

ILLINOIS MUNICIPAL RETIREMENT FUND

2023 ADOPTED BUDGET



R E S I L I E N C E

*An ability to recover from or adjust
easily to misfortune or change.
-Merriam-Webster Dictionary*

IMRF is RESILIENT

After more than a decade of historic growth, the markets challenged all institutional investors during 2022, including industry leaders like IMRF. Sky-rocketing inflation, soaring interest rates, and the war in Ukraine drove investment losses during the first half of 2022. With no relief in sight for these macro-economic challenges, most industry experts forecast continued market turbulence in 2023.

But IMRF is resilient.

In business since 1941, IMRF stands strong after more than 80 years of operation. During this time, IMRF navigated numerous periods of global turmoil, including surging price inflation and interest rates during the 1980s, the “Great Recession” from 2007 to 2009, and decades of conflict ranging from World War II to the war in Afghanistan. And despite it all, IMRF remains locally funded and financially sound.

With a laser focus on the IMRF Mission, this 2023 Budget strategically allocates resources to enable the organization to achieve its Vision of providing “the highest quality retirement services to our members, their beneficiaries, and employers.” Rooted in our organizational Values, IMRF remains resilient, ready to navigate whatever challenges the future holds.

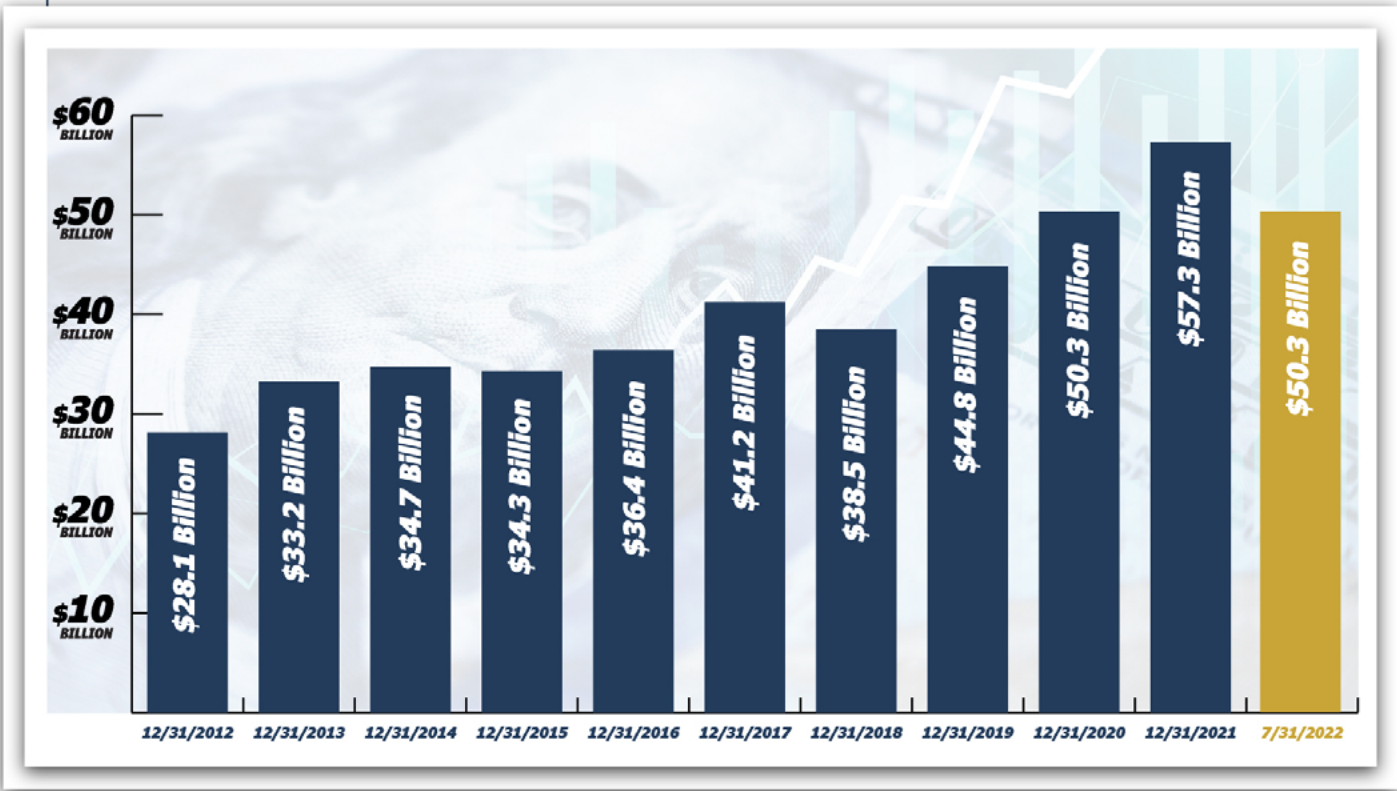


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BOARD OF TRUSTEES

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.

<p>NATALIE COPPER 2022 PRESIDENT EMPLOYEE TRUSTEE</p> <p>Current term ending December 31, 2024</p> <p>Dawes School in Evanston</p>		<p>GWEN HENRY EXECUTIVE TRUSTEE</p> <p>Current term ending Dec. 31, 2025</p> <p>DuPage County</p>	
<p>TOM KUEHNE 2022 VICE PRESIDENT EXECUTIVE TRUSTEE</p> <p>Current term ending December 31, 2027</p> <p>Village of Arlington Heights</p>		<p>SUE STANISH EXECUTIVE TRUSTEE</p> <p>Current term ending Dec. 31, 2023</p> <p>Naperville Park District</p>	
<p>PETER STEFAN 2022 SECRETARY EMPLOYEE TRUSTEE</p> <p>Current term ending December 31, 2025</p> <p>Village of Lake in the Hills</p>		<p>DAVID MILLER EXECUTIVE TRUSTEE</p> <p>Current term ending December 31, 2026</p> <p>North Shore Water Reclamation District</p>	
<p>TRACIE MITCHELL EMPLOYEE TRUSTEE</p> <p>Current term ending December 31, 2023</p> <p>City of Decatur</p>		<p>LOUIS KOSIBA ANNUITANT TRUSTEE</p> <p>Current term ending: December 31, 2025</p> <p>Formerly Illinois Municipal Retirement Fund</p>	

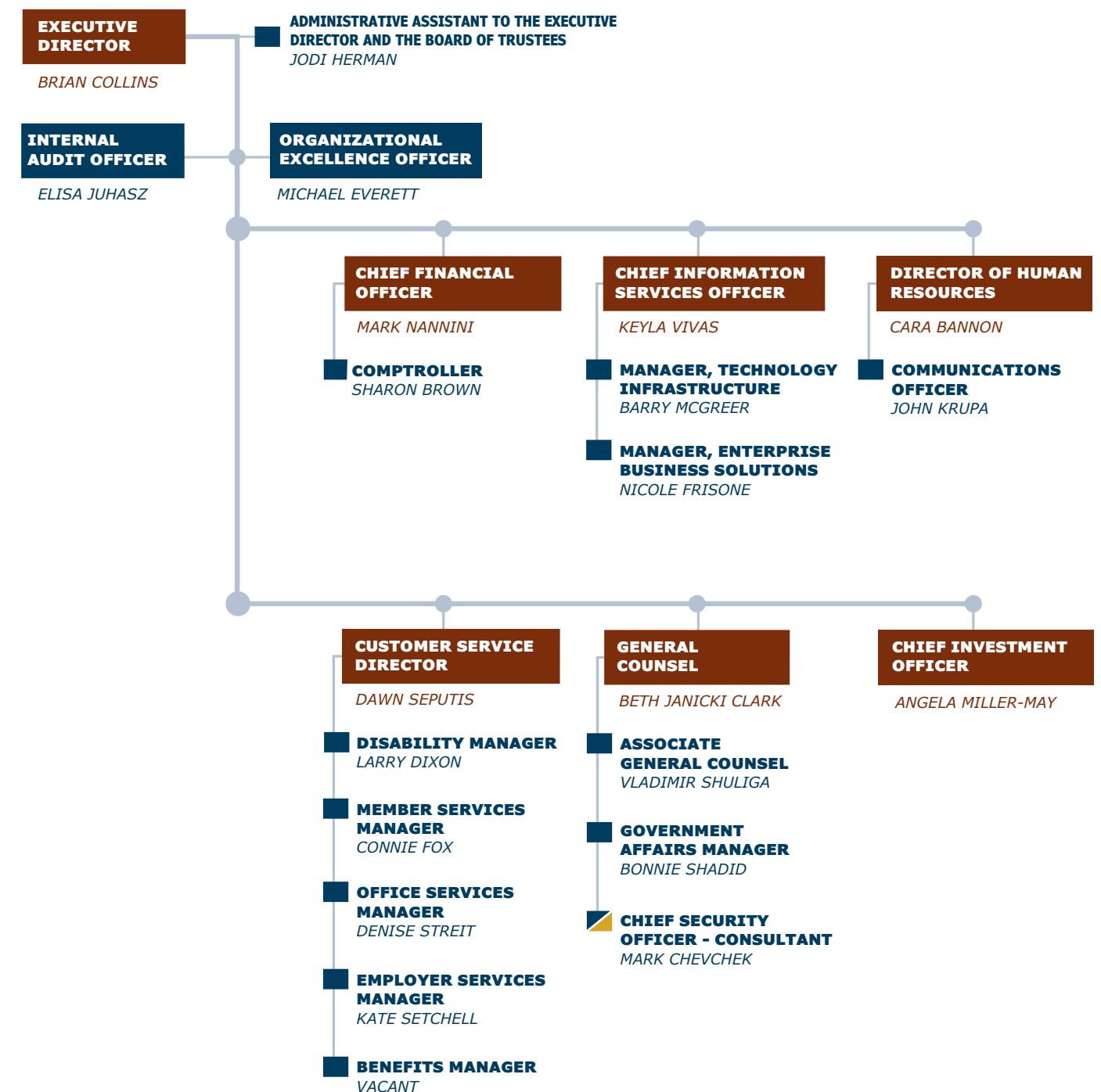
ORGANIZATION CHART

BOARD OF TRUSTEES

CONSULTANTS



STAFF

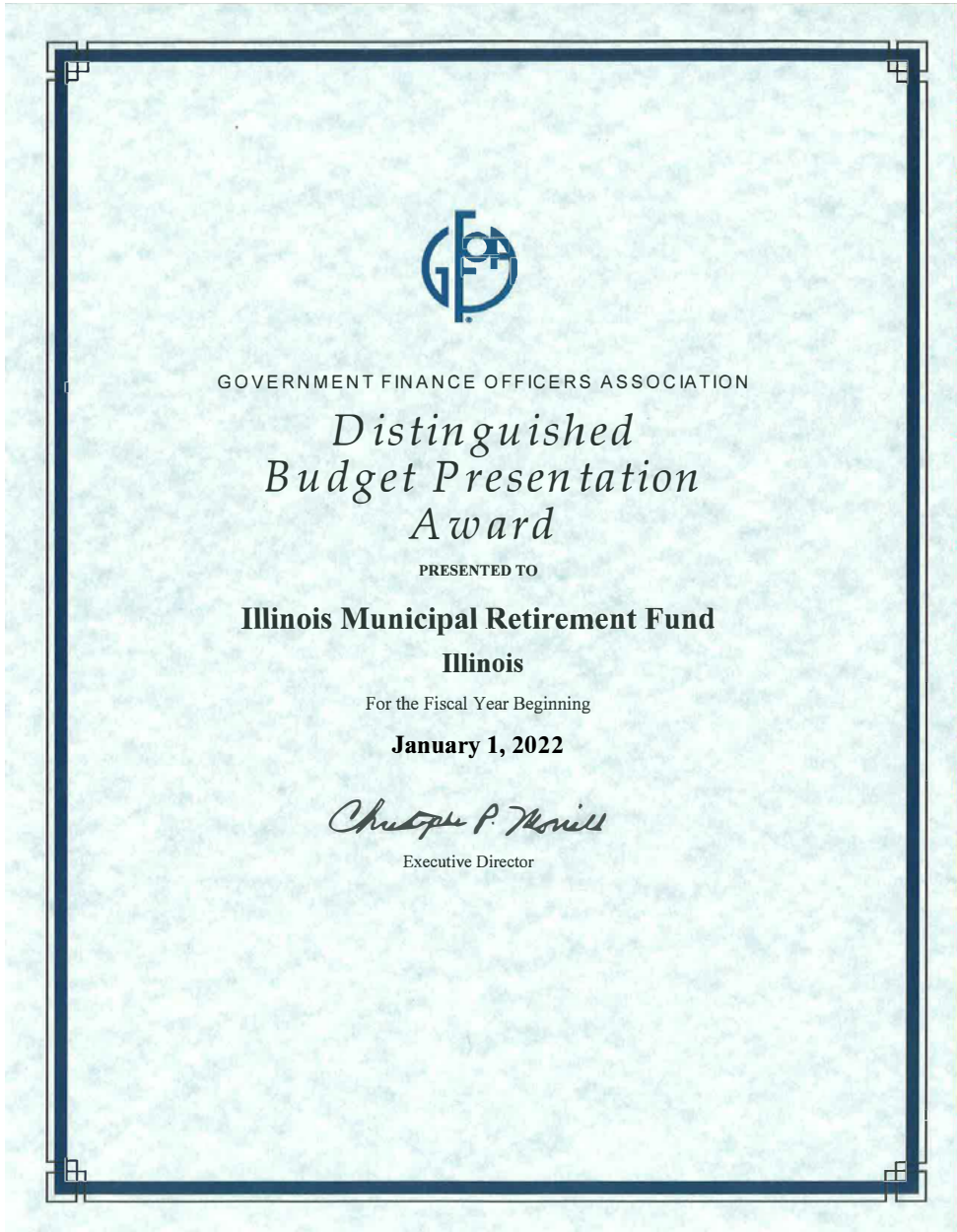


DISTINGUISHED BUDGET PRESENTATION AWARD

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 2022, IMRF received the Distinguished Budget Presentation Award for the eighth 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 2023.



IMRF MISSION, VISION & VALUES

MISSION STATEMENT

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

VISION

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

VALUES

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

R

Respect

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

E

Empathy

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

A

Accountability

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

A

Accuracy

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

C

Courage

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

H

Honesty

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



RESILIENCE is good governance.

IMRF is governed by a Board of Trustees independently elected by our members, retirees, and employers. None of our Trustees are political appointees. Every Trustee is either vested in the system or already receiving a pension. Our Trustees serve without compensation and are fiduciaries, legally bound to make decisions in the best interests of the pension system. With an elected, independent Board of Trustees, **IMRF is resilient.**



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 10, 2022

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, 2023, 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, as well as the budgets for the next three years, are guided by and build upon our new 2023-2025 Strategic Plan and its four primary building blocks, known as Key Result Areas (KRA’s): (1) Financial Health, (2) Customer Engagement, (3) Workforce 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 the impact on future budgets through 2025.

The budget reflects the values and mission of IMRF. The 2023 budget continues to address our systems modernization project known as Horizon. The Horizon project has been reflected in budgets over the past several years, and we are projected to go live in 2023.

The 2023 budget also reflects the shifting of staff between departments to gain efficiencies and support the transition to Horizon. Several positions have been shifted in 2022 in the Finance, Employer Services, and Member Services departments. The reorganization will lead to improved efficiencies and improved customer service for both our employers and members.

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

HIGHLIGHTS OF THE 2023 BUDGET (Financial Health)

Overall, normal administrative expenses are projected to increase 1.2% from 2022 to 2023. This is a comparison of budgets without the additional items associated with the Horizon Project, specifically deprecation of the new modernization software, which will begin in 2023. The budget items for this special project are presented separately to provide a more meaningful comparison of year-to-year changes in the base budget. When including the additional Horizon costs, depreciation, administration expenses are projected to increase 8.3%. The 2023 investment management fees with expenses are estimated to increase 5.2% based solely on the expectation of the increase in the size of the total portfolio and trading activity.

The 2023 personnel budget reflects a combined 6.0% increase divided between 5.0% cost of living and 1.0% merit increase for staff in 2023. Following the State of Illinois observance of the Federal Juneteenth Holiday, IMRF will also recognize the holiday as it falls on Monday, June 19, 2023.

The budget reflects budget line items for a full resumption of travel and training in 2023 throughout the document. In 2022 only a portion of these funds were spent as we incrementally resumed normal business activity. The hope is that the world

continues to return to a new normal for regular activities for meetings, training, conferences, etc. If not, these funds will not be spent.

The Capital Plan includes a decrease of about \$1.5 million over the prior year. The total for 2023 is \$14,987,762, which is largely due to planned capital purchases related to the Horizon Project. The Horizon Modernization Project remains the main driver of capital expenditures as we aim for a 2023 “Go Live” date.

The 2023 Budget reflects several changes:

- The Information Services area reflects third party support of five programmers for the SGL data conversion for the Horizon project through “Go Live”.
- Training and travel for 2023 is reflected throughout this budget. These funds have increased significantly as the world returns to normal activity. The funds will not be spent if travel is not possible.
- In several departments, budget expenses are moved to the new areas. This will interrupt the historical comparison of previous years’ budgets but will be noted. In mid-2022, the Field Services department was renamed Employer Services. This included a reclassification of some staff from Member Services to that department. The Finance and Employer Services areas reflect a reorganization of the Employer Relations unit.
- As User Acceptance Testing (UAT) and the Pilot for the new system will continue in 2023 for the Horizon segments, an increase in overtime is reflected throughout the budget for the business areas impacted.
- The 2023 budget includes various information technology software licenses and consultants in preparation of going live with the Horizon Project in the Spring 2023, including the first-year maintenance for the Horizon software.
- Cybersecurity system initiatives with a special audit of user access and new tools to monitor attacks on our systems by a third party are reflected.
- Risk management initiatives are included and reflected in the Organizational Excellence area for 2023.
- Capital purchases as outlined on page 56.
- The addition of two summer interns in the Investment department continues as an initiative for 2023.

PROFILE OF IMRF (Customer Engagement)

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 3,032 different employers, 172,310 participating members, 138,391 inactive members, and 147,134 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.

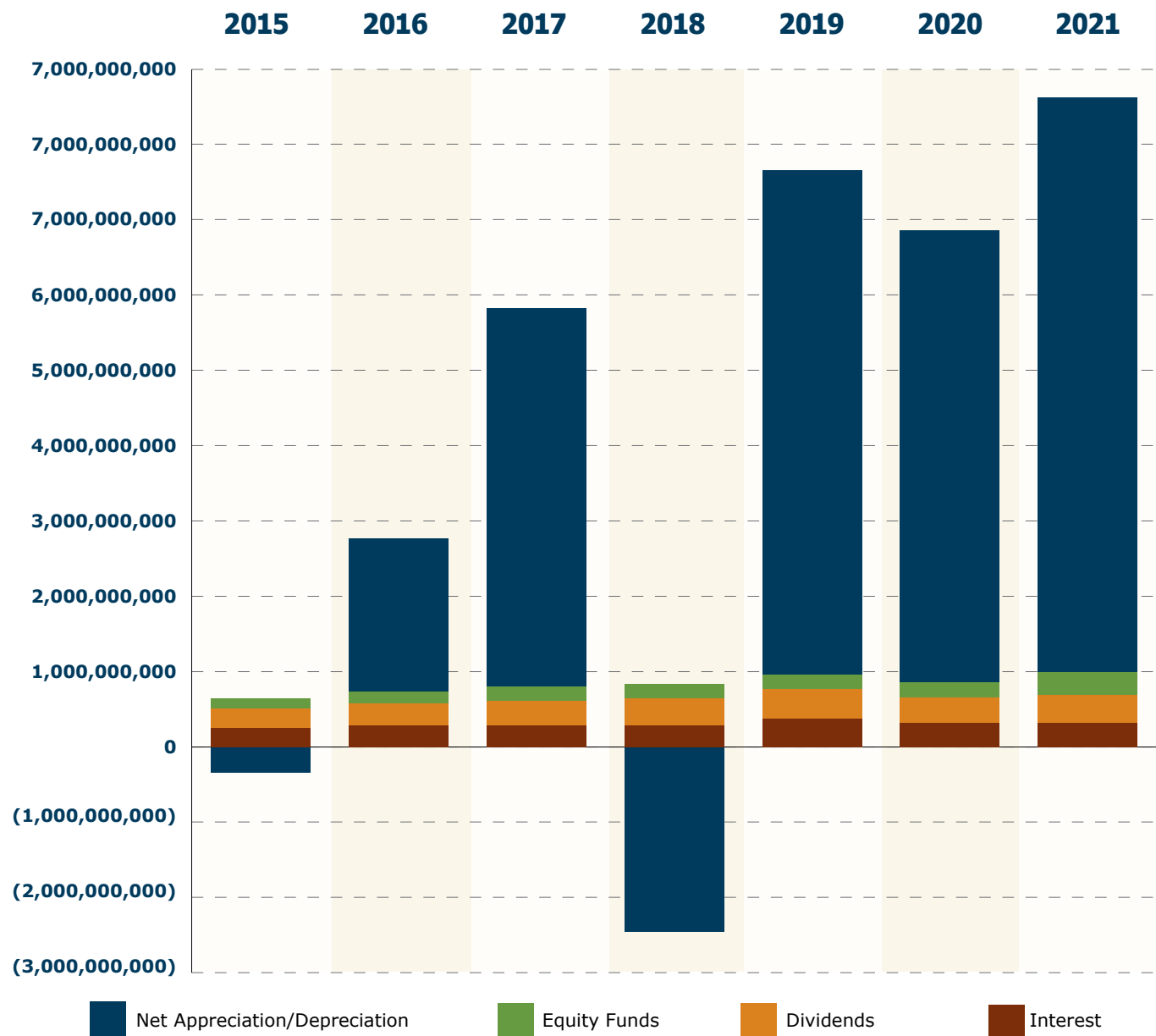


INVESTMENTS (Financial Health)

The Investment department is under the direction of the Chief Investment Officer, Angela Miller-May. Currently, the public markets portfolio is managed by 32 professional investment management firms, handling 42 mandates. The private markets portfolio is invested by 63 firms, including 210 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 US equity portfolio that is managed against the SciBeta United States High-Factor-Intensity Diversified Multi-Beta Multi-Strategy 6-Factor 4-Strategy EW Index and implemented a second active US Large Cap Factor Diversity Portfolio managed against the Goldman Sachs Asset Management US Large Cap Active Beta Factor Diversity Portfolio. Combined, the two Internally Managed Portfolios are approved for up to \$4.35 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.



