,036	93,530	51,931	95,537	95,537
Conferences & Meetings	5517	88,824	13,208	137,490	35,347	147,575	147,575
<b>Total Personnel Costs - Indirect</b>		<b>707,663</b>	<b>343,748</b>	<b>1,284,198</b>	<b>653,951</b>	<b>1,186,279</b>	<b>1,230,379</b>
<b>Consulting Services</b>							
Auditing	5511	477,358	505,030	544,690	540,000	529,500	529,500
Actuarial	5512	609,637	668,189	702,889	689,500	578,000	578,000
Legal Counsel	5513	55,583	21,498	86,000	32,000	76,000	76,000
Website Consulting	5514	336,865	762,124	583,165	559,275	178,500	664,533
Systems Design	5515	137,130	47,312	344,667	36,750	331,750	331,750
Medical & Field Investigations	5516	65,017	28,248	128,000	41,750	128,000	128,000
<b>Total Consulting Services</b>		<b>1,681,590</b>	<b>2,032,401</b>	<b>2,389,411</b>	<b>1,899,275</b>	<b>1,821,750</b>	<b>2,307,783</b>
<b>Legislative and Lobbying Services</b>							
Legislative Lobbying/Public Relations	5518	75,213	-	-	-	-	-
<b>Public Relations Services</b>							
Public Relations	5519	1,265	3,251	1,500	1,500	1,500	1,500
<b>Facility Expenses</b>							
Building Rent	5521	1,066,543	853,811	1,179,560	1,179,585	1,214,000	1,214,000
Electricity	5522	67,998	70,137	77,400	78,907	79,800	79,800
Telephone	5523	177,515	200,632	236,798	206,000	297,868	297,868
Building Operating Expenses	5524	567,606	611,183	696,090	692,303	723,477	723,477
Other Facility Expenses	5525	318,944	346,935	403,500	327,450	367,400	367,400
<b>Total Facility Expenses</b>		<b>2,198,606</b>	<b>2,082,698</b>	<b>2,593,348</b>	<b>2,484,245</b>	<b>2,682,545</b>	<b>2,682,545</b>