2023 PROPOSED BUDGET

PERSONNEL (Workforce Engagement)

Total staffing remains at 223 for our Oak Brook and Springfield locations combined. Several positions have been transferred internally to address operational needs and provide additional support to our 3,032 employers of IMRF. Two summer interns are again reflected in 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 develop the next generation of employees in response to natural attrition of staff as they retire from IMRF.

Department	Headcount			
	2022 Budget Total	2022 Restructure*	2023 Additional	2023 Budget Total
Administration	2	-	-	2
Benefits	20	-	-	20
Communications	9	-	-	9
Customer Service	1	-	-	1
Disability	13	-	-	13
Employer Services	12	11	-	23
Finance	28	(8)	-	20
HR	5	-	-	5
Information Services	46	-	-	46
Internal Audit	4	-	-	4
Investments	14	-	-	14
Investments IMP	3	-	-	3
Legal	13	-	-	13
Member Services	32	(3)	-	29
Office Services	18	-	-	18
Organizational Excellence	3	-	-	3
Total	223	-	-	223

* In 2022, the Field Services department was reorganized and renamed Employer Services. As part of this, the Employer Relations unit was transferred from Finance to Employer Services.

2023 PROPOSED BUDGET

INFORMATION SYSTEMS DEVELOPMENT (Operational Excellence)

2022

IMRF’s major 2022 system development priorities focused on:

- The Horizon Project system implementation, with the creation of the last two new environments, and the continuation of Phase 4 “Build and Deploy” segments four and six.
- For Disaster Recovery, implemented 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 relies on the availability of tape backups as an additional data recovery option.
- Replaced Firewall appliances that reached 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.
- Finalized ‘Interactive Voice Response’ system integration in addition to completed 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.

2023

IMRF’s major 2023 system development priorities will focus on:

- Continuing the Horizon Project system implementation, final UAT, Pilot and implementation in Spring 2023.
- Continue to modify the Disaster Recovery work to improve our ability to meet our Disaster Recovery Time Objective goals. This includes adding additional storage to accommodate a larger number of virtual machines.
- Reflects maintenance for all software related to the Horizon Project.
- Upgrading the Boardroom’s video conferencing system to ultimately enable IMRF the capability to live stream future IMRF Board of Trustees meetings to members, employers, public officials, media, and the general public. This item is rebudgeted in the 2023 budget due to supply chain issues.

STRATEGIC PLAN SUMMARY

The new Strategic Plan for 2023 through 2025 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. It is a framework for the 2023 Budget submittals and acts as a guide for the subsequent year’s budgets.

The 2023-2025 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 (IMEC) 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 Journey of Excellence began in 2009. IMRF embraced the Baldrige Criteria for Excellence and aligning their processes to become more efficient and sustainable. The process ended with a Gold award in 2017. Our 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 MBNQA. IMRF attempted the MBNQA award twice and was successful in October 2019.

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. In 2021, IMRF’s service level scores ranked in the 93rd percentile amongst the 41 North American public pensions within the peer group, while our costs per active member and annuitant were \$32 below the peer average of \$126. We will continue our participation in this benchmarking program in 2023.

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 leads 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, 2020 (2021 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 40 consecutive years (Fiscal Years 1980-2020). 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, 2020. IMRF has received the PAFR award 19 times.

IMRF has received the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for the eighth straight year. IMRF is proud of the 2023 budget document and feels that it provides the reader pertinent information about IMRF as an organization and makes clear the focus and direction of the organization into the future.

GFOA has recognized IMRF with the Triple Crown Award for the third year in a row. 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 thousands of government units participating in the awards program, IMRF is one of 317 governments to earn this honor for 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 the culmination of a major effort by numerous staff of IMRF as well as the Board. We would like to especially thank the Directors, Managers, Supervisors, John Krupa, Nick Kurz, 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 2023 IMRF budget for your consideration.

Respectfully submitted,

Brian Collins
Executive Director

Mark F. Nannini
Chief Financial Officer

STRATEGIC PLAN



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www.imrf.org

November 2022

IMRF Strategic Plan

The Illinois Municipal Retirement Fund Board of Trustees and staff are proud to present our adopted Strategic Plan for 2023-2025. 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 the Malcom Baldrige National Quality Award in November 2019. This prestigious honor not only recognized our organizational excellence, but also provided a comprehensive feedback report to continue our efforts toward fulfilling our Vision. 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 below. Our Journey of Excellence will continue throughout the duration of this plan as we reapply for the national award once eligible.

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

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 3,032 employers; 172,310 participating members; 147,134 annuitants; 138,391 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, 2019, and again in 2022.

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 35 key business approaches, which we evaluate and improve. Although we have received the Malcom Baldrige National Quality Award with our 2019 application, we will continue to reapply for the award, when eligible, to ensure we are continuously improving and remain aligned with the Baldrige Criteria.

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 2022. 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.

Our four Strategic Objectives provide the basis for our 2023-2025 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 2023-2025

Our four Strategic Objectives define our approach to realize our Vision, and as such, constitute the focus of our Strategic Plan for 2023-2025. 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 2023-2025 Strategic Plan cycle. Therefore, we limited the amount of competing initiatives to help ensure the success of this critical project. Listed below are ten Key Strategies we will utilize to help us achieve our four Objectives.

2023-2025
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

- Expand efficient utilization of Internal Equity Management
- Evaluate internal tools and technology for investments operations

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
- Achieving 90% “Overall Satisfaction” ratings on member and employer satisfaction surveys
- Exceeding the 4 NPS Benchmarks (Financial, Business Services, Government, & CEM Pension) on Member and Employer engagement surveys

Key Strategies

- Implement a Web-Centric Customer Service Delivery Model
- Implement new Contact Center Model
- Expand development of online education programs

Key Result Area: Workforce Engagement

Strategic Objective

To foster and maintain an engaged workforce.

As measured by:

- Achieving a top decile “percent engaged” score on the Employee Engagement Survey
- Achieving employee turnover levels below averages as measured by CompData Surveys

Key Strategy

- Evaluate “How We Work” as an organization
- Enhance the learning and development experience for staff

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 per-member-cost at or below the median of the CEM administrative cost measure

Key Strategies

- Implement the Horizon Project
- Develop and implement an Enterprise Risk Management program
- Expand use of analytical tools for a complete view of Member and Employer needs

IMPLEMENTATION OF THE STRATEGIC PLAN

Action Plans

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

Annual Operating Budget

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

Integration of Strategic Objectives With Leadership Scorecard and Performance Management

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

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

Communication Plan

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

IMRF Staff

A formal introduction of our new Plan will be made to our staff in January 2023. The full Plan will be posted for review on our Intranet. The Strategic Objectives continue to be highlighted in employee meetings. All employees will be reminded of our Vision and gain an understanding of their role in achieving our Strategic Objectives.

Board of Trustees

The Trustees will review and validate the Strategic Plan as part of the 2023 Adopted Budget document at the November 2022 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 2025. This will start at the February 2025 Board Meeting with the completion of Step 1: Examine Mission, Vision and Values.

IMRF Stakeholders

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

Board Authorization

The IMRF Board of Trustees and IMRF leadership understand and support the IMRF Strategic Plan for 2023 - 2025 as described in this document.



Natalie Copper
Board President

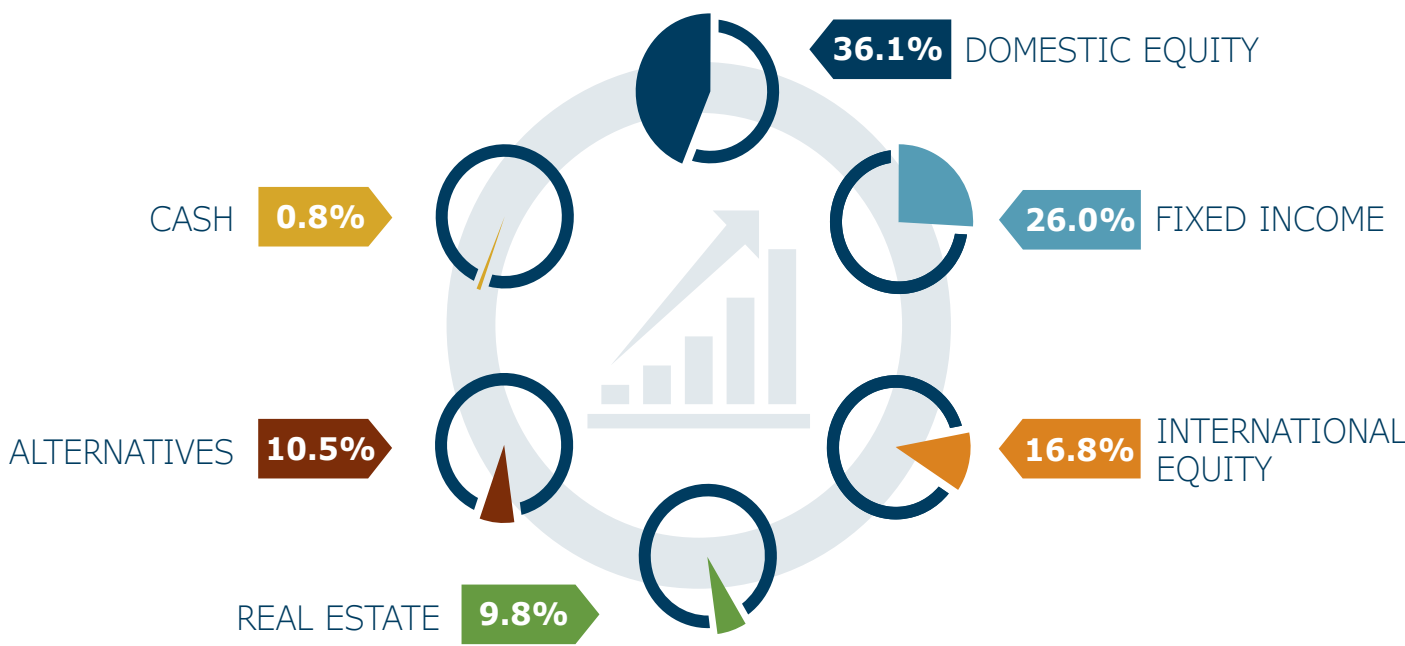


Brian Collins
Executive Director

ASSET ALLOCATION

IMRF’s public markets portfolio is managed by 32 professional investment management firms, handling 42 mandates. The Fund’s private markets portfolio is invested by 63 firms, including 210 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, 2022

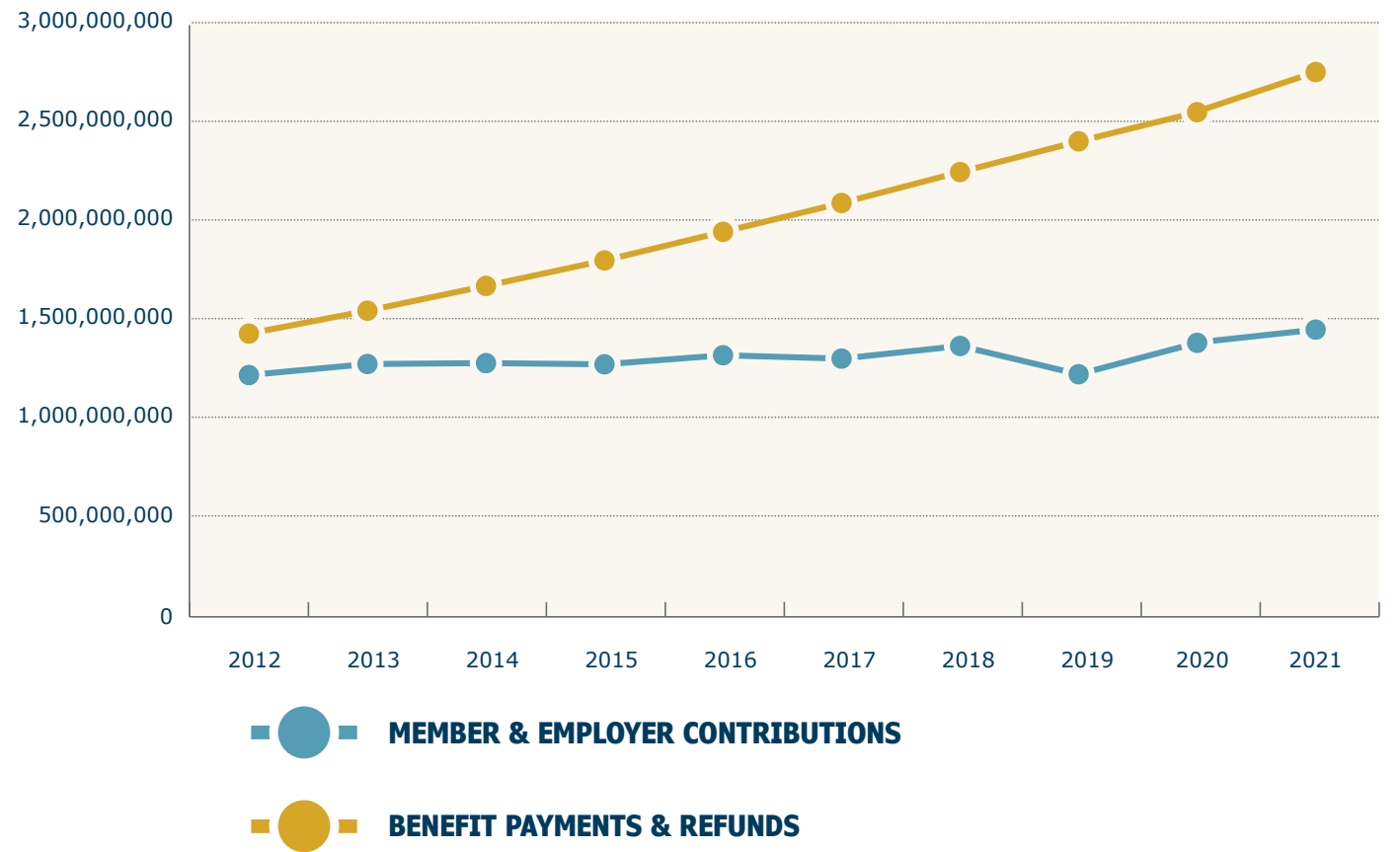


	Market Value in Millions	Target Asset Allocation	Actual Asset Allocation	Variance
Domestic Equity	17,479	35.5%	36.1%	0.6%
International Equity	8,116	18.0%	16.8%	(1.2)%
Fixed Income	12,595	25.5%	26.0%	0.5%
Real Estate	4,732	10.5%	9.8%	(0.7)%
Alternative Investments	5,056	9.5%	10.5%	1.0%
Cash & Cash Equivalents	396	1.0%	0.8%	(0.2)%
Total	\$ 54,703	100.0%	100.0%	

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

CONTRIBUTIONS VS. BENEFITS PAID

Year	Member and Employer Contributions	Benefit Payments & Refunds	Member/Employer Net Cash Flow
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)
2021	1,440,812,134	2,733,522,064	(1,292,709,930)



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



RESILIENCE is long-term investing.

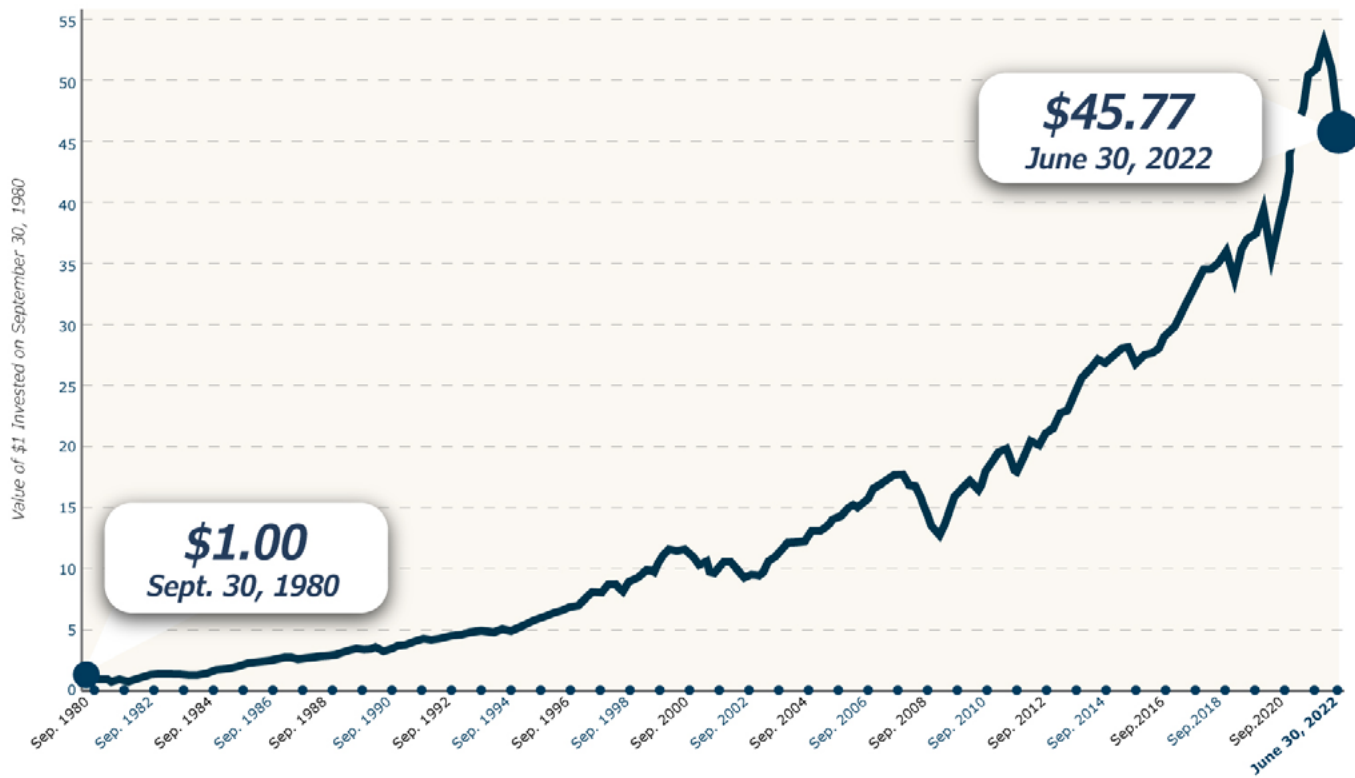
Unlike a private investor who has a limited investment timeline, such as 10, 20, or 30 years, IMRF has an infinite investment time horizon. This enables IMRF to strategically manage market downturns, holding onto securities with long-term value and buying assets undervalued by the market. With a long-term investment strategy, **IMRF is resilient.**

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.

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- 29** Legislative Update
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- 44** Schedule of Aggregate Funding Progress *(Last ten years)*
- 45** Changes in Fiduciary Net Position *(Last ten years)*

Growth of a Dollar Invested in IMRF - As of June 30, 2022



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 3,032 different employers, 172,310 participating members, and 147,134 benefit recipients.

Employers

	2021	2020
Participating employers	3,032	3,031

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	2021	2020
Retirees and beneficiaries currently receiving benefits	147,134	142,329
Terminated members entitled to benefits but not yet receiving them	15,545	15,011
Terminated members—non-vested	122,846	114,768
Total inactive members	285,525	272,108
Active members		
Non-vested	93,166	89,285
Vested	79,144	81,450
Total active members	172,310	170,735
Grand Total	457,835	442,843

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 2022:

Public Act 102-0943

This law provides that each municipality or instrumentality that employs an employee who is an elected trustee should give the elected trustee at least 20 days of paid leave of absence per year to fulfill the trustee duties for their position.

Public Act 102-1061

This law allows active members of the IMRF SLEP fund to transfer up to 10 years of Article 3 police service to their IMRF pension fund in the next six months, starting July 1, 2022. It also opens a six-month window to allow active members of an Article 3 police pension fund to transfer IMRF service credit earned in a law enforcement capacity to that Article 3 fund, starting January 1, 2023.

Public Act 102-0849

This law creates an exemption for accelerated payments that arise due to workers’ compensation payments.

Public Act 102-0850

This law aligns the statutory employer resolution to adopt an Early Retirement Incentive (ERI) with the statutory language regarding limitations on ERI retirees returning to work for an IMRF employer.

Public Act 102-0856

This law adds two additional positions to those allowed to transfer service credit from IMRF to SERS. Effective date is January 1, 2023.

Public Act 102-0857

This law opens a six-month window allowing active members in an Article 3 fund to transfer certain IMRF public safety service to that Article 3 fund. The effective date is May 13, 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, 2021 valuation, the aggregate actuarial value of assets was \$50.2 billion. The aggregate actuarial liability for all IMRF employers was \$50.9 billion. The aggregate actuarial funding ratio is currently 98.6% (an increase from the 2020 ratio of 94.1%). 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 113.3% as of December 31, 2021, an increase from 103.4% as of December 31, 2020. As of December 31, 2021, IMRF’s actuarial funding value was lower than the market-based funding value since there were \$7.0 billion of unrecognized investments gains, which will be reflected in the 2022 through 2025 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 2021.

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	2022	2021	2020	2019	2018
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. Income in excess or deficit of expenses is credited/charged to employer reserves at year end. 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, 2021 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 20-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 2023 the rate is 0.10% 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 2023 the rate is 0.18% of payroll. Interest is not granted on this reserve.

Earnings & Experience Reserve

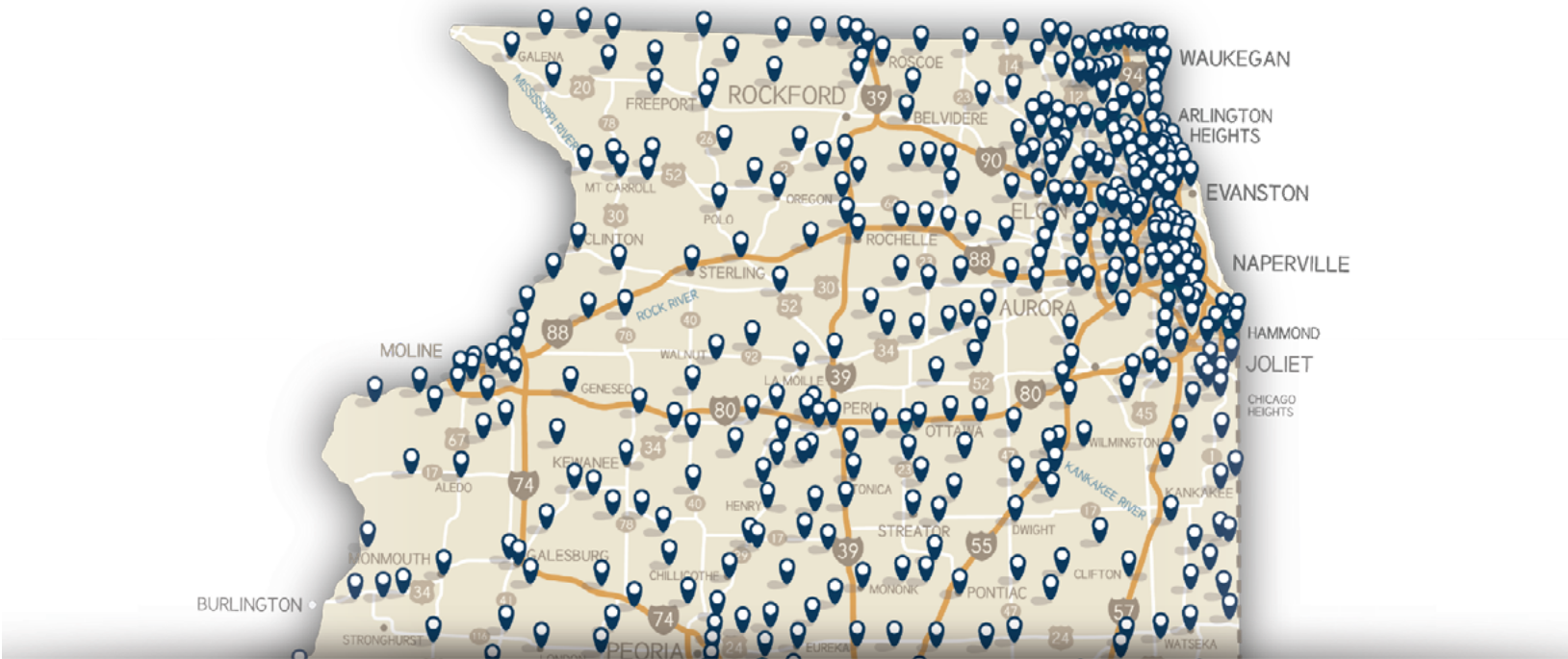
The earnings & experience reserve accounts for the accumulation of investment income for the fiscal year as well as payment of investment and administrative expenses. Interest granted to the member, employer, and annuitant reserves is also deducted from this reserve. Any remainder is credited to the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

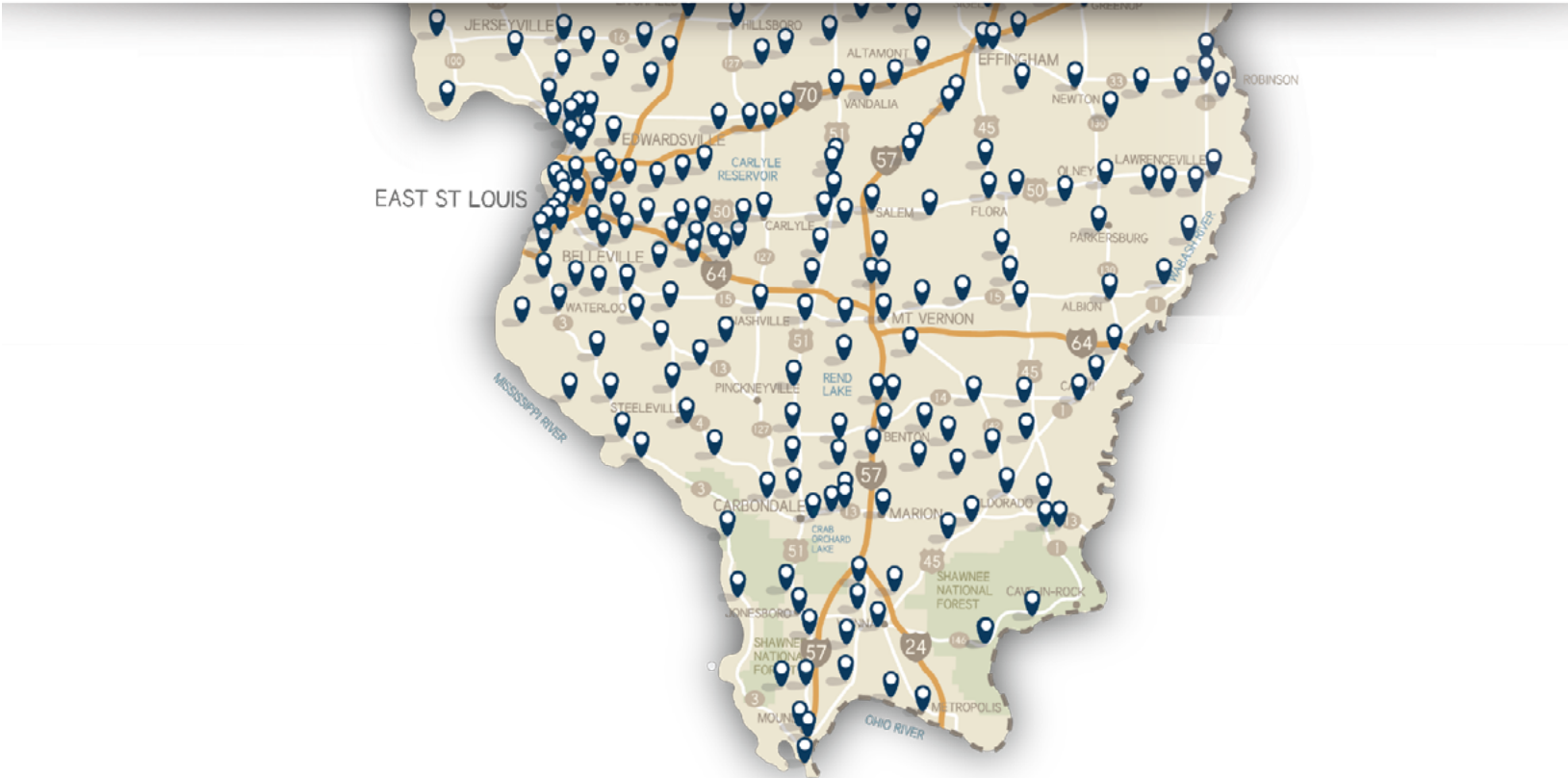
DEPARTMENT TO FUND RELATIONSHIP MATRIX

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

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



IMRF NOW SERVES
3,032 DIFFERENT EMPLOYERS,
172,310 PARTICIPATING MEMBERS,
AND **147,134** BENEFIT RECIPIENTS.

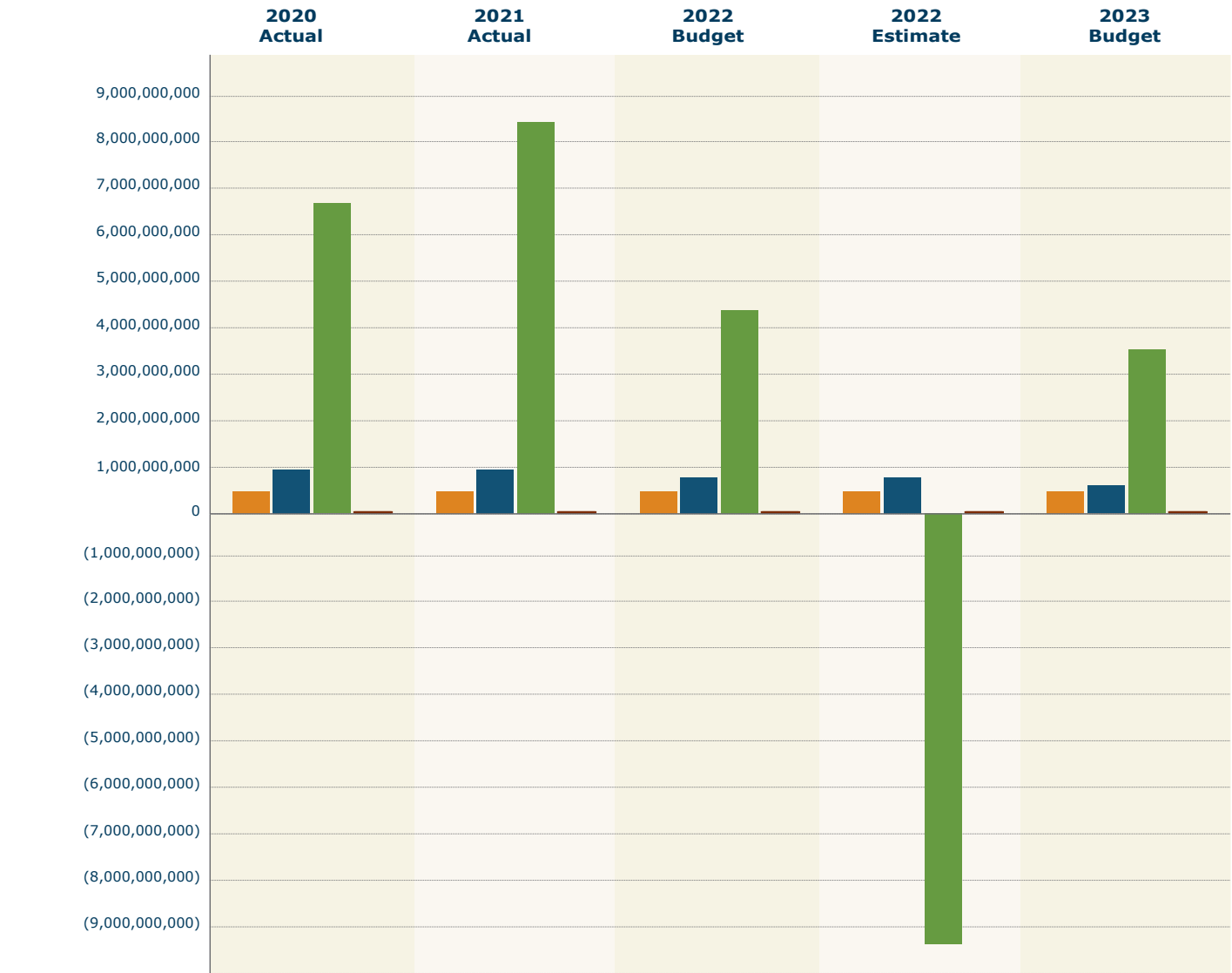


REVENUE SCHEDULES

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 172,310 active members reported from 3,032 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.

	2020 Actual	2021 Actual	2022 Budget	2022 Estimate	2023 Budget
Member Contributions	\$ 449,724,661	\$ 471,392,017	\$ 484,090,236	\$ 474,347,423	\$ 491,154,029
Employer Contributions	927,591,609	969,420,117	764,775,585	762,344,778	601,832,378
Investment Income	6,722,889,252	8,449,144,804	4,388,315,852	(7,966,915,946)	3,743,495,147
Other Income	12,925	14,750	10,000	44,500	10,000
Total	\$8,100,218,447	\$9,889,971,688	\$5,637,191,673	\$(6,730,179,245)	\$4,836,491,554



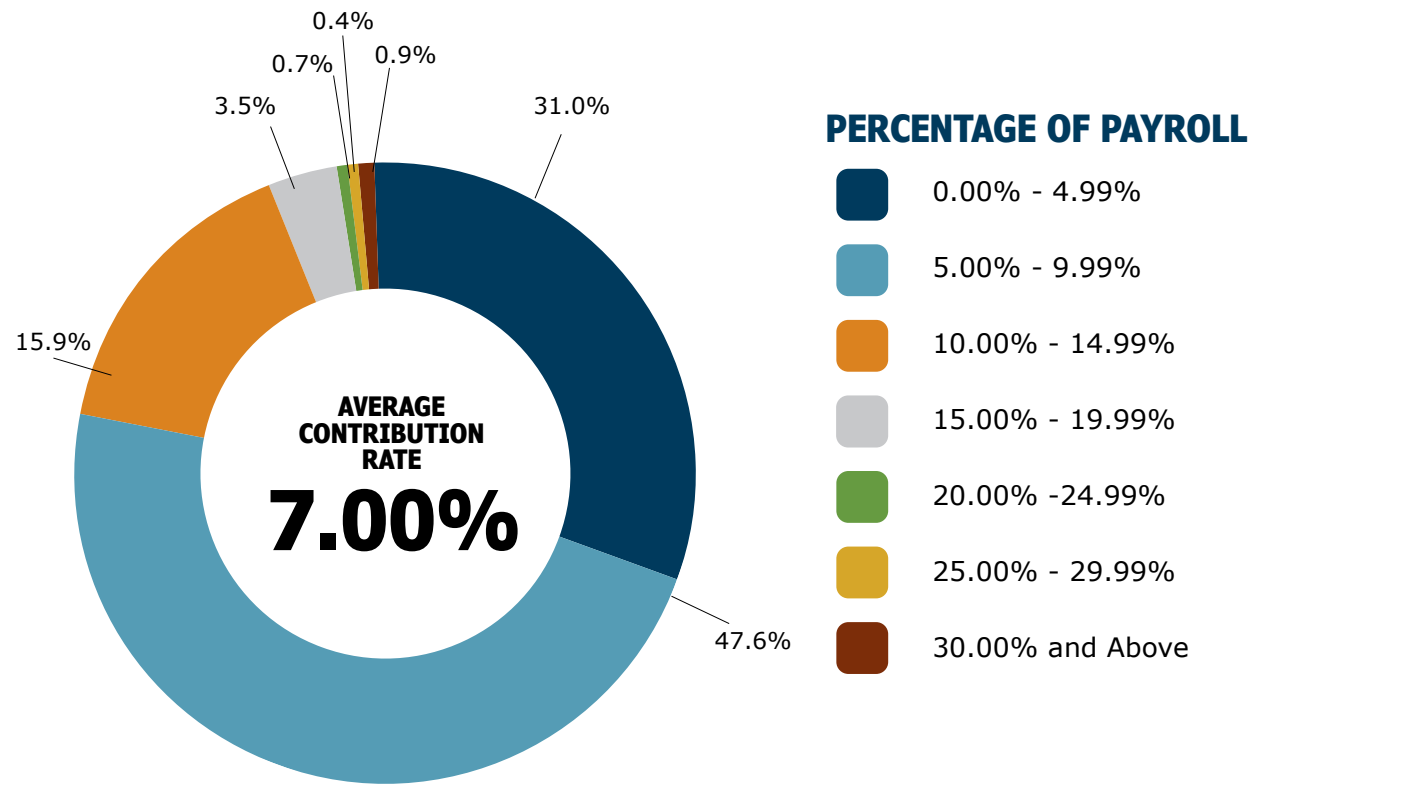
2023 EMPLOYER CONTRIBUTION RATE RANGES

Expressed as a percentage of payroll

Percentage of Payroll	Percent of Employers	Regular Plan	SLEP Plan	ECO Plan	Total*
0.00% - 4.99%	31.0%	1,009	22	14	1,045
5.00% - 9.99%	47.6%	1,570	33	2	1,605
10.00% - 14.99%	15.9%	371	134	31	536
15.00% - 19.99%	3.5%	95	21	2	118
20.00% -24.99%	0.7%	14	8	-	22
25.00% - 29.99%	0.4%	11	3	-	14
30.00% and Above	0.9%	12	1	18	31
	100.0%	3,082	222	67	3,371

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

2023 Annual Contribution Rates



2023 BUDGET TIMELINE

2023 Administrative expenses, direct investment expenses, and capital budget schedule.

7/29/2022	Initial staffing requests and 2023 Budget assumptions finalized by Executive Director.
7/26/2022 thru 8/1/2022	Finance department present Budget workshops for IMRF staff. Scheduled for July 26 at 2:00 p.m. and August 1 at 10:00 a.m.
8/31/2022	Identification of 2022 projects to budget again in 2023. Submit necessary support to the Finance Department.
9/16/2022	2023 Budget submittals due to Finance Department.
9/19/2022 thru 10/3/2022	Finance Department reviews budget submittals with respective departments.
10/5/2022 thru 10/11/2022	Executive Director reviews department proposed 2023 Projects and budgets overall budget with comparisons to prior year actual amounts, current year estimates and prior year budget.
10/5/2021 thru 10/17/2022	Finance and Communications prepares 2023 Budget document.
10/18/2022 thru 10/21/2022	Final review of proposed 2023 projects and Budget document by Directors.
11/10/2022	Distribution of proposed 2023 Projects and Budget document to Board of Trustees.
11/18/2022	Presentation of Compensation Report and Health Insurance Report to the Board of Trustees.
11/18/2022	Presentation of 2023 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 3,032 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 68% 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 their 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 2023 will be \$123,489.18, and in 2022 it was \$119,892.41. 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 of non-concurrent service 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.

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 (66-2/3% for Tier 2) of the member’s pension.