## 2022 IMRF BUDGET – SUMMARY BY ACCOUNT *(Continued)*

Expense Classification	Account No.	Actual 2019	Actual 2020	Budget 2021	Estimated 2021	Budget 2022 w/out Horizon	Budget with Horizon 2022
<b>Commodities and Services</b>							
Office Supplies	5531	242,108	238,947	329,158	184,205	380,300	380,300
Forms & Informational Materials	5532	220,147	154,057	127,500	119,665	174,650	174,650
Postage & Delivery	5533	1,169,142	682,333	832,675	561,510	875,050	875,050
Publications & Dues	5535	65,930	38,116	75,739	54,041	80,771	80,771
Other Services	5540	527,295	472,063	821,300	536,361	895,745	895,745
<b>Total Commodities and Services</b>		<b>2,224,622</b>	<b>1,585,516</b>	<b>2,186,372</b>	<b>1,455,782</b>	<b>2,406,516</b>	<b>2,406,516</b>
<b>Equipment</b>							
Depreciation - Fixed Assets	5571	2,302,157	2,571,019	2,260,334	1,842,116	2,537,840	3,070,214
Equipment Maintenance & Rentals	5572	419,788	437,562	843,653	554,442	936,623	936,623
Software Maintenance	5573/5574	939,661	1,158,791	1,892,664	1,385,410	2,399,764	2,399,764
Expendable Equipment	5575	400,079	345,843	1,003,900	323,900	364,075	364,075
Auto Maintenance & Expense	5576	8,745	9,750	16,000	6,700	19,500	19,500
<b>Total Equipment</b>		<b>4,070,430</b>	<b>4,522,965</b>	<b>6,016,551</b>	<b>4,112,568</b>	<b>6,257,802</b>	<b>6,790,176</b>
<b>Miscellaneous</b>							
Trustee Employer Reimbursement	5580	16,979	24,874	50,000	30,000	49,500	49,500
Trustee Travel & Education	5581	66,835	8,789	90,000	46,850	90,000	90,000
Trustee Elections	5582	0	215,916	5,000	5,000	5,500	5,500
Insurance	5583	199,214	208,597	238,300	233,951	291,000	291,000
Building Renovation/Relocation Expense	5585	24,862	24,907	72,700	35,000	40,000	40,000
Other Items	5586	13,707	11,044	18,075	17,550	17,500	17,500
<b>Total Miscellaneous</b>		<b>321,597</b>	<b>494,127</b>	<b>474,075</b>	<b>368,351</b>	<b>493,500</b>	<b>493,500</b>
<b>Sub-total Administrative Expenses</b>		<b>38,712,150</b>	<b>32,597,636</b>	<b>40,240,859</b>	<b>33,830,335</b>	<b>37,904,679</b>	<b>41,413,356</b>
<b>2022 Percent Change</b>						<b>(5.8)%</b>	<b>2.9%</b>
<b>Investment Expenses</b>							
Investment Managers Fees	5788	\$139,699,546	\$156,162,145	\$151,965,700	\$169,688,661	\$177,312,200	\$177,312,200
Master Trust Services	5789	280,000	280,000	280,000	280,000	323,000	323,000
Investment Travel	5790	86,734	13,674	155,900	55,900	151,500	151,500
Investment Legal Fees	5791	224,806	172,199	350,000	270,000	350,000	350,000
Securities Litigation Monitoring/ RFP Support	5792	-	22	55	-	-	-
Investment Consultants	5793	1,143,502	854,676	795,000	795,000	795,000	795,000
Securities Lending Fees	5794	536,121	730,073	483,000	483,000	385,000	385,000
Tax Preparation & Custodial Expense	5795	39,740	8,085	37,000	37,000	37,000	37,000
Investment Publications & Dues	5796	14,401	15,369	25,463	25,068	24,268	24,268
Investment Licenses	5797	0	8	212	212	3,212	3,212
Investment Information Service Providers	5798	213,893	890,730	1,520,280	1,520,280	1,805,280	1,805,280
<b>Sub-total Investment Expenses</b>		<b>142,238,743</b>	<b>159,126,981</b>	<b>155,612,610</b>	<b>173,155,121</b>	<b>181,186,460</b>	<b>181,186,460</b>
<b>2022 Percent Change</b>						<b>16.4%</b>	<b>16.4%</b>
<b>Total Expenses</b>		<b>\$180,950,893</b>	<b>\$191,724,617</b>	<b>\$195,853,469</b>	<b>\$206,985,456</b>	<b>\$219,091,139</b>	<b>\$222,599,816</b>
<b>2022 Percent change</b>						<b>11.9%</b>	<b>13.7%</b>

IMRF is the only public pension fund in the nation to receive our country's highest presidential honor for performance excellence, the Malcolm Baldrige National Quality Award. It is the only formal recognition of the performance excellence of both public and private U.S. organizations given by the President of the United States.

Of the more than 7.6 million U.S. businesses, less than 1% have received this distinction, with only 121 total winners over the last three decades. The reception of the award was the culmination of a decade-long journey toward organizational excellence that included the achievement of multiple honors at the state level. IMRF first began integrating the Baldrige Criteria for Performance Excellence into our operations in 2008.

# OUR JOURNEY OF EXCELLENCE NEVER ENDS



**Journey of Excellence**  
The Roads IMRF Travels to Success



**Continuous Process Improvement/IAPI**  
The Vehicle that Carries IMRF Forward



**Baldrige Criteria**  
The Map IMRF Follows



**Success**  
IMRF's Continuous Destination



# 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.

- 102** Appendix A: New Accounting Pronouncements
- 104** Appendix B: Strategic Planning Methodology
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## APPENDIX A: NEW ACCOUNTING PRONOUNCEMENTS

### New Accounting Pronouncements

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, 2021 financial statements.

In January 2020, GASB issued Statement No. 92, *“Omnibus 2020.”* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

IMRF is currently reviewing how this statement will impact its future financial statements.

In March 2020, GASB issued Statement No. 93, *“Replacement of Interbank Offered Rates”* The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate (IBOR). IMRF is currently reviewing how this statement will impact its future financial statements.