For ECO members, a surviving spouse’s monthly pension is 66-2/3% of the member’s pension. This pension is payable once the surviving spouse becomes 50 years old. If the spouse is caring for the member’s minor, unmarried children (the 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 66-2/3% 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 3%. 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 Adopted 2022 Headcount							Vacancies 2022	2023 Adopted
	2016	2017	2018	2019	2020	2021	2022*		
Administration	6	6	6	2	2	2	2	-	2
Benefits	32	32	29	17	20	20	19	1	20
Communications	8	8	8	9	9	9	9	-	9
Customer Service	-	-	-	1	1	1	1	-	1
Disability	-	-	-	14	13	13	12	1	13
Employer Services **	-	-	-	12	11	8	22	1	23
Finance ***	23	25	25	26	27	25	19	1	20
Human Resources	4	4	4	4	5	5	4	1	5
Information Services	34	38	41	42	44	44	43	3	46
Internal Audit	8	8	8	8	8	4	4	-	4
Investments	14	14	14	14	14	12	13	1	14
Investments IMP	-	-	-	3	3	3	3	-	3
Legal	5	5	6	9	8	13	13	-	13
Member Services	36	38	38	30	31	30	26	3	29
Office Services	18	17	19	18	18	18	18	-	18
Organizational Excellence	-	-	-	2	3	3	3	-	3
Program Management	6	-	-	-	-	-	-	-	-
Total Head Count	194	195	198	211	217	210	211	12	223
Vacant Positions	11	10	12	12	6	13	12		
Adopted Headcount	205	205	210	223	223	223	223		

* Per October Human Resources Report submitted to the Board.
** In 2022, the Field Services department was reorganized and renamed Employer Services.
*** In 2022, the Employer Relations unit was transferred to the Employer Services department.

FUNDED STATUS AND FUNDING PROGRESS

As of December 31, 2021, the most recent actuarial valuation date, the plan in aggregate was 98.6% funded on an actuarial basis. The actuarial accrued liability for benefits was \$50.9 billion, and the actuarial value of assets was \$50.2 billion, resulting in an unfunded actuarial accrued liability (UAAL) of \$736 million. The covered payroll (annual payroll of active employees covered by the plan) was \$7.8 billion, and the ratio of the UAAL to the covered payroll was 9.4%.

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, 2021
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, 20 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 were used. 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 were used.

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
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
2021	50,927,551,010	50,191,547,801	98.6	736,003,209	7,811,067,072	9.4

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

CHANGES IN FIDUCIARY NET POSITION (Last ten years)

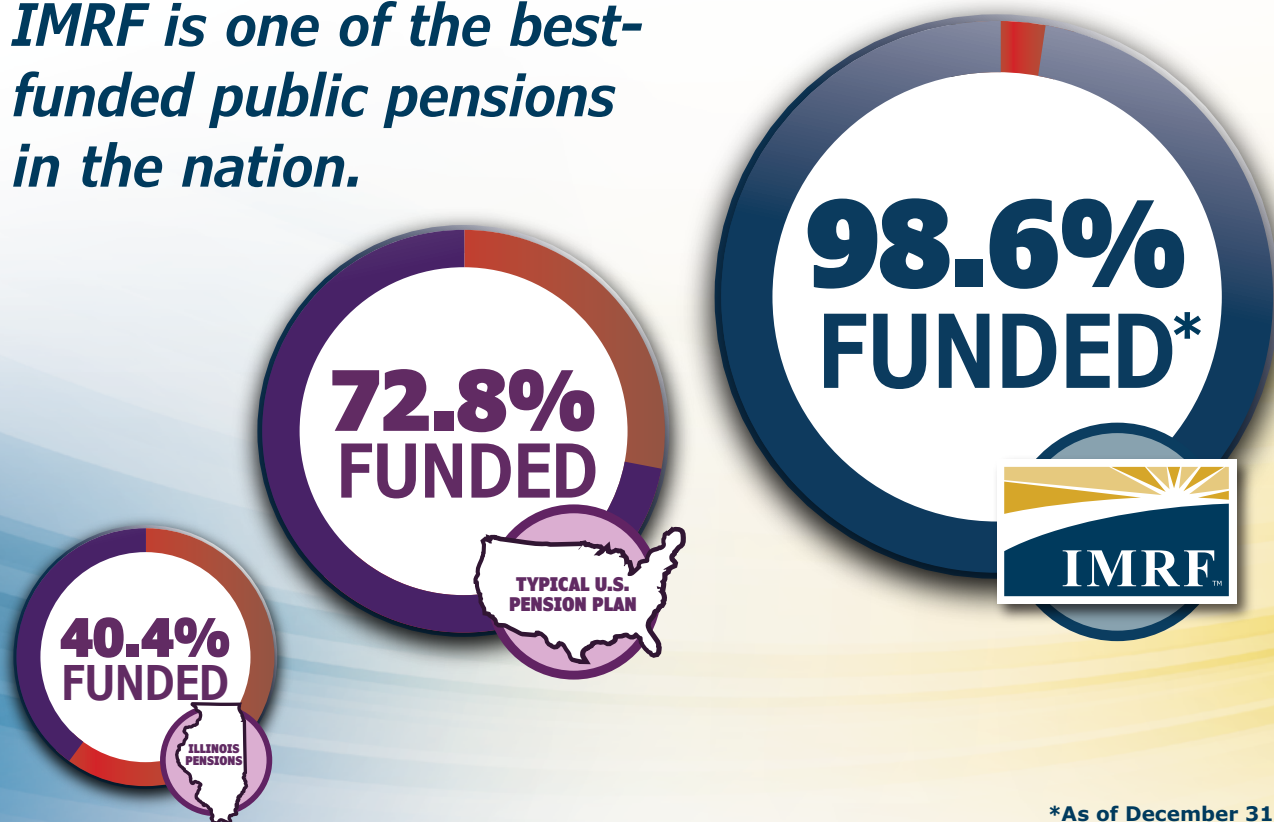
Additions						
		Employer Contributions				
Calendar Year	Investment Earnings Net of Direct Investment Expense	Dollars	Percent of Annual Covered Payroll	Member Contributions	Other	Total Additions
2012	\$ 3,393,689,073	\$883,216,281	13.60%	\$330,814,542	12,037	\$4,607,731,933
2013	5,583,120,005	930,969,056	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
2021	8,449,144,804	969,420,117	12.41	471,392,017	14,750	9,889,971,688
Deductions						
Calendar Year	Benefits	Refunds	Administrative Expenses	Total Deductions	Change in Fiduciary Net Position	
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	
2021	2,673,448,177	60,073,886	28,318,297	2,761,840,360	7,128,131,328	



RESILIENCE is a fully funded pension plan.

With a funded status of nearly 100%, IMRF is one of the best-funded public pensions in the nation. A funded status approaching 100% means that IMRF has close to \$1 on hand today for every \$1 in benefits promised for the future. IMRF is the best-funded statewide public pension in Illinois, and our funded status far exceeds the national average. With an industry-leading funded status, **IMRF is resilient.**

IMRF is one of the best-funded public pensions in the nation.



*As of December 31, 2021

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** 2023 Adopted Expenditures
- 55** Additions to Fund Balances
- 56** 2023 Adopted Capital Additions - Summary
- 56** 2023 Adopted Capital Additions - Details
- 57** 2023 Capital Purchases
- 59** Long-term Capital Plan (*Five years*)
- 60** Analysis of 2023 Budget to 2022 Estimated Actual Variances
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GENERAL GUIDELINES FROM THE CHIEF FINANCIAL OFFICER

July 15, 2022

From: Brian Collins and Mark Nannini

To: IMRF Directors and Managers

Re: 2023 Budget Guidelines and Additional Information

As we prepare for the 2023 IMRF Budget, the number one priority remains the Horizon Modernization Project as we enter implementation, later in 2022. The emphasis on the kickoff of Horizon implementation and preparing for version 1.1 in 2023. 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 2023 budget is the continued emphasis on the Horizon Modernization Project as we move forward through the first few months of “Go Live,” design, users acceptance testing, and implementation of 1.1.

Important items to consider as you prepare your budget are current activities, programs, staffing, and consulting work you may need to support the next phase of the Horizon Modernization Project, the remainder of IMRF’s 2020-2022 Strategic Plan, as well as preparation for the 2023-2025 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. The goals and objectives of your department are the focus of this budget for 2023. Please communicate to any other departments 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. Both departments need to 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 on September 1, 2022. Please remember to budget for office furniture, supplies, 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 the Horizon Modernization Project. Organization-wide training must be included in the Human Resources budget while department-specific training (individual) must be included in your respective department budget.
- Please round all expenditures to the nearest whole dollar amount. (i.e., - \$1.00 not \$1.10)

Projects

Pending Projects from 2022

Projects intended for the 2022 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 2023 budget request.

Carry-forward Projects from 2022

If a 2022 project is necessary to carry forward, you should include updated amounts needed to complete the project in your 2023 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 2023. The justification includes filling out the appropriate forms and going through the approval process.

New projects for 2023

Identify, prioritize, and develop incremental cost estimates for new projects for 2023 in your budget. As new projects are identified, please work with the Organizational Excellence Supervisor, Michael Everett, to review your proposals. The proposals are to include justification for how each potential project furthers strategic goals, action plans, transaction scorecards, continuous process improvement, or responds to the Baldrige criteria and/or feedback reports. Keep in mind that some worthwhile projects may need to wait until after the implementation of Horizon. The Organizational Excellence Officer will assist you with the necessary project forms to be included in the project evaluation process.

Additional Information from Finance

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

2023 Budget Timeline

Lists the budget deadlines for 2022.

2023 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 proposed purchase with a brief explanation of the need or benefit.
- Leasehold improvement projects over \$5,000.

Proposed 2023 Project Budget Worksheets

Use these worksheets to identify incremental costs anticipated in 2022 in connection with proposed 2023 projects.

Department Budget Worksheets

These worksheets include your actual expenses for the 12 months ending June 30, 2022, broken out between the last six months of 2021 and the first six months of 2022, and the 2022 budgeted amount for each general ledger account as comparison.

Remaining Amounts of Prepaid Expenses, if Any, by Department.

List of 2022 Capital Expenditures

Capital expenditures including internally developed software budgeted and purchased through June 30, 2022. For the items not yet purchased, please indicate the estimated date of purchase and an updated estimated cost if applicable within the form. Please also indicate if the item will not be purchased in 2022. For internally developed software, please update the estimated remaining costs to be incurred in 2022 and the estimated in-service date. Capital expenditures for 2023 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, 2021, and for the six months ended June 30, 2022.

You can also use the **Doc-link Smart Client** to look up 2021 and 2022 invoices that have been paid. Please contact 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 Sharon Brown and Jim Splitt. Please submit these forms in Microsoft Excel format ONLY.

Helpful Tips

Use these tips when completing your department budget:

- For capital, expendable equipment, or 2023 project requests, fill out a 2023 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.
- Estimate the actual expenses for calendar year 2022 and your proposed 2023 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 2023 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 Sharon Brown or Jim Splitt to discuss.
- If a department determines it appropriate for another department to be responsible for an account, please bring this to Sharon Brown and Jim Splitt’s 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 2023 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, 2022 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 2023 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 2023, 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.

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 Conferences & Meetings accounts (5517).

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 Employer Service Representatives that purchase miscellaneous supplies and are reimbursed via expense reports. If you are anticipating a special project that might require additional office supplies, 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 2023 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.

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(5507).

Miscellaneous

IMRF is charged a fee for the use of the lower level conference room. If you plan to use this space in 2023, please let Denise Streit know so they can incorporate the additional rental in their 2023 budget.

2023 Horizon Modernization Project Budget

Budgeting for the Horizon Modernization Project will be a significant challenge for IMRF. While other 2023 projects will be budgeted based on incremental costs, the Horizon Modernization Project related costs must be identified by activity, if possible, and evaluated on whether they are expense or capital in nature. Since these costs may not be identified until late in the budget process, we will begin the budget process using the best available estimates and then update the budget materials as more detailed information becomes available. Information Services and Finance will need to work closely together to determine the details for the 2023 Horizon Modernization Project budget.

Final Budget Allocation by Month

Once the final budget is approved by the IMRF Board of Trustees in November or December, you will be asked to allocate your approved budgeted amounts by month. This allows your department and Finance to track the budget more effectively for 2023. 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. Monthly allocations should be done accurately, not placing all the expenses in the earlier months of the 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 budgeted for the expense. If you are uncertain as to the account, please contact Sharon Brown or Jim Splitt.

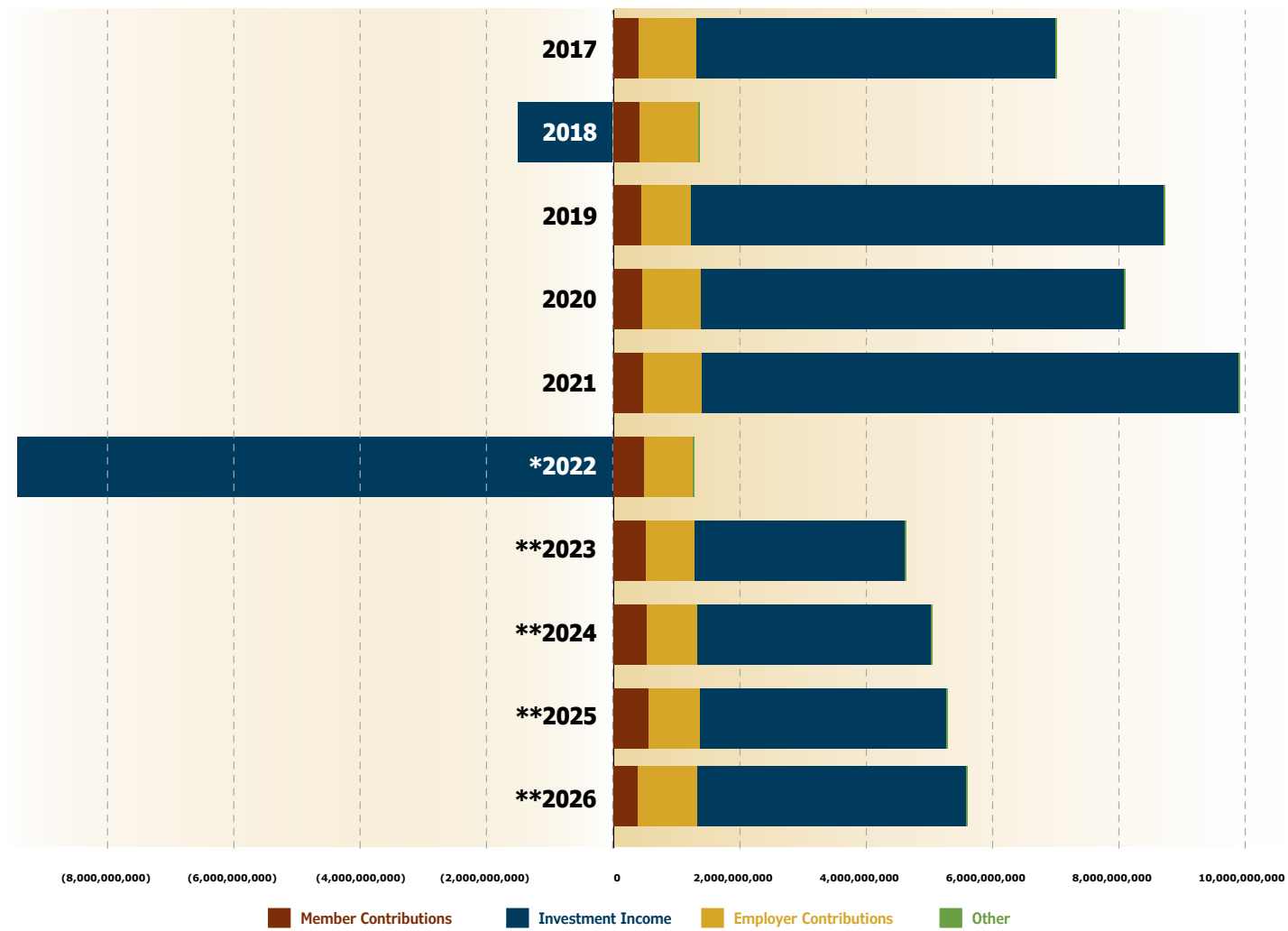
Contact

If you have any questions, need assistance, or require an explanation about anything included in this memo, contact Sharon Brown (x 4582), Geenu Kunnengode (x 4281), Mark Fink (x 4769), Jim Splitt (x 4260), or Mark Nannini (x4345).

REVENUE PROJECTIONS

Year	Member Contributions	Employer Contributions	Investment Income	Other	Total
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	471,392,017	969,420,117	8,449,144,804	14,750	9,889,971,688
2022 *	474,347,423	762,344,778	(8,151,231,825)	44,500	(6,914,495,124)
2023 **	491,154,029	601,832,378	3,552,915,488	10,000	4,645,911,895
2024 **	510,590,857	833,241,243	3,819,372,218	10,000	5,163,214,318
2025 **	531,459,561	847,512,347	3,947,596,465	10,000	5,326,578,373
2026 **	554,580,576	862,007,332	4,274,180,135	10,000	5,690,778,043

* 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 2021, investment gain of \$8.4 billion represented 85.4% 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
2021	85.4%
2020	83.0%
2019	85.9%
2018	(452.8)%
2017	81.5%

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 32 professional investment management firms handling 42 mandates. The private markets portfolio is invested with 63 investment firms across 210 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 \$2.85 billion in assets as of December 31, 2021.

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).

2023 ADOPTED EXPENDITURES

Summary by Department

	Actual		Budget	Estimated	Adopted	2023 Adopted as a % Change Over 2022	
	2020	2021	2022	2022	2023	Budget	Estimate
Capital Additions	\$ 15,115,706	\$ 11,374,984	\$ 16,477,648	\$ 8,211,838	\$ 14,987,762	(9.0)%	82.5%
Administrative Expenses							
Administration	406,150	523,965	461,647	494,906	452,521	(2.0)%	(8.6)%
Benefits	1,068,850	1,020,301	1,086,103	1,117,590	1,084,676	(0.1)%	(2.9)%
Board of Trustees	252,033	81,454	150,000	121,500	285,730	90.5%	135.2%
Communications	854,249	860,099	1,393,882	995,424	1,147,797	(17.7)%	15.3%
Customer Service	140,961	137,359	154,190	148,928	168,439	9.2%	13.1%
Disability	914,338	849,524	941,299	940,209	1,052,960	11.9%	12.0%
Employer Services	1,017,167	700,663	1,098,126	849,063	1,605,085	46.2%	89.0%
Finance	6,769,939	3,775,245	9,771,812	11,677,758	10,939,627	12.0%	(6.3)%
Human Resources	3,125,799	3,185,481	3,496,183	3,390,613	3,485,213	(0.3)%	2.8%
Information Services	7,217,147	7,377,968	10,462,333	8,847,965	11,997,255	14.7%	35.6%
Internal Audit	832,166	721,425	606,759	575,347	697,760	15.0%	21.3%
Investments	2,062,663	1,672,241	2,056,330	1,911,586	2,096,457	2.0%	9.7%
Investments - Internally Managed Portfolio (IMP)	788,808	797,617	812,972	821,292	851,362	4.7%	3.7%
Legal	2,085,928	2,603,625	3,399,022	3,230,421	3,459,397	1.8%	7.1%
Member Services	1,738,151	1,646,989	1,747,525	1,634,044	1,896,115	8.5%	16.0%
Office Services	2,855,113	2,796,288	3,147,022	2,833,116	3,106,810	(1.3)%	9.7%
Organizational Excellence	436,301	365,670	628,151	461,968	514,264	(18.1)%	11.3%
Total Administrative Expenses	32,565,763	29,115,914	41,413,356	40,051,730	44,841,468	8.3%	12.0%
Direct Investment Expenses							
Investments	157,945,281	184,634,257	179,887,610	183,033,029	188,663,109	4.9%	3.1%
Investments IEM Internal Management	451,628	1,312,418	1,298,850	1,282,850	1,916,550	47.6%	49.4%
Total Direct Investment Expenses	158,396,909	185,946,675	181,186,460	184,315,879	190,579,659	5.2%	3.4%
Total	\$206,078,378	\$226,437,573	\$239,077,464	\$232,579,447	\$250,408,889	4.7%	7.7%

2023 PROPOSED BUDGET

ADDITIONS TO FUND BALANCES

	2021 Actual	2022 Budget	2022 Estimate	2023 Budget
Revenues				
Contributions				
Member Contributions	\$ 471,392,017	\$ 484,090,236	\$ 474,347,423	\$ 491,154,029
Employer Contributions	969,420,117	764,815,585	762,344,778	601,832,378
Total Contributions	1,440,812,134	1,248,905,821	1,236,692,201	1,092,986,407
Investment Income				
Investment Income	8,635,889,096	4,592,941,462	(7,966,915,946)	3,743,495,147
Less: Direct Investment Expense	(186,744,292)	(181,186,460)	(184,315,879)	(190,579,659)
Net Investment Income	8,449,144,804	4,411,755,002	(8,151,231,825)	3,552,915,488
Miscellaneous Income	14,750	10,000	44,500	10,000
Total Additions	9,889,971,688	5,660,670,823	(6,914,495,124)	4,645,911,895
Expenses				
Benefits (Paid)	2,733,522,063	2,775,805,882	2,940,651,658	3,130,482,856
Administrative Expenses	28,318,297	41,413,356	40,051,730	44,841,468
Total Expenses	2,761,840,360	2,817,219,238	2,980,703,388	3,175,324,324
Net Increase (Decrease)	7,128,131,328	2,843,451,585	(9,895,198,512)	1,470,587,571
Net Position Restricted for Pensions Beginning of the Year	50,571,922,447	57,700,053,775	57,700,053,775	47,804,855,263
Net Position Restricted for Pensions End of the Year	\$ 57,700,053,775	\$ 60,543,505,360	\$ 47,804,855,263	\$ 49,275,442,834

During 2022, IMRF's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in the financial markets worldwide. While difficult to estimate due to the volatile fluctuations occurring almost daily, it is more than likely that IMRF's fiduciary net position will decrease by more than 10% between December 31, 2021, and December 31, 2022. However, as a long-term investor, IMRF has had consistent, steady growth in assets across the past ten years and is weathering the 2022 market downturn.

2023 PROPOSED BUDGET

2023 ADOPTED CAPITAL ADDITIONS - SUMMARY

	Actual		Budget	Estimated	Adopted	2023 Adopted as a % Change Over 2022	
	2020	2021	2022	2022	2023	Budget	Estimate
Capital Purchases	\$12,280,561	\$8,354,097	\$11,790,208	\$6,136,851	\$11,074,840	(6.1%)	80.5%
Internally Generated Computer Software	2,835,145	3,485,660	4,687,440	2,074,987	3,912,922	(16.5%)	88.6%
Total Capital Budget	\$15,115,706	\$11,839,757	\$16,477,648	\$8,211,838	\$14,987,762	(9.0%)	82.5%

2023 ADOPTED CAPITAL ADDITIONS - DETAILS

Capital Purchases	
Horizon	\$ 12,774,633
Storage Arrays for Oak Brook and Disaster Recovery Site	800,000
Video Conference (VTC) Upgrades (Oak Brook & Springfield)	489,000
Dell MX7000 Chassis (2)	369,000
SQL Host Licensing	270,000
Quantum Tape Library Replacements	163,279
Server Replacements for Disaster Recovery Site (2)	32,000
Automatic Doors in Springfield	25,000
Audio-Visual Replacement Completion 5 Large Conference Room	22,150
Server Replacement (Disaster Recovery)	20,000
Attendant Softphone	15,000
Mail Center Wallboard	7,700
Total Capital Budget	\$ 14,987,762

2023 CAPITAL PURCHASES

Horizon Project

This multi-year project will replace our Spectrum system with the Horizon system. During 2023, we plan to go live with Horizon 1.0. Work will continue in 2023 on additional functionality in anticipation of launching of Horizon 1.1 in 2024. This will include configuring the software, testing, and training. The 2023 amount includes \$5,016,085 of internally generated costs that will be capitalized as part of the total cost of the project.

Estimated purchase price	\$12,744,633
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Storage Arrays for Office and Disaster Recovery

This request is to purchase 2 storage arrays to suport the Horizon Project and disaster recovery capabilities. With the retirement of the mainframe, we no longer require a HPE XP7 storage array for mainframe support. We are looking to replace this array with a more modern storage array to support our open systems environment.

Estimated purchase price	\$800,000
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Video Teleconference (VTC) Upgrades for Oak Brook and Springfield

Several Audio-Video (AV) components installed within the Oak Brook Boardroom and the Springfield conference room are outdated and are reaching end of support. IMRF will be seeking 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, IMRF will also be seeking to add the capability to live stream meetings to the public when needed. In 2022, IMRF Information Services hired consulting services to guide stakeholders through testing various available components and provide technical drawings to ensure that IMRF’s future live streaming needs are met. This support is currently in progress. IMRF will seek to release an RFP in Q4 2022 to receive bids for the hardware purchase for the Oak Brook boardroom and request approval at the November 2022 Board of Trustees meeting.

In the Springfield Conference Room, the previously installed AV hardware poses several trip hazards due to exposed wiring. IMRF Information Systems (IS) will seek to 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	\$489,000
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Server Chassis

This request is to purchase two Dell MX7000 chassis to expand compute capabilities and prepare for the eventual decommission of Chassis 3 and 4 in the Oak Brook Data Center. These will be replacements for the older M1000E chassis and more specifically the M640 blade servers when they are no longer supported by VMware. Due to the global supply chain issues, we are preparing for the future by anticipating a long lead time to receive the new hardware.

Estimated purchase price	\$369,000
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SQL Host Licensing

This request is for Microsoft SQL Enterprise Server host licensing for a 4th host server. To support IMRF’s growing SQL needs, we need to license a 4th SQL host server to provide the infrastructure that can support it. Licensing a physical host is more cost effective as we are able to run as many SQL virtual machines (VMs) as the host’s resources allow.

Estimated purchase price	\$270,000
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Quantum Tape Library Replacements

The August 2022 IMRF Board of Trustees approved the purchase of replacement tape libraries for Oak Brook that 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.

Due to global supply chain issues, delivery of these new hardware assets is not anticipated until 2023.

Estimated purchase price	\$ 163,279
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Server Replacements (Disaster Recovery)

This request is to purchase two servers to replace the unsupported R720 servers at our Disaster Recovery site. They do not support the current software and cannot be upgraded with the rest of our DR infrastructure. The current software version they are on, will no longer be supported as of October 2022.

Estimated purchase price	\$32,000
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Automated Doors (Springfield)

For the convenience of staff, visitors, and members that the enter doors in the Springfield Office, automation will be added to three doors. This is to make going in and out of the office easier for people with disabilities, the elderly, and to increase security. This project was completed successfully for those in the Oak Brook office so we want to mirror the effort for those located in the Springfield Office.

Estimated purchase price	\$ 25,000
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Audio-Visual Replacement Completion 5 Large Conference Room

In November 2021, the IMRF Board of Trustees approved the replacement of various audio-video components within the 5 Large conference room in Oak Brook that were reaching end of support. In May 2022, the board approved a slight ceiling increase to purchase some USB dongles for the wireless system that were added to the room. A majority of the components were installed in May 202; however, there are some that have yet to be received by the vendor due to delays in the global supply chain. A 50% down payment was made in 2022, but these capital funds will be needed when the remaining items are eventually received and installed.

Estimated purchase price	\$21,150
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Back Server (Disaster Recovery)

This request is to purchase one management server to manage the Quantum Tape Library in our DR site. This resembles the hardware that we have in our production environment.

Estimated purchase price	\$20,000
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Attendant Softphone

This request is for procurement of licensing that would enable the receptionist to use an attendant softphone verses the physical phone. This increases mobility for the receptionist or another staff member that is covering for the receptionist to answer calls from the lobby or any other location. This may be due to a disaster recovery situation or to the lobby being inaccessible for any reason.

Estimated purchase price	\$15,000
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Mail Center Wallboard

This request is for the installation of one wallboard for the Mail Center. This wallboard will be mounted in an easily viewable location in the office and is intended to provide timely information of tickets assigned to Mail Center staff for quicker resolution. The project will require minimal construction for preparation of the site ahead of installation of the hardware.

Estimated purchase price	\$7,700
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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
2024	Horizon	IS and Provaliant	\$ 5,237,459
	Computer Room Air Conditioning Units (2)	Information Services	350,000
	Vehicles (3)	Field Services	70,000
	Digital Copiers (2)	Office Services	25,000
2025	Computer Room Air Conditioning Units (2)	Office Services	350,000
	Digital Copiers (3; 2 Oak Brook, 1 Springfield)	Office Services	37,500
2026	Computer Room Air Conditioning Units (2)	Information Services	350,000
2027	Vehicles (3)	Field Services	76,000
2028	n/a	n/a	-
Total 5 Year Capital Plan			\$ 6,495,959

ANALYSIS OF 2023 BUDGET TO 2022 ESTIMATED ACTUAL VARIANCES

	Percentage Change	
2023 Adopted Budget	\$ 44,841,468	
2022 Estimated Actual	40,051,730	
Increase	\$ 4,789,738	12.0%

Expense Variations by Major Expense Category

Percent of Total Budget		Increase (Decrease)	% Change
41.1%	Salaries The decrease in the 2023 budget versus the estimated 2022 reflects the impact of the 2023 compensation plan which provides for a 5.0% base salary adjustment and a 1.0% average discretionary. The estimated increase due to the compensation plan is \$2,368 thousand. Accrued absences and overtime will add an additional \$88 and \$55 thousand, respectively. These increases are offset by a \$560 thousand decrease temporary services and a \$1,838 thousand decrease in the amount of salaries capitalized as part 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 it's estimated useful life.	\$114,653	0.6%
13.4%	Fringe Benefits The majority of the decrease in the 2023 budget versus the 2022 estimated actual is due to the decrease of \$2.5 million in GASB 68 pension expense. There is also a \$302 thousand decrease in IMRF employer contributions and \$471 thousand in capitalized fringe benefits as part of the Horizon Project as mentioned above. Offsetting this are increases in health and dental insurance in the amount of \$212 thousand and payroll taxes of \$200 thousand.	(2,861,446)	(32.7)%
2.8%	Personnel Costs - Indirect The majority of this increase, \$349 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 \$100 thousand increase in conferences when comparing to the 2022 estimated. Additionally, there is an \$54 thousand increase in Employer Services travel. While these increases seem large, all of these areas are under budget for 2022 due to continued effects of the COVID-19 pandemic.	546,543	77.0%
4.3%	Consulting Services The decrease in the 2023 budget versus the 2022 estimated is being driven by a \$355 thousand decrease in Horizon consulting services. This is offset by \$152 thousand, \$86 thousand, and \$62 thousand increases for IS systems design consulting, the triennial actuarial experience study, and risk assessment respectively.	(71,098)	(3.5)%
3.6%	Facility Expenses The majority of this increase, \$125 thousand, is related to increases in telephone and internet fees, \$11 thousand for electricity, and \$10 thousand for building operating expenses. In addition, we anticipate a \$49 thousand increase in disaster recovery and offsite storage costs.	201,230	14.2%
5.1%	Commodities & Services The major increase in this area is due to postage and delivery, office supplies, cybersecurity consulting, and legal fees - \$123 thousand, \$104 thousand, and \$61 thousand respectively.	442,160	23.8%
28.6%	Equipment The majority of the increase here is due to increases of \$2,918 thousand in software maintenance and \$2,424 thousand in depreciation, respectively. Both of these are due to the expected go-live of the Horizon Project in early 2023.	6,215,930	95.0%
1.1%	Miscellaneous The increases in this area relate to insurance costs of \$35 thousand, \$143 thousand in trustee expenses, and \$10 thousand for trustee elections.	201,766	49.8%
100%		\$4,789,738	12.0%

2023 PROPOSED BUDGET

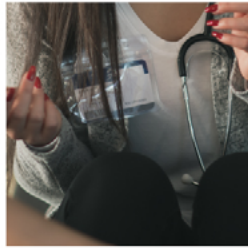
ANALYSIS OF 2023 BUDGET TO 2022 BUDGET VARIANCES

	Percentage Change	
2023 Adopted Budget	\$ 44,841,468	
2022 Adopted Actual	41,413,356	
Increase	\$ 3,428,112	8.3%

Expense Variations by Major Expense Category

Percent of Total Budget		Increase (Decrease)	% Change
41.1%	Salaries The decrease in the 2023 budget versus the 2022 budget is due to a \$1,611 thousand decrease in temporary staff services and an increase in capitalized salaries as for of the Horizon Project of \$(348) thousand. Per GASB Statement No. 51, these costs are reclassified from salary expense and capitalized as part of the total project costs and amortized over it's estimated useful life. This is offset by \$784 thousand increase from the impact of the 2023 compensation plan which provides for a 5.0% base salary adjustment and a 1.0% average discretionary. The estimated increase due to the compensation plan is \$925 thousand with an offset of \$(140) thousand in accrued compensation. Overtime will offset an additional \$112 thousand.	\$(947,004)	(4.9)%
13.4%	Fringe Benefits The decrease in the 2023 budget versus the 2022 budget is being driven by a \$307 thousand decrease in IMRF employer contributions due to a lower employer contribution rate for 2023. This is offset by an increase in health and dental insurance costs of \$58 thousand and payroll taxes based on the increase in compensation as explained above of \$75 thousand.	(189,430)	(3.1)%
2.8%	Personnel Costs - Indirect The 2023 budget contains a \$66 thousand increase in travel, training, and conferences and a \$6 thousand increase in employee recognition and awards. This is offset by a decrease in Employer Services travel of \$51 thousand.	26,294	2.1%
4.3%	Consulting Services This decrease in the 2023 budget versus the 2022 budget is being driven by the \$471 thousand decrease for IS consulting expenses. Also decreasing are expected costs for salary surveys of \$77 thousand. These are offset by increases in actuarial, risk assessment, and auditing expenses of \$92 thousand, \$65 thousand, and \$22 thousand, respectively.	(367,277)	(15.9)%
3.6%	Facility Expenses The decrease in this category is related to a \$1,214 thousand decrease in rent due to the implementation of GASB Statement No. 87, "Leases. Per the new standard, these costs are now included in the Equipment category below." This is offset by increases to electricity, \$35 thousand, offsite storage fees, \$31 thousand, equipment disposal fess, \$25 thousand, and telephone and internet costs, \$18 thousand.	(1,107,212)	(40.7)%
5.1%	Commodities & Services The major decrease in this area is related to mail presort and permit costs of \$127 thousand. This is offset by an increase in office supplies of \$12 thousand.	(106,857)	(4.4)%
28.6%	Equipment The majority of the increase here is due to a \$2,391 thousand increase in software maintenance and a \$1,676 thousand increase in depreciation in anticipation of the Horizon Project going into service in 2023. \$1,200 relates to the implementation of GASB Statement No. 87, "Leases" as explained previously. Also increasing are equipment costs by \$683 thousand.	5,966,516	87.9%
1.1%	Miscellaneous This increase is due to a \$137 thousand increase in trustee election costs in 2023 and insurance premiums of \$19 thousand.	153,082	33.8%
100.0%		\$3,428,112	8.3%

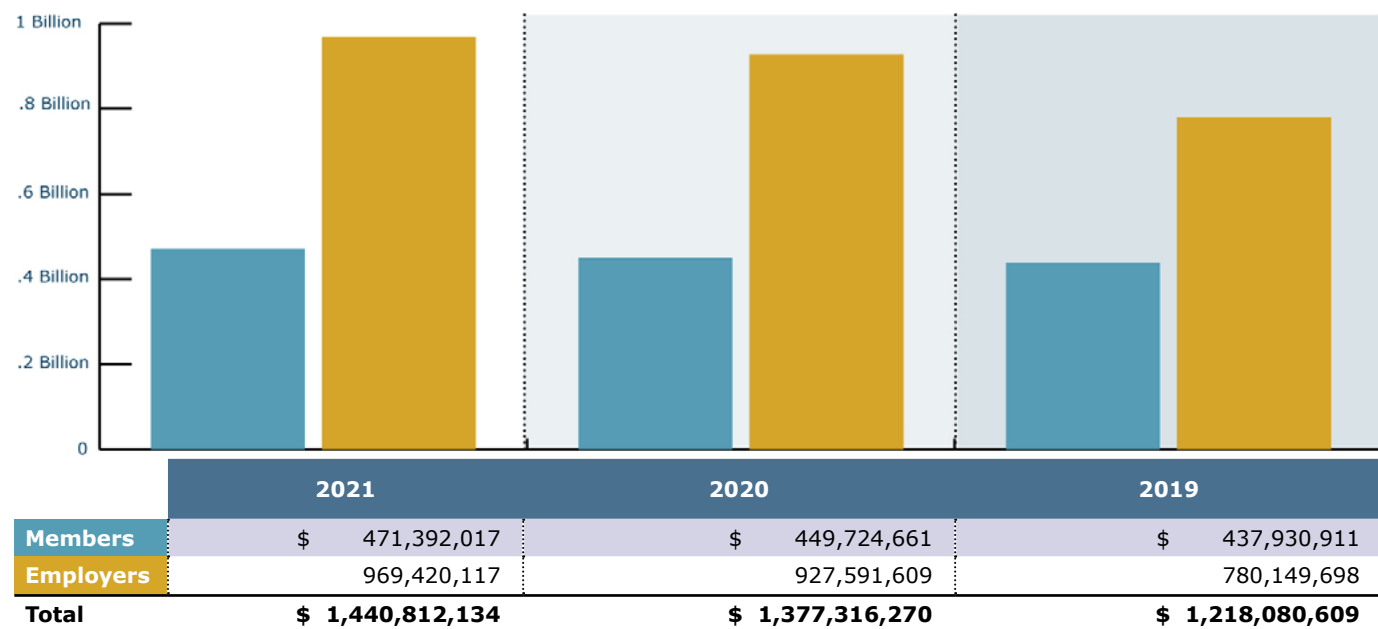
2023 PROPOSED BUDGET



RESILIENCE is financial support from members and employers.

Funding IMRF is a responsibility shared by generations of members and employers. Every IMRF member pays a portion of each paycheck to support their future pensions. IMRF employers also pay their required contributions in a timely manner. By honoring their commitments over the course of many decades, **IMRF is resilient.**

Member and Employer Contributions Since 2019



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.

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CONDENSED 2023 BUDGET COMPARISON

The table below provides a synopsis of the 2023 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 2022 budget and 2022 estimated amounts are also provided.

2023 Budget Summary by Department

	2022 Budget	2022 Estimated	2023 Budget w/o Horizon Costs	2023 Budget w/o Horizon Increase/ (Decrease) over 2022 Budget	Percent
Administrative Expense					
Administration	\$ 461,647	\$ 494,906	\$ 452,521	\$ (9,126)	(2.0)%
Benefits	1,086,103	1,117,590	1,082,676	(3,427)	(0.3)%
Board of Trustees	150,000	121,500	285,730	135,730	90.5%
Communications	1,393,882	995,424	1,136,647	(257,235)	(18.5)%
Customer Service	154,190	148,928	168,439	14,249	9.2%
Disability	941,299	940,209	1,025,960	84,661	9.0%
Employer Services	1,098,126	849,063	1,605,085	506,959	46.2%
Finance	9,771,812	11,677,758	8,139,738	(1,632,074)	(16.7)%
Human Resources	3,496,183	3,390,613	3,485,213	(10,970)	(0.3)%
Information Services	10,462,333	8,847,965	11,898,439	1,436,106	13.7%
Internal Audit	606,759	575,347	697,760	91,001	15.0%
Investments	2,056,330	1,911,586	2,096,457	40,127	2.0%
Investments - Internally Managed Portfolio (IMP)	812,972	821,292	851,362	38,390	4.7%
Legal	3,399,022	3,230,421	3,459,397	60,375	1.8%
Member Services	1,747,525	1,634,044	1,896,115	148,590	8.5%
Office Services	3,147,022	2,833,116	3,106,810	(40,212)	(1.3)%
Organizational Excellence	628,151	461,968	514,264	(113,887)	(18.1)%
Sub-total	41,413,356	40,051,730	41,902,613	489,257	1.2%
Direct Investment Expense					
Investments	179,887,610	183,033,029	188,663,109	8,775,499	4.9%
Investments - Internally Managed Portfolio (IMP)	1,298,850	1,282,850	1,916,550	617,700	47.6%
	181,186,460	184,315,879	190,579,659	9,393,199	5.2%
Total	\$ 222,599,816	\$ 224,367,609	\$ 232,482,272	\$ 9,882,456	4.4%

CONDENSED 2023 BUDGET COMPARISON - CONTINUED

2023 Budget Incremental Increase Due to Horizon	2023 Aggregate Budget with Horizon	2023 Aggregate Budget Increase/ (Decrease) over 2022 Budget	Percent	2023 Aggregate Budget Increase over 2022 Estimate	Percent
\$ -	\$ 452,521	\$ (9,126)	(2.0)%	\$ (42,385)	(8.6)%
2,000	1,084,676	(1,427)	(0.1)%	(32,914)	(2.9)%
-	285,730	135,730	90.5%	164,230	135.2%
11,150	1,147,797	(246,085)	(17.7)%	152,373	15.3%
-	168,439	14,249	9.2%	19,511	13.1%
27,000	1,052,960	111,661	11.9%	112,751	12.0%
-	1,605,085	506,959	46.2%	756,022	89.0%
2,799,889	10,939,627	1,167,815	12.0%	(738,131)	(6.3)%
-	3,485,213	(10,970)	(0.3)%	94,600	2.8%
98,816	11,997,255	1,534,922	14.7%	3,149,290	35.6%
-	697,760	91,001	15.0%	122,413	21.3%
-	2,096,457	40,127	2.0%	184,871	9.7%
-	851,362	38,390	4.7%	30,070	3.7%
-	3,459,397	60,375	1.8%	228,976	7.1%
-	1,896,115	148,590	8.5%	262,071	16.0%
-	3,106,810	(40,212)	(1.3)%	273,694	9.7%
-	514,264	(113,887)	(18.1)%	52,296	11.3%
2,938,855	44,841,468	3,428,112	8.3%	4,789,738	12.0%
-	188,663,109	8,775,499	4.9%	5,630,080	3.1%
-	1,916,550	617,700	47.6%	633,700	49.4%
-	190,579,659	9,393,199	5.2%	6,263,780	3.4%
\$ 2,938,855	\$ 235,421,127	\$ 12,821,311	5.8%	\$ 11,053,518	4.9%

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 2022 Board of Trustees include:

Natalie Copper, President	Louis Kosiba
Tom Kuehne, Vice President	David Miller
Peter Stefan, Secretary	Tracie Mitchell
Gwen Henry	Sue Stanish

Board of Trustees – Budget

Expense Classification	Account No.	Actual 2020	Actual 2021	Budget 2022	Estimated 2022	Budget 2023
Commodities & Services						
Publications & Dues	5535	\$ 2,454	\$ 3,732	\$ 5,000	\$ 4,000	\$ 5,000
Total Personnel Costs - Direct		2,454	3,732	5,000	4,000	5,000
Miscellaneous						
Trustee Employer Reimbursement	5580	24,874	25,938	50,000	45,000	48,000
Trustee Reimbursement & Education	5581	8,789	32,951	90,000	72,500	90,000
Trustee Elections	5582	215,916	18,833	5,000	-	142,730
Total Miscellaneous		249,579	77,722	145,000	117,500	280,730
Total Expenses		\$ 252,033	\$ 81,454	\$ 150,000	\$ 121,500	\$ 285,730
2023 Percent Change						90.5%

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 2020	Actual 2021	Budget 2022	Estimated 2022	Budget 2023	Budget with Horizon 2023
Personnel Costs - Direct							
Salaries	5501	\$393,646	\$391,925	\$414,647	\$416,906	\$404,521	\$404,521
Total Personnel Costs - Direct		393,646	391,925	414,647	416,906	404,521	404,521
Personnel Costs - Indirect							
Travel & Training	5507	1,276	2,830	14,000	9,500	15,000	15,000
Conferences & Meetings	5517	495	840	8,000	7,500	8,000	8,000
Total Personnel Costs - Indirect		1,771	3,670	22,000	17,000	23,000	23,000
Commodities & Services							
Publications & Dues	5535	8,262	15,373	20,000	18,500	20,000	20,000
Other Services	5540	1,000	112,605	-	40,000	-	-
Total Commodities & Services		9,262	127,978	20,000	58,500	20,000	20,000
Equipment							
Auto Maintenance & Expenses	5576	1,471	392	5,000	2,500	5,000	5,000
Total Equipment		1,471	392	5,000	2,500	5,000	5,000
Total Expenses		\$406,150	\$523,965	\$461,647	\$494,906	\$452,521	\$452,521
2023 Percent Change						(2.0)%	(2.0)%

BENEFITS DEPARTMENT

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 12 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.