In March 2020, GASB issued Statement No. 94, *“Public-Private and Public-Public Partnerships and Availability Payment Arrangements”* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. IMRF is currently reviewing how this statement will impact its future financial statements.

In May 2020, GASB issued Statement No. 95, *“Postponement of the Effective Dates of Certain Authoritative Guidance.”* The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

In May 2020, GASB issued Statement No. 96, “*Subscription-Based Information Technology Arrangements.*” The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA). IMRF will adopt Statement No. 96 for its December 31, 2023 financial statements.

In June 2020, GASB issued Statement No. 97, “*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.*” The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. IMRF does not manage a Section 457 deferred compensation plan, therefore there is no effect on its financial statements.

In October 2021, GASB issued Statement No. 98, “*The Annual Comprehensive Financial Report.*” This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. IMRF has already adopted Statement No. 98 with its December 31, 2020 financial statements.

## APPENDIX B: STRATEGIC PLANNING METHODOLOGY

### 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

### 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 3,031 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
- \$50.6 billion in assets as of December 31, 2020
- Best funded statewide system
- 103.4% funded on a market basis
- 94.1% funded on an actuarial basis
- 170,735 actively participating members
- 142,329 benefit recipients
- 129,779 inactive members
- Profile of average active member in 2020
  - Age: 47.8
  - Service: 10.4 years
  - Annual salary: \$43,815
- Profile of average member who retired in 2020
  - Age at retirement: 62.7
  - Service at retirement 20.0 years
  - Average monthly pension: \$1,767
- Employee contribution rates: Regular = 4.5% of pay, SLEP and ECO = 7.5% of pay
- IMRF has enforcement authority — employers pay required contributions monthly and have a long history of commitment

## APPENDIX D: 2022 ADOPTED SALARY DETAIL BY DEPARTMENT

### 2022 Adopted Salary Detail by Department

The chart below provides detailed salary expenditures for IMRF staff by department.

- Gross salaries is budgeted at the adopted level of 223 staff positions.
- Per GASB Statement No. 16, accrued absences is budgeted based on the estimated increase of the liability for compensated absences.
- Per GASB Statement No. 51, staff time associated with the Horizon Project is capitalized based on the estimated time allocated to the project and the salary of the individual.
- Overtime is budgeted to compensate staff during heavy work load periods.

	Gross Salaries	Accrued Absences	Horizon Capitalized Costs	Overtime	Net Salaries
Administration	\$ 374,081	\$ 40,566	\$ -	\$ -	\$ 414,647
Benefits	1,240,140	43,168	(224,755)	22,000	1,080,553
Communications	729,488	24,346	(179,607)	20,000	594,227
Customer Service	161,321	8,513	(25,794)	-	144,040
Disability	794,122	33,065	(31,388)	9,750	805,549
Field Services	1,063,386	33,149	(126,379)	-	970,156
Finance	2,068,711	66,092	(412,281)	31,150	1,753,672
HR	525,820	15,643	(113,575)	500	428,388
Information Services	5,407,871	180,796	(2,171,276)	200,000	3,617,391
Internal Audit	364,980	7,510	(13,046)	500	359,944
Investments	1,988,972	46,078	-	600	2,035,650
Investments Internal Managed Portfolio	664,312	8,512	-	-	672,824
Legal	1,171,025	42,846	(39,184)	1,500	1,176,187
Member Services	1,805,733	29,720	(190,038)	75,000	1,720,415
Office Services	1,010,626	33,442	(36,593)	66,700	1,074,175
Organizational Excellence	314,215	6,874	-	-	321,089
	<b>\$19,684,803</b>	<b>\$620,320</b>	<b>\$(3,563,916)</b>	<b>\$427,700</b>	<b>\$17,168,907</b>

## 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 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





**Oak Brook Office**

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

**Springfield Regional Counseling Center**

3000 Professional Drive, Suite 101  
Springfield, IL 62703

**Contact IMRF**

1-800-ASK-IMRF (275-4673)  
[www.imrf.org](http://www.imrf.org)