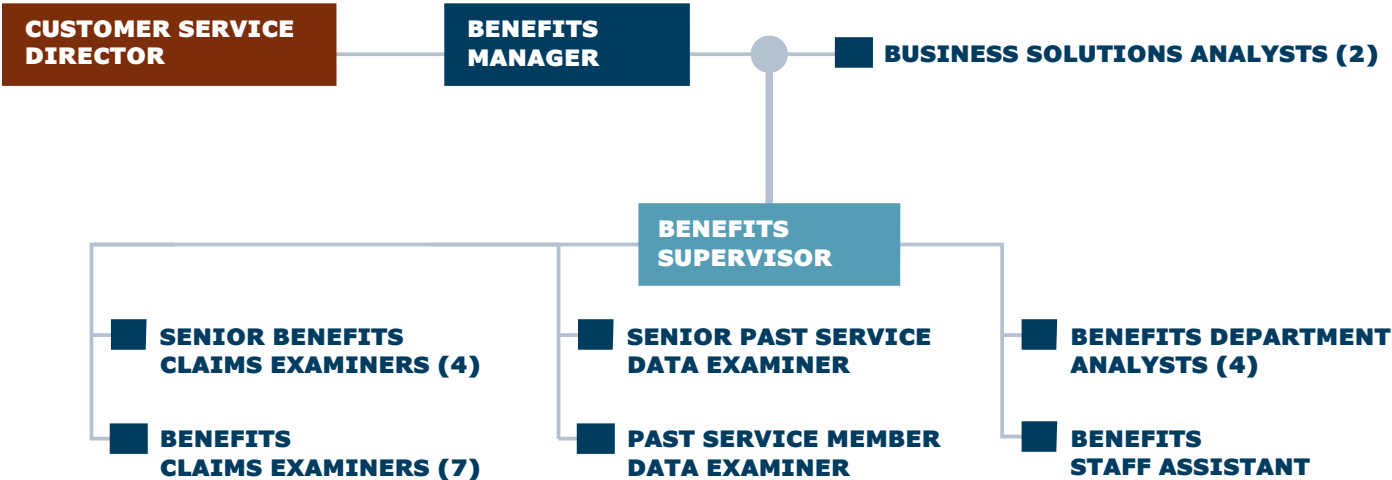
Key Result Area: Financial Health

- 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	2017	2018	2019	2020 *	2021	2022 YTD
Average Processing Time (days) for all claim types	7.9	7.4	9.0	31.1	19.8	18.9
Financial Accuracy (M)	90.0%	96.7%	97.8%	98.3%	99.2%	97.3%
Financial Accuracy (A)	94.7%	96.0%	99.0%	99.0%	99.5%	99.9%
Procedural Accuracy (M)	78.3%	87.4%	95.5%	96.5%	99.8%	98.7%
Procedural Accuracy (A)	88.6%	92.7%	97.0%	97.4%	97.9%	98.7%

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 2020	Actual 2021	Budget 2022	Estimated 2022	Budget 2023	Budget with Horizon 2023
Personnel Costs - Direct							
Salaries	5501	\$1,068,335	\$1,018,724	\$1,080,553	\$1,116,590	\$1,076,851	\$1,078,851
Total Personnel Costs - Direct		1,068,335	1,018,724	1,080,553	1,116,590	1,076,851	1,078,851
Personnel Costs - Indirect							
Travel & Training	5507	515	1,577	4,550	1,000	4,825	4,825
Conferences & Meetings	5517	-	-	1,000	-	1,000	1,000
Total Personnel Costs - Indirect		515	1,577	5,550	1,000	5,825	5,825
Total Expenses		\$1,068,850	\$1,020,301	\$1,086,103	\$1,117,590	\$1,082,676	\$1,084,676
2023 Percent Change						(0.3)%	(0.1)%

COMMUNICATIONS DEPARTMENT

IMRF’s Communications department produces 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.

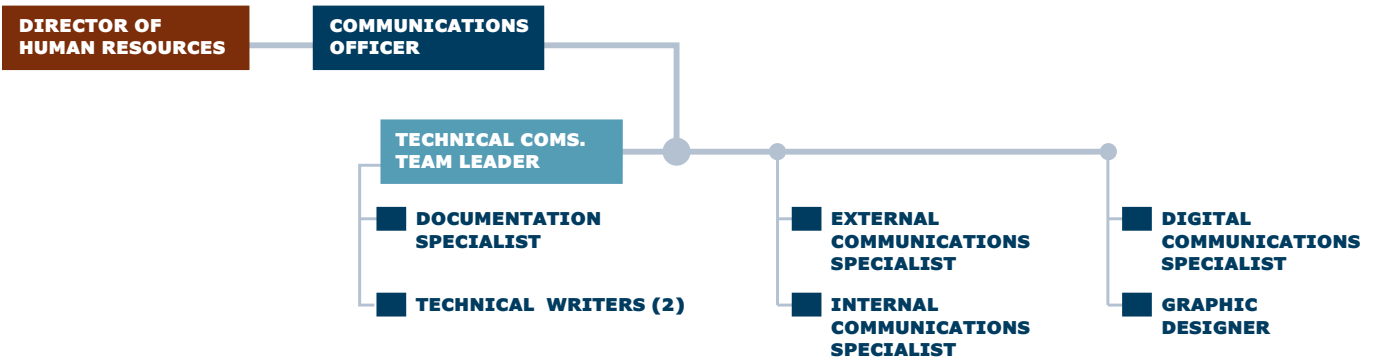
Key Result Area: Workforce Engagement

- 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	2017	2018	2019	2020	2021	2022 YTD
Open rate for the Employer Digest e-newsletter	46.9%	46.5%	49.1%	46.0%	44.3%	47.4%

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

Key Result Area: Customer Engagement

Measures	2017	2018	2019	2020	2021	2022 YTD
Total page views at www.imrf.org	7,557,570	7,971,477	8,219,514	9,418,749	11,430,191	9,471,229

Key Result Area: Workforce Engagement

Measures	2017	2018	2019	2020	2021	2022 YTD
Staff intranet total page views	113,633	439,511	485,857	338,823	326,052	261,868
Open rate for the IMRF Update e-newsletter	80.1%	82.2%	80.0%	61.0%	45.0%	51.0%

Communications Department – Budget

Expense Classification	Account No.	Actual 2020	Actual 2021	Budget 2022	Estimated 2022	Budget 2023	Budget with Horizon 2023
Personnel Costs - Direct							
Salaries	5501	\$681,684	\$662,938	\$594,227	\$713,644	\$613,786	\$613,786
Professional Services – Temps	5503	45,178	90,189	636,950	126,575	312,171	312,171
Total Personnel Costs - Direct		726,862	753,127	1,231,177	840,219	925,957	925,957
Personnel Costs - Indirect							
Travel and Training	5507	3,294	8,046	13,525	13,525	14,750	14,750
Conferences & Meetings	5517	1,474	1,294	9,925	8,925	17,250	17,250
Total Personnel Costs - Indirect		4,768	9,340	23,450	22,450	32,000	32,000
Public Relations Services							
Public Relations	5519	3,251	1,013	1,500	1,500	1,500	1,500
Total Public Relations Services		3,251	1,013	1,500	1,500	1,500	1,500
Commodities & Services							
Forms & Informational Materials	5532	116,022	94,112	108,950	105,450	142,800	153,950
Publications & Dues	5535	1,345	2,445	1,430	1,430	1,390	1,390
Professional Services – Other	5540	2,000	61	27,000	24,000	33,000	33,000
Total Commodities & Services		119,367	96,618	137,380	130,880	177,190	188,340
Equipment							
Expendable Equipment	5575	-	-	375	375	-	-
Total Equipment		-	-	375	375	-	-
Total Expenses		\$854,248	\$860,098	\$1,393,882	\$995,424	\$1,136,647	\$1,147,797
2023 Percent Change						(18.5)%	(17.7)%

CUSTOMER SERVICE DEPARTMENT

The Customer Service Director provides leadership for the Benefits, Disability, Member Services, Employer 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	Goal	2017	2018	2019	2020	2021	2022 YTD
Member Transaction Engagement (NPS)	Benchmark	87.10	87.14	86.63	82.27	82.89	81.46
Member Workshop Engagement (NPS)	Benchmark	0.95	92.85	92.45	89.00	83.87	89.49
Member Transaction Satisfaction	90%	97.35%	97.31%	97.32%	96.99%	96.19%	95.59%
Member Workshop Satisfaction	90%	99.76%	99.61%	99.59%	97.09%	96.51%	97.81%
Member Transaction Customer Effort	90%	95.10%	94.90%	94.90%	94.19%	92.73%	89.90%
Member Workshop Customer Effort	90%	99.50%	99.90%	99.80%	95.96%	95.51%	95.61%
Member Transaction Dissatisfaction	0%	1.12%	1.40%	1.41%	1.68%	1.95%	2.14%
Member Workshop Dissatisfaction	0%	0.00%	0.10%	0.16%	1.64%	0.83%	0.63%
Cobalt Overall Percentile Rank	90% or <	100%	100%	100%	80%	80.00%	80.00%
Employer Transaction Engagement (NPS)	Benchmark	82.00	80.65	79.23	79.80	81.36	80.78
Employer Workshop Engagement (NPS)	Benchmark	95.20	93.16	90.57	88.04	87.14	90.84
Employer Transaction Satisfaction	90%	95.79%	96.03%	95.33%	94.48%	95.31%	95.03%
Employer Workshop Satisfaction	90%	98.87%	98.64%	99.20%	97.42%	97.24%	98.42%
Employer Transaction Customer Effort	90%	91.20%	92.20%	90.90%	89.90%	91.37%	91.15%
Employer Workshop Customer Effort	90%	99.70%	99.60%	91.80%	96.57%	94.50%	96.83%
Employer Transaction Dissatisfaction	0%	0.85%	0.83%	0.90%	1.21%	0.96%	1.49%
Employer Workshop Dissatisfaction	0%	0.28%	0.19%	0.20%	0.00%	0.92%	0.00%

Customer Service Department – Budget

Expense Classification	Account No.	Actual 2020	Actual 2021	Budget 2022	Estimated 2022	Budget 2023	Budget with Horizon 2023
Personnel Costs - Direct							
Salaries	5501	\$ 140,543	\$ 136,910	\$ 144,040	\$ 141,479	\$ 152,089	\$ 152,089
Total Personnel Costs - Direct		140,543	136,910	144,040	141,479	152,089	152,089
Personnel Costs - Indirect							
Travel & Training	5507	23	-	3,600	3,000	7,800	7,800
Conferences & Meetings	5517	395	-	6,050	4,000	8,050	8,050
Total Personnel Costs - Indirect		418	-	9,650	7,000	15,850	15,850
Commodities & Services							
Publications & Dues	5535	-	449	500	449	500	500
Total Commodities & Services		-	449	500	449	500	500
Total Expenses		\$140,961	\$137,359	\$154,190	\$148,928	\$168,439	\$168,439
2023 Percent Change						9.2%	

DISABILITY DEPARTMENT

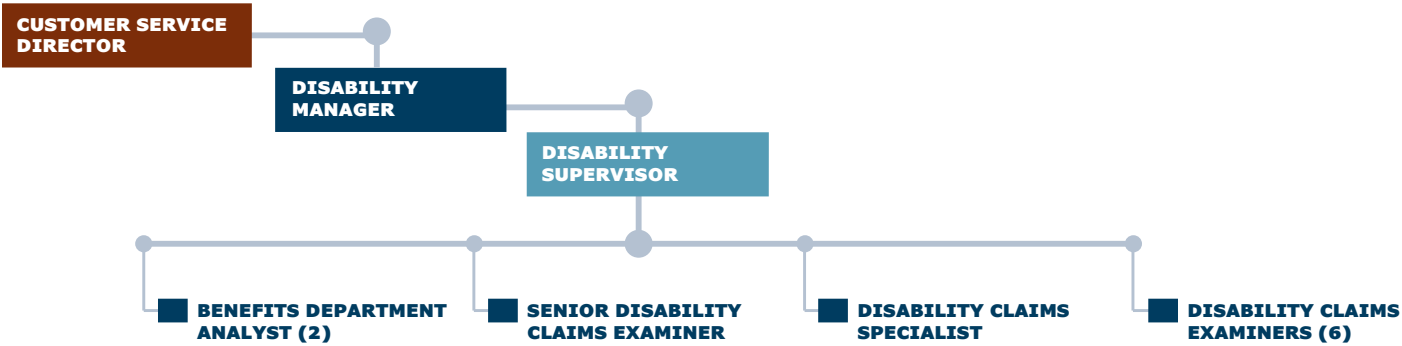
The Disability department is led by one manager and one supervisor. Two analysts assist in the day-to-day activities and 9 specialists and examiners process claims. The department serves IMRF’s members, and employers by providing information and services related to all aspects of disability application 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	2017	2018	2019	2020	2021	2022 YTD
Average processing time for all claim types (days)	7.89	7.36	8.20	4.70	4.99	6.31
Financial accuracy (M)	90.0%	96.7%	98.1%	99.0%	100.0%	97.2%
Financial accuracy (A)	94.7%	96.0%	99.3%	100.0%	98.6%	99.0%
Procedural accuracy (M)	78.3%	87.4%	98.1%	97.4%	100.0%	100.0%
Procedural accuracy (A)	88.6%	92.7%	97.7%	100.0%	95.6%	100.0%

M = Manual

A = Automated

Disability Department – Budget

Expense Classification	Account No.	Actual 2020	Actual 2021	Budget 2022	Estimated 2022	Budget 2023	Budget with Horizon 2023
Personnel Costs - Direct							
Salaries	5501	\$ 885,244	\$ 789,869	\$ 805,549	\$ 820,409	\$ 874,510	\$ 901,510
Total Personnel Costs - Direct		885,244	789,869	805,549	820,409	874,510	901,510
Personnel Costs - Indirect							
Travel	5507	795	288	6,750	1,100	6,750	6,750
Conferences & Meetings	5517	-	-	1,000	-	2,500	2,500
Total Personnel Costs - Indirect		795	288	7,750	1,100	9,250	9,250
Consulting Services							
Medical & Field Investigations	5516	28,248	59,367	128,000	118,600	142,000	142,000
Total Consulting Services		28,248	59,367	128,000	118,600	142,000	142,000
Commodities & Services							
Publications & Dues	5535	50	-	-	100	200	200
Total Commodities & Services		50	-	-	100	200	200
Total Expenses		\$914,337	\$849,524	\$941,299	\$940,209	\$1,025,960	\$1,052,960
2023 Percent Change						9.0%	11.9%

EMPLOYER SERVICES DEPARTMENT

The Employer Services Department is led by one Manager, one Team Leader, and two Supervisors. It encompasses a Contact Center, Employer Education unit, and Employer Data unit. Within the department there is one Business Solution Analyst that focuses on support of the Horizon Project, one Employer Services Analyst that supports department operations, one Contact Center Analyst, four Employer Services Representatives, one Contact Center Specialist, and four Contact Center Representatives.

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 Employers, Authorized Agent Modules 1 and 2, online Learning Center.
 - Virtual meetings for Employers on various financial topics and ERI.
- Continuous implementation of call center best practices.
 - Analyze quarterly graduated scale call standards following industry best practices.
 - Provide consistent information to our customers through Quality Assurance measurements of telephone, email, and written correspondence.
- Communicate survey results with our customers and implement improvements.

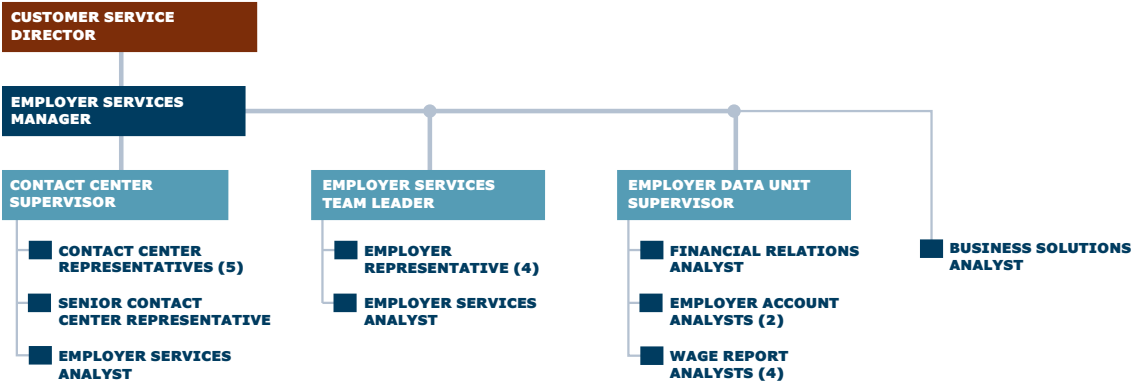
Key Result Area: Workforce Engagement

- 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.

Employer Services Department – Organization Chart



Employer Services – Performance Measures

Results - Employer Services	2017	2018	2019	2020	2021	2022 YTD
Employer webinar workshop engagement (NPS)	95.2	93.7	90.6	88.0	87.1	90.8
Employer webinar workshop overall satisfaction	98.9%	98.6%	99.2%	97.4%	97.2%	98.4%
Target for engagement (NPS)	N/A	>76.8	>76.8	>76.8	>76.8	>76.8
Target for overall satisfaction	>90%	>90%	>90%	>90%	>90%	>90%

Results - Employer Contact Center	2017	2018	2019	2020	2021	2022 YTD
All Call Distribution (ADC) Log on adherence	95.0%	98.2%	97.1%	95.0%	96.0%	97.6%
Call documentation	93.6%	94.2%	95.2%	96.3%	96.0%	98.2%
Call transfer rate	3.5%	4.2% *	5.4%	2.3%	4.7%	4.0%

Call hold time	2017	2018	2019	2020	2021	2022 YTD
Call hold time (in seconds)	89	75	39	40	65	61
Target (in seconds)	< 120	< 120	< 105	< 90	< 90	< 90
Undesired calls	2017	2018	2019	2020	2021	2022 YTD
Undesired calls	47,060	39,311	39,251	34,897	39,251	37,082
Percent undesired calls	25.1%	19.7%	18.9%	22.4%	18.9%	32.8%
Target	< 20%	< 20%	< 20%	< 20%	< 20%	< 20%
Wage Reporting	2017	2018	2019	2020	2021	2022 YTD
Outstanding wage reports	-	-	-	-	-	92

* Prior to 2018 statistics are combined for member and employer contacts.

Employer Services Department – Budget

Expense Classification	Account No.	Actual 2020	Actual 2021	Budget 2022	Estimated 2022	Budget 2023	Budget with Horizon 2023
Personnel Costs - Direct							
Salaries	5501	\$ 969,919	\$ 691,881	\$ 970,156	\$ 830,373	\$ 1,520,490	\$ 1,520,490
Total Personnel Costs - Direct		969,919	691,881	970,156	830,373	1,520,490	1,520,490
Personnel Costs - Indirect							
Travel & Training	5507	158	1,995	6,750	6,800	15,650	15,650
Employer Representatives	5508	38,777	917	106,000	3,000	55,000	55,000
Conferences & Meetings	5517	-	-	3,175	3,745	7,800	7,800
Total Personnel Costs - Indirect		38,935	2,912	115,925	13,545	78,450	78,450
Commodities & Services							
Office Supplies	5531	456	286	300	250	300	300
Postage & Delivery	5533	552	1,293	1,000	2,200	800	800
Publications & Dues	5535	690	295	245	195	245	245
Total Commodities & Services		1,698	1,874	1,545	2,645	1,345	1,345
Equipment							
Auto Maintenance & Expense	5576	6,615	3,995	10,500	2,500	4,800	4,800
Total Equipment		6,615	3,995	10,500	2,500	4,800	4,800
Total Expenses		\$1,017,167	\$700,662	\$1,098,126	\$849,063	\$1,605,085	\$1,605,085
2023 Percent Change						46.2%	46.2%

* This increase is due to the 2022 reorganization

FINANCE DEPARTMENT

IMRF’s Finance department is headed by the Chief Financial Officer and consists of two units: the Treasury Unit and the Control Unit. Additionally, there are three analysts that assist the department in day-to-day activities. The Finance department works in partnership with other IMRF departments to maintain the integrity of IMRF member and employer data to ensure the timely and accurate payment of benefits, to compile accurate financial data for the Fund in compliance with all Federal, State, and regulatory requirements, and to explore and utilize technological advances to provide the most efficient service to members, employers, staff, and benefit recipients.

The Finance department is responsible for financial reporting and accounting functions, actuarial reporting, and financial reporting. The 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

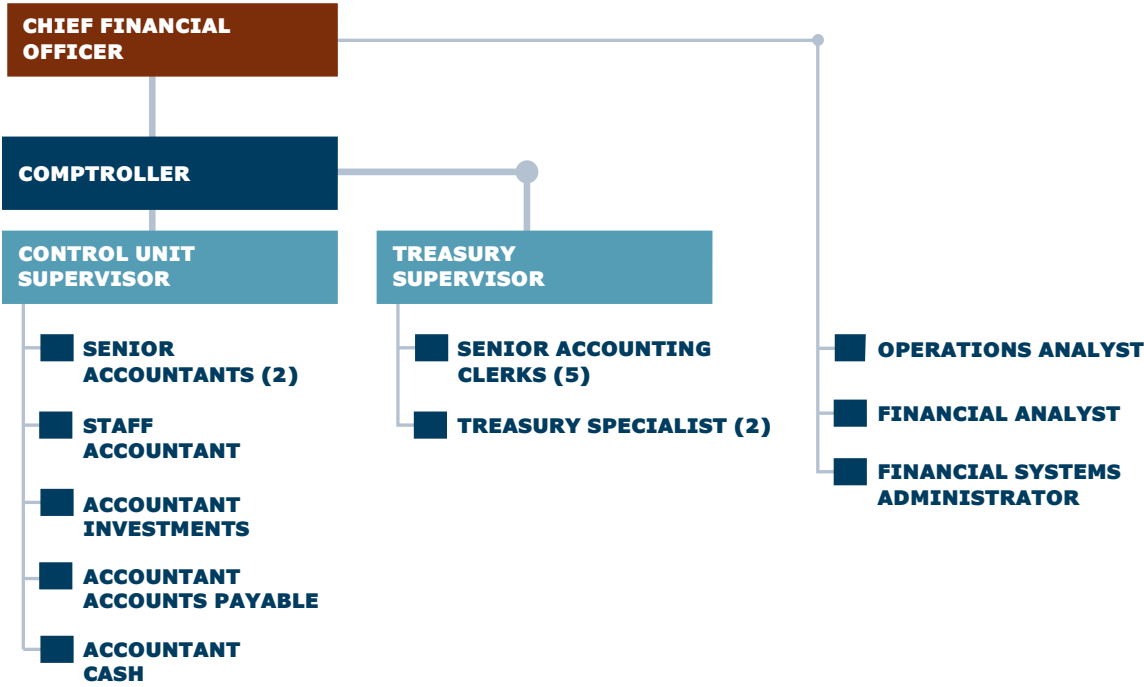
Key Result Area: Financial Health

- 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 8th 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	2017	2018	2019	2020	2021	2022 YTD
Benefit checks issued in lieu of EFTs	48,103	36,464	28,499	16,941	20,653	13,955
Benefit payment - EFTs	1,586,270	1,746,300	1,697,384	1,169,442	1,838,101	1,424,683
Treasury transactions	50,777	47,609	48,626	31,211	45,015	33,722

Finance Department – Budget

Expense Classification	Account No.	Actual 2020	Actual 2021	Budget 2022	Estimated 2022	Budget 2023	Budget with Horizon 2023
Personnel Costs - Direct							
Salaries	5501	\$ 1,929,904	\$ 1,881,619	\$ 1,753,672	\$ 1,840,930	\$ 1,397,372	\$ 1,397,372
Unemployment Costs	5504	1,269	14,554	16,000	16,000	16,000	16,000
IMRF/SS ER Contributions	5505	1,015,493	(1,331,052)	3,688,616	6,311,194	3,478,402	3,478,402
		2,946,666	565,121	5,458,288	8,168,124	4,891,774	4,891,774
Personnel Costs - Indirect							
Travel & Training	5507	697	930	17,000	5,300	16,600	16,600
Conferences & Meetings	5517	2,193	4,789	11,800	6,500	11,000	11,000
		2,890	5,719	28,800	11,800	27,600	27,600
Consulting Services							
Auditing	5511	346,790	363,240	319,500	319,500	306,850	341,850
Actuarial	5512	668,189	624,776	578,000	605,000	605,000	635,000
		1,014,979	988,016	897,500	924,500	911,850	976,850
Commodities & Services							
Office Supplies	5531	32	-	-	-	-	-
Publications & Dues	5535	4,329	4,960	10,000	7,500	7,500	7,500
Professional Services - Other	5540	212,038	214,295	226,500	187,475	191,500	211,465
		216,399	219,255	236,500	194,975	199,000	218,965
Equipment							
Depreciation - Capital Assets	5571	2,571,019	2,314,320	3,070,214	2,322,359	2,051,014	4,745,938
Software Maintenance PC	5574	39,981	30,402	65,510	45,000	45,000	65,000
		2,611,000	2,344,722	3,135,724	2,367,359	2,096,014	4,810,938
Miscellaneous Expenses							
Filing Fees	5586	9,877	11,263	15,000	11,000	13,500	13,500
		9,877	11,263	15,000	11,000	13,500	13,500
Total Expenses		\$6,801,811	\$4,134,096	\$9,771,812	\$11,677,758	\$8,139,738	\$10,939,627
2023 Percent Change						(16.7)%	12.0%

* This decease is due to the 2022 reorganization

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.

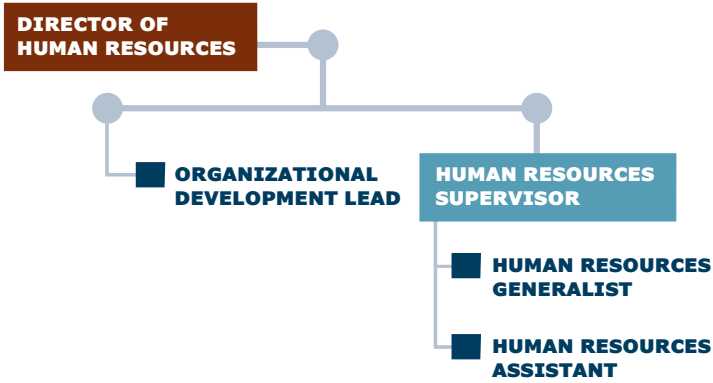
Goals and Objectives

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 How We Work Model.
- 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	2017	2018	2019	2020	2021	2022 YTD
Workforce Engagement Survey (Percentile rank)	95th	95th	89th	92nd	73rd	68th

Year	2017	2018	2019	2020	2021	2022 YTD
Turnover Rate - IMRF	5.91%	10.66%	12.00%	5.58%	9.00%	11.95%*
Turnover Rate - CompData average	20.80%	21.10%	21.70%	24.60%	29.30%	N/A

*Through September 2022

Human Resources Department – Budget

Expense Classification	Account No.	Actual 2020	Actual 2021	Budget 2022	Estimated 2022	Budget 2023	Budget with Horizon 2023
Personnel Costs - Direct							
Salaries	5501	\$ 525,177	\$ 514,173	\$ 428,388	\$ 489,741	\$ 461,522	\$ 461,522
Fringe Benefits	5504	2,278,645	2,251,341	2,249,266	2,299,267	2,270,950	2,270,950
Total Personnel Costs - Direct		2,803,822	2,765,514	2,677,654	2,789,008	2,732,472	2,732,472
Personnel Costs - Indirect							
Travel & Training	5507	169,371	243,918	449,300	300,687	436,610	436,610
Recruitment & Testing	5509	43,861	34,549	68,768	58,177	71,220	71,220
Other Personnel Costs	5510	26,035	49,187	95,537	74,563	104,342	104,342
Conferences & Meetings	5517	2,308	(1,301)	11,800	9,300	12,245	12,245
Total Personnel Costs - Indirect		241,575	326,353	625,405	442,727	624,417	624,417
Consulting Services							
Compensation & Benefit Surveys	5514	68,105	76,437	165,500	133,875	88,200	88,200
Total Consulting Services		68,105	76,437	165,500	133,875	88,200	88,200
Commodities & Services							
Publications & Dues	5535	1,113	1,629	2,924	2,903	2,924	2,924
Total Commodities & Services		1,113	1,629	2,924	2,903	2,924	2,924
Equipment							
Maintenance & Rentals	5572	275	101	-	-	-	-
Software Maintenance PC	5574	10,908	15,447	23,500	20,900	23,500	23,500
Expendable Equipment	5575	-	-	1,200	1,200	13,700	13,700
Total Equipment		11,183	15,548	24,700	22,100	37,200	37,200
Total Expenses		\$3,125,798	\$3,185,481	\$3,496,183	\$3,390,613	\$3,485,213	\$3,485,213
2023 Percent Change						(0.3)%	(0.3)%

INFORMATION SERVICES DEPARTMENT

The Information Services division is headed by the Chief Information Services Officer (CISO) and consists of two departments: Enterprise Business Solutions and Technology Infrastructure. There are two Technical Solution Architect Leads reporting directly to the CISO who serve as the liaison between the two departments and the vendor for the Horizon solution. 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.

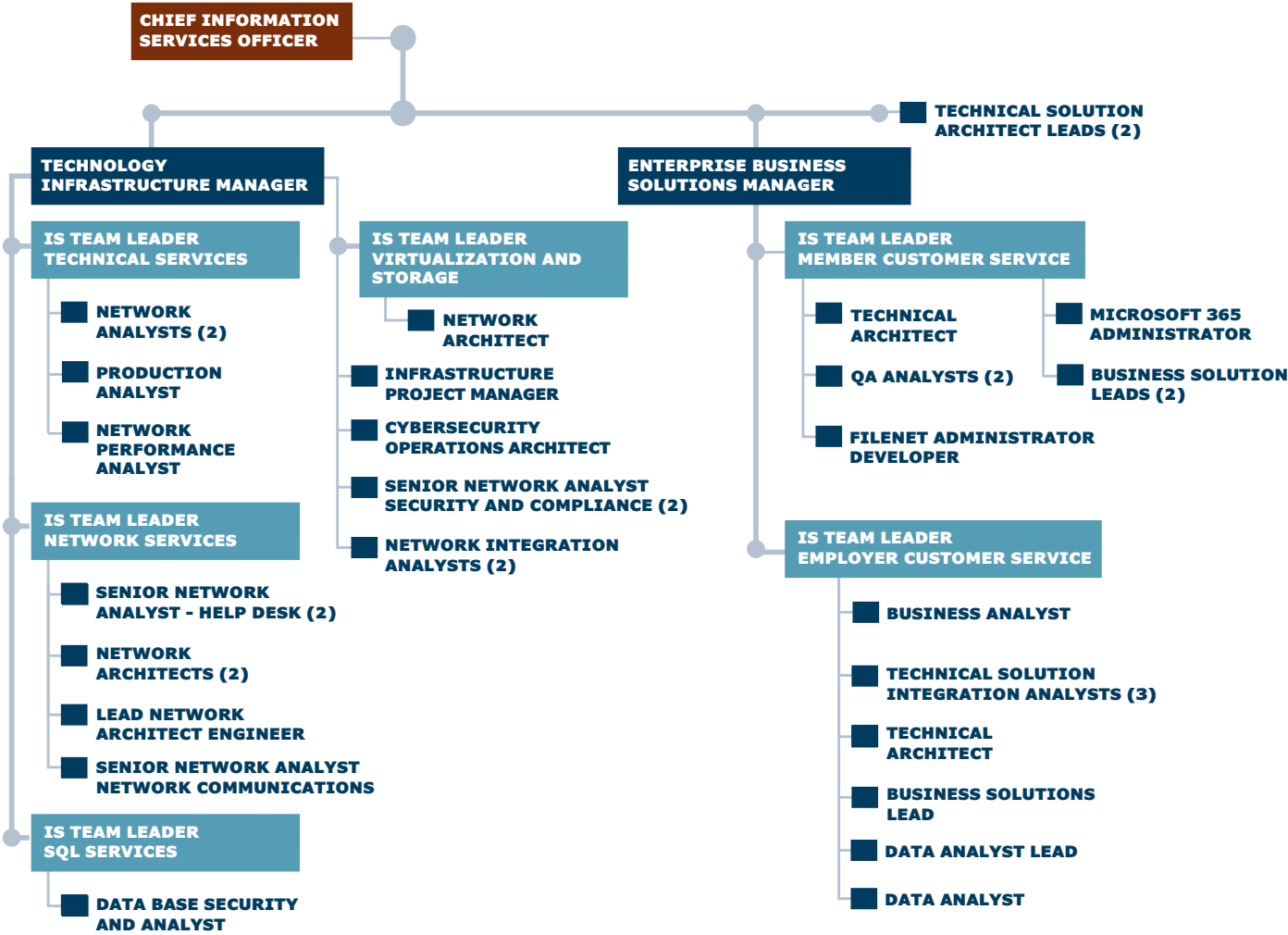
Key Result Area: Financial Health and Operational Excellence

- 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	2017	2018	2019	2020	2021	2022 YTD
Outage minutes	601	1,095	2,640	510	23	0
Percent uptime	99.8%	99.6%	92.6%	99.8%	100.0%	100.0%
Transactions less than 1 second	93.2%	93.0%	93.0%	93.0%	90.0%	95.0%
Technology audit: High-risk findings	1	-	-	1	-	1
Technology audit: Moderate & low-risk findings	26	33	19	26	12	15

Business Continuity and Disaster Recovery Drills	2017	2018	2019	2020	2021	2022 YTD
Desktop drills	1	-	1	-	-	1
Live drills at warm site	2	1	1	1	1	1
Restore toll-free number	Yes	Yes	Yes	Yes	Yes	Yes
Restore benefits system	Yes	Yes	Yes	Yes	Yes	Yes
Print benefits checks	No	No	Yes	No	Yes	Yes
Critical systems capability	100%	91%	100%	89%	100%	93%

Information Services Department – Budget

Expense Classification	Account No.	Actual 2020	Actual 2021	Budget 2022	Estimated 2022	Budget 2023	Budget with Horizon 2023
Personnel Costs - Direct							
Salaries	5501	\$3,644,635	\$3,394,581	\$3,617,391	\$3,698,283	\$3,759,156	\$3,759,156
Professional Services - Temps	5503	612,468	882,292	1,601,720	1,060,192	315,000	315,000
Total Personnel Costs - Direct		4,257,103	4,276,873	5,219,111	4,758,475	4,074,156	4,074,156
Personnel Costs - Indirect							
Travel & Training	5507	32,791	64,593	91,979	56,064	130,005	130,005
Conferences & Meetings	5517	1,950	500	33,100	17,782	31,996	31,996
Total Personnel Costs - Indirect		34,741	65,093	125,079	73,846	162,001	162,001
Consulting Services							
Implementation Phase Consulting	5514	655,744	464,773	471,033	453,394	-	98,816
Systems Design - Modernization	5515	47,312	40,617	331,750	55,840	231,840	231,840
Total Consulting Services		703,056	505,390	802,783	509,234	231,840	330,656
Facility Expenses							
Telephone	5523	200,632	206,599	297,868	190,693	315,408	315,408
Other Facility Expense	5525	280,340	272,009	335,000	344,649	390,225	390,225
Total Facility Expenses		480,972	478,608	632,868	535,342	705,633	705,633
Commodities & Services							
Office Supplies	5531	118,906	114,637	241,900	160,433	239,450	239,450
Publications & Dues	5535	1,483	1,342	1,000	1,149	2,456	2,456
Total Commodities & Service		120,389	115,979	242,900	161,582	241,906	241,906
Equipment							
Maintenance & Rentals	5572	327,880	324,208	822,868	865,989	1,436,668	1,436,668
Software Maintenance	5573	1,096,194	1,454,728	2,259,724	1,709,110	4,626,843	4,626,843
Expendable Equipment	5575	195,646	155,761	354,500	233,035	417,040	417,040
Total Equipment		1,619,720	1,934,697	3,437,092	2,808,134	6,480,551	6,480,551
Miscellaneous Expenses							
Filing fees	5586	1,166	1,327	2,500	1,352	2,352	2,352
Total Miscellaneous		1,166	1,327	2,500	1,352	2,352	2,352
Total Expenses		\$7,217,147	\$7,377,967	\$10,462,333	\$8,847,965	\$11,898,439	\$11,997,255
2023 Percent Change						13.7%	14.7%

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 2020	Actual 2021	Budget 2022	Estimated 2022	Budget 2023	Budget with Horizon 2023
Personnel Costs - Direct							
Salaries	5501	\$ 663,580	\$ 508,070	\$ 359,944	\$ 338,842	\$ 369,560	\$ 369,560
Total Personnel Costs - Direct		663,580	508,070	359,944	338,842	369,560	369,560
Personnel Costs - Indirect							
Travel & Training	5507	1,320	3,069	20,340	8,000	9,600	9,600
Conferences & Meetings	5517	1,174	2,050	9,350	8,000	16,675	16,675
Total Personnel Costs - Indirect		2,494	5,119	29,690	16,000	26,275	26,275
Consulting Services							
Auditing	5511	158,239	198,438	210,000	212,800	292,800	292,800
Total Consulting Services		158,239	198,438	210,000	212,800	292,800	292,800
Commodities & Services							
Publications & Dues	5535	2,337	2,509	2,000	2,585	3,625	3,625
Total Commodities & Services		2,337	2,509	2,000	2,585	3,625	3,625
Equipment							
Software Maintenance PC	5574	4,008	7,290	5,125	5,120	5,500	5,500
Auto Maintenance & Expense	5576	1,508	-	-	-	-	-
Total Equipment		5,516	7,290	5,125	5,120	5,500	5,500
Total Expenses		\$832,166	\$721,426	\$606,759	\$575,347	\$697,760	\$697,760
2023 Percent Change						15.0%	15.0%

INVESTMENTS DEPARTMENT

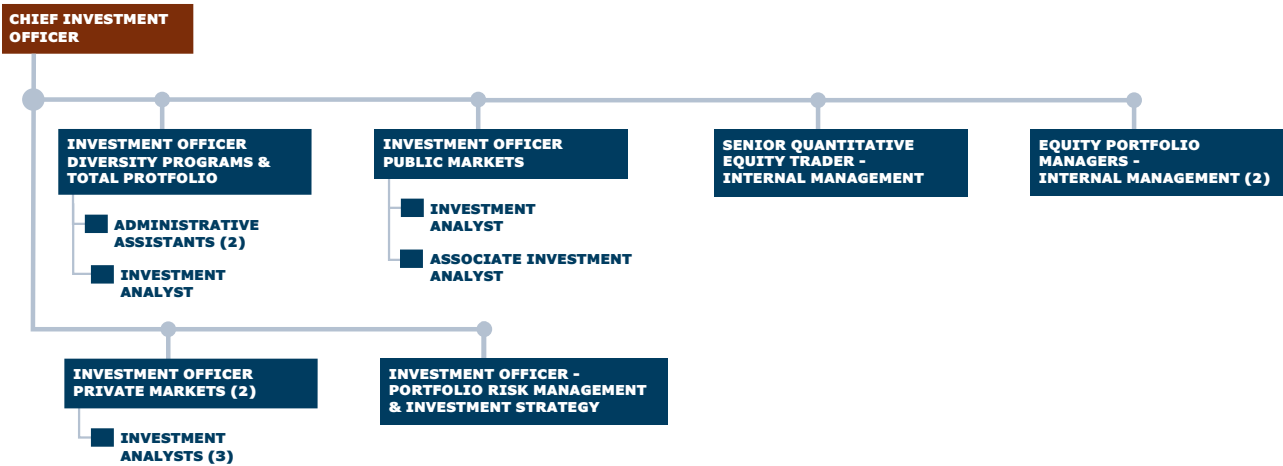
IMRF’s Investment department works to optimize the total return of the IMRF investment portfolio through a policy of long-term diversified investment, using parameters of prudent risk management. The Investment department’s strategic objective is to meet or exceed IMRF’s actuarial assumed rate of return 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, Diversity Programs and Total Portfolio, Operations, Portfolio Strategy and Risk Management, and Internal Equity Management. Key highlights of the Investment department’s activity in 2022 include: onboarding the new Chief Investment Officer, who provides leadership and oversight for all investment activities and matters involving IMRF’s assets; working with Wilshire to produce an Asset-Liability Modeling Study and Strategic Asset Allocation recommendations; completing portfolio rebalances to realign the portfolio to target asset allocations; completing a search for diverse private equity asset managers; evaluation and analysis of current and prospective investments for the total portfolio; allocating additional assets to the internally managed active U.S. equity portfolio that is managed against the Scientific Beta US HFI Diversified 6-Factor Index and the Goldman Sachs Asset Management (GSAM) ActiveBeta U.S. 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	2022 YTD	2021	Last 3 Years	Last 5 Years	Last 10 Years
IMRF Total Fund	(12.47)%	16.82%	7.95%	7.33%	8.48%
Total Fund Benchmark	(11.05)%	12.63%	6.70%	6.61%	7.77%
Difference	(1.42)%	4.19%	1.25%	0.72%	0.71%
Rank: IMRF Total Fund	N/A	32	41	39	26

Goal is for IMRF returns greater than portfolio benchmarks over 3-, 5-, and 10-year periods.
Performance YTD through August 31, 2022

Investments Department – Budget

Expense Classification	Account No.	Actual 2020	Actual 2021	Budget 2022	Estimated 2022	Budget 2023
Personnel Costs - Direct						
Salaries	5501	\$ 2,061,672	\$ 1,671,669	\$ 2,035,650	\$ 1,901,003	\$ 2,080,622
Total Personnel Costs - Direct		2,061,672	1,671,669	2,035,650	1,901,003	2,080,622
Personnel Costs - Indirect						
Travel & Training	5507	991	572	20,680	9,500	15,835
Total Personnel Costs - Indirect		991	572	20,680	9,500	15,835
Commodities & Services						
Publications & Dues	5535	-	-	-	1,083	-
Total Commodities & Services		-	-	-	1,083	-
Sub-total Administrative Expenses		\$ 2,062,663	\$ 1,672,241	\$ 2,056,330	\$ 1,911,586	\$ 2,096,457
2023 Percent Change						2.0%
Investment Expenses						
Investment Managers Fees	5788	\$156,162,145	\$182,925,249	\$177,312,200	\$180,523,209	\$185,864,058
Master Trust Services	5789	280,000	280,000	323,000	323,000	323,000
Investment Travel	5790	13,574	4,803	120,000	90,500	100,000
Investment Legal Fees	5791	172,199	143,529	350,000	346,400	350,000
Investment RFP Support	5792	22	-	-	20	55
Investment Consultants	5793	854,676	795,000	795,000	795,000	795,000
Securities Lending Fees	5794	730,073	431,204	385,000	391,150	415,000
Tax Preparation & Custodial Expense	5795	8,085	9,425	37,000	15,000	92,240
Investment Publications & Dues	5796	12,469	11,812	18,918	17,238	14,675
Investment Licenses	5797	8	103	3,212	3,212	3,746
Investment Information Service Providers - Investments	5798	442,102	464,336	543,280	528,300	705,335
Total Investment Expenses		\$158,675,353	\$185,065,461	\$179,887,610	\$183,033,029	\$188,663,109
2023 Percent Change						4.9%
Total Expenses		\$160,738,016	\$186,737,702	\$181,943,940	\$184,944,615	\$190,759,566
2023 Percent Change						4.8%

Investments Department (IMP) – Budget

Expense Classification	Account No.	Actual 2020	Actual 2021	Budget 2022	Estimated 2022	Budget 2023
Personnel Costs - Direct						
Salaries	5501	\$ 647,120	\$ 657,193	\$ 672,824	\$ 684,857	\$ 714,214
Fringe Benefits	5504	64,232	66,106	66,448	66,448	69,538
IMRF/SS ER Contributions	5505	77,456	74,318	70,550	69,987	66,560
Total Personnel Costs - Direct		788,808	797,617	809,822	821,292	850,312
Personnel Costs - Indirect						
Travel & Training	5507	-	-	3,150	-	1,050
Total Personnel Costs - Indirect		-	-	3,150	-	1,050
Sub-total Administrative Expenses		\$788,808	\$797,617	\$812,972	\$821,292	\$851,362
2023 Percent Change						4.7%
Investment Expenses						
Investment Travel	5790	\$100	\$233	\$31,500	\$15,500	\$15,000
Investment Publications & Dues	5796	2,900	1,335	5,350	5,350	5,350
Investment Information Service Providers - Investments IEM	5798	448,628	1,310,850	1,262,000	1,262,000	1,896,200
Sub-Total Investment Expenses		\$451,628	\$1,312,418	\$1,298,850	\$1,282,850	\$1,916,550
2023 Percent Change						47.6%
Total Expenses		\$1,240,436	\$2,110,035	\$2,111,822	\$2,104,142	\$2,767,912
2023 Percent Change						31.1%

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 General Assembly. 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 departmentis also responsible for assuring the confidentiality, integrity, and security of information throughout the Fund. The Legal department consists of three attorneys, a Paralegal, a Legal Secretary, a Governmental Affairs Manager, a Legislative Analyst, a Supervisor of Employer Compliance, one Senior Employer Compliance Associate, three 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.

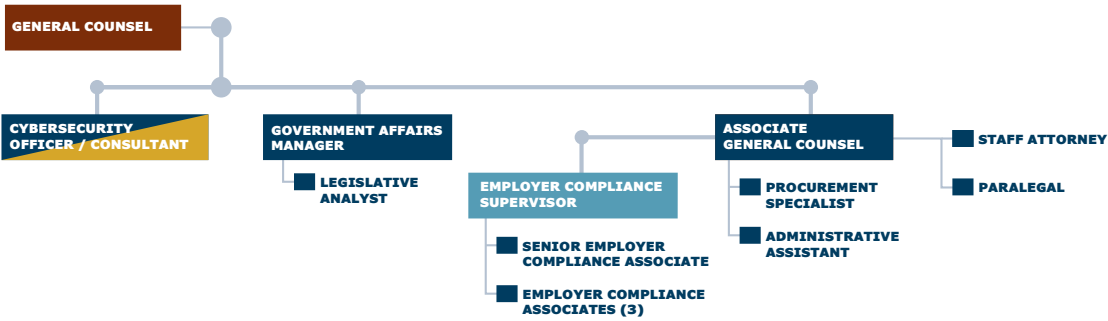
Key Result Area: Financial Health

- Review and approve Requests for proposals and contracts, and ensure compliance with purchasing rules.
- Effectively represent IMRF’s position before the Illinois General Assembly.
- Ensure 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

Performance Measures	2017	2018	2019	2020	2021	2022 YTD
FOIA requests	172	191	168	134	112	52
FOIA request turnaround time (standard = 5 days)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
QILDROs	192	257	165	165	159	107
QILDROs turnaround time (standard = 45 days)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Contract review	70	154	101	148	109	78
Contract review turnaround time (standard = 3 days)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Compliance reviews	205	213	188	198	191	240
Percent of active membership reviewed	20.4%	20.1%	10.4%	10.5%	10.5%	1.3%

Legal Department – Budget

Expense Classification	Account No.	Actual 2020	Actual 2021	Budget 2022	Estimated 2022	Budget 2023 w/out Horizon	Budget with Horizon 2023
Personnel Costs - Direct							
Salaries	5501	\$ 752,336	\$ 911,982	\$ 1,176,187	\$ 1,221,326	\$ 1,244,514	\$ 1,244,514
Total Personnel Costs - Direct		752,336	911,982	1,176,187	1,221,326	1,244,514	1,244,514
Personnel Costs - Indirect							
Travel & Training	5507	4,766	2,232	40,755	10,135	28,265	28,265
Conferences & Meetings	5517	1,365	1,696	28,025	17,100	33,650	33,650
Total Personnel Costs - Indirect		6,131	3,928	68,780	27,235	61,915	61,915
Consulting Services							
Legal Counsel	5513	21,498	26,830	76,000	95,595	81,000	81,000
Total Costs - Consulting Services		21,498	26,830	76,000	95,595	81,000	81,000
Facility Expenses							
Rent	5521	951,855	1,124,948	1,214,000	-	-	-
Total Facility Expenses		951,855	1,124,948	1,214,000	-	-	-
Commodities & Services							
Office Supplies	5531	45,315	40,233	52,500	20,000	37,500	37,500
Forms & Informational Materials	5532	38,035	6,056	65,700	10,564	7,750	7,750
Publications & Dues	5535	14,430	17,725	32,150	31,650	33,020	33,020
Professional Services - Other	5540	24,136	155,101	352,000	323,500	384,300	384,300
Total Commodities & Services		121,916	219,115	502,350	385,714	462,570	462,570
Equipment							
Amortization & Interest on Right to Use Assets	5570	-	-	-	1,161,622	1,200,423	1,200,423
Maintenance & Rentals	5572	15,799	16,350	20,800	20,460	29,300	29,300
Software Maintenance PC	5574	7,700	17,278	45,905	43,005	69,675	69,675
Auto Maintenance & Expense	5576	96	-	4,000	500	-	-
Total Equipment Costs		23,595	33,628	70,705	1,225,587	1,299,398	1,299,398
Miscellaneous Expenses							
Insurance	5583	208,597	283,194	291,000	274,964	310,000	310,000
Total Miscellaneous		208,597	283,194	291,000	274,964	310,000	310,000
Total Expenses		\$2,085,928	\$2,603,625	\$3,399,022	\$3,230,421	\$3,459,397	\$3,459,397
2023 Percent Change						1.8%	1.8%

MEMBER SERVICES DEPARTMENT

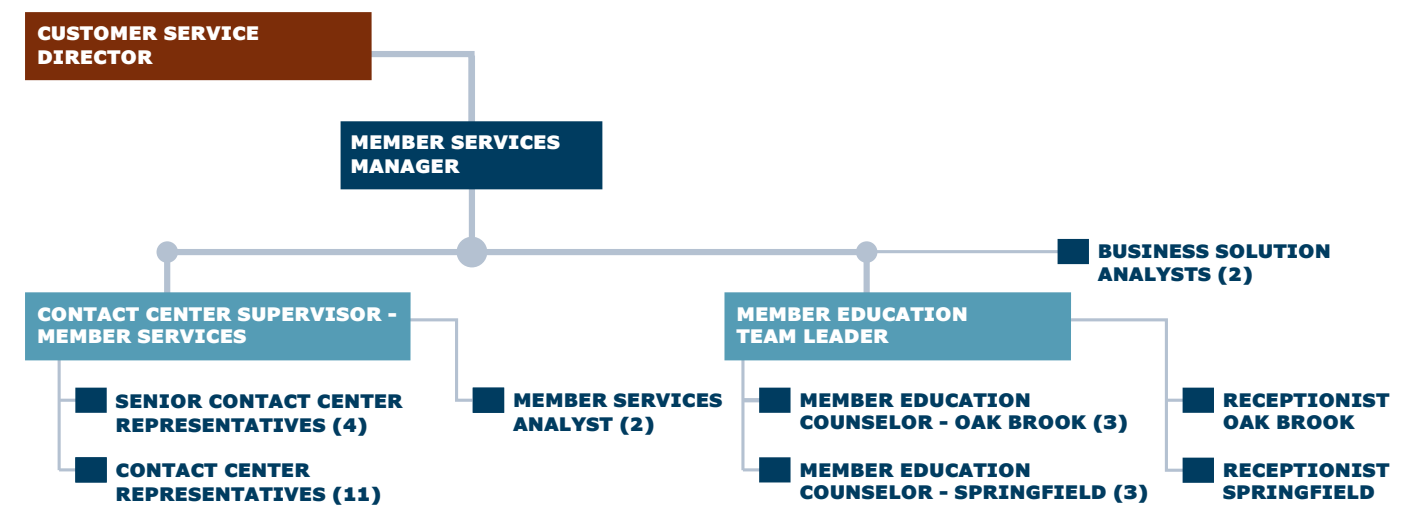
The Member Services Department is led by one Manager, one Team Leader, and one Supervisor. The unit is comprised of a Contact Center and Member Education Counselors. Within the department there is one Business Solution Analyst that focuses on support of the Horizon Project, three Member Education Counselors in Oak Brook and three in Springfield, two Member Services Analysts that support department operations, four Senior Contact Center Representatives, eleven Contact Center Representatives, and two Receptionists (one in Oak Brook and one in Springfield).

Goals and Objectives

Key Result Area: Customer Engagement and Operational Excellence

- Research call center best practices and implement an approach to improve operations and metrics to reach top decile performance goal.
 - Reassessing and revising graduated scale to be more in line with capabilities.
 - Analyze quarterly graduated scale call standards following industry best practices.
- Review/develop/innovate appropriate measures for member and employer engagement and improve engagement levels through education, communication strategy, and excellent customer service.
 - Monthly Voice Of the Customer meetings; identify best practices and Opportunities for Improvement (OFI).
 - Communicate survey results with our customers; implement improvements.
- Provide consistent information to our customers through Quality Assurance measurements.
 - Telephone
 - Email responses
 - Written correspondence
 - Counseling sessions
- Web-Centric initiatives
 - Increase Member Access accounts for Active, Inactive, and Retirees.
 - Capture member email address and collect telephone numbers (landline and/or cell) via phone call, secure messages, form capture.

Member Services Department – Organization Chart



Member Services – Performance Measures

Results - Employer Services	2017	2018	2019	2020	2021	2022 YTD
Member webinar workshop engagement (NPS)	93.8	93.4	92.5	89.0	93.9	95.4
Member webinar workshop overall satisfaction	99.8%	99.6%	99.6%	97.1%	98.9%	99.1%
Target for engagement (NPS)	N/A	>76.8	>76.8	>76.8	>76.8	>76.8
Target for overall satisfaction	>90%	>90%	>90%	>90%	>90%	>90%

Performance Standards	2017	2018	2019	2020	2021	2022 YTD
All Call Distribution (ADC) Log on adherence	95.0%	98.2%	97.1%	95.0%	96.6%	98.3% **
Call documentation	93.6%	94.2%	95.2%	96.3%	97.0%	97.8%
Call transfer rate	3.5% *	4.2%	5.4%	2.3%	5.3%	5.0%
Call Hold time	2017	2018	2019	2020	2021	2022 YTD
Call hold time (in seconds)	79	75	52	108	338	337
Target (in seconds)	< 120	< 120	< 105	< 90	< 90	< 90
Undesired Calls	2017	2018	2019	2020	2021	2022 YTD
Undesired calls	47,060	39,311	39,251	34,897	48,003	42,983
Percent undesired calls	25.1%	19.7%	18.9%	22.4%	27.7%	22.6%
Target	< 20%	< 20%	< 20%	< 20%	< 20%	< 20%

* As of February 15, 2017, change in process for call transfers - active disability claim calls are now transferred to the Disability call group.

**Through May 2022.

Member Services Department – Budget

Expense Classification	Account No.	Actual 2020	Actual 2021	Budget 2022	Estimated 2022	Budget 2023 w/out Horizon	Budget with Horizon 2023
Personnel Costs - Direct							
Salaries	5501	\$1,734,404	\$1,634,731	\$1,720,415	\$1,613,414	\$1,791,295	\$1,791,295
Professional Services Temps	5503	-	4,797	2,500	2,500	2,500	2,500
Total Personnel Costs - Direct		1,734,404	1,639,528	1,722,915	1,615,914	1,793,795	1,793,795
Personnel Costs - Indirect							
Travel & Training	5507	1,186	4,312	14,230	10,100	71,190	71,190
Field Staff	5508	1,721	2,400	5,000	2,600	5,000	5,000
Conferences & Meetings	5517	30	-	3,750	3,750	21,450	21,450
Total Personnel Costs - Indirect		2,937	6,712	22,980	16,450	97,640	97,640
Commodities & Services							
Office Supplies	5531	-	-	80	80	80	80
Publications & Dues	5535	750	750	750	800	800	800
Professional Services - Other	5540	-	-	800	800	800	800
Total Commodities & Services		750	750	1,630	1,680	1,680	1,680
Equipment							
Auto Maintenance & Expense	5576	60	-	-	-	3,000	3,000
Total Equipment		60	-	-	-	3,000	3,000
Total Expenses		\$1,738,151	\$1,646,990	\$1,747,525	\$1,634,044	\$1,896,115	\$1,896,115
2023 Percent Change						8.5%	8.5%

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:

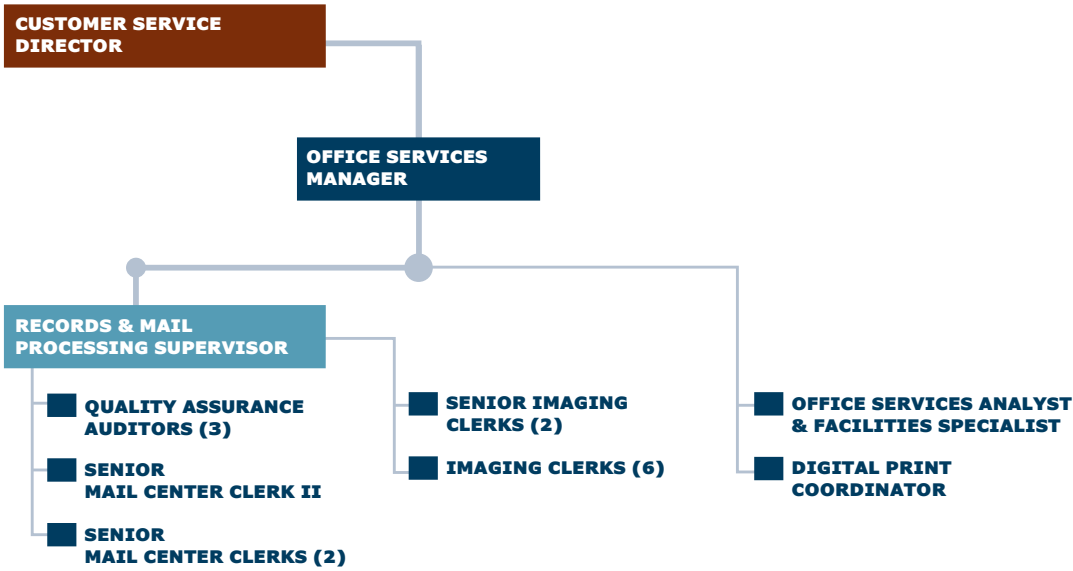
“Our high level of support services will allow our internal customers the opportunity to focus on serving the needs of the IMRF members, employers, and annuitants.” The department’s vision statement is: “To provide timely and accurate support services to all of our internal and external customers.” Teamwork 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	2017	2018	2019	2020	2021	2022 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	2017	2018	2019	2020	2021	2022 YTD
Volume	395,209	386,404	367,624	326,863	358,190	273,177
Errors	861	788	883	451	691	567
Error rate	0.2%	0.2%	0.3%	0.1%	0.2%	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 2020	Actual 2021	Budget 2022	Estimated 2022	Budget 2023 w/out Horizon	Budget with Horizon 2023
Personnel Costs - Direct							
Salaries	5501	\$1,021,676	\$994,507	\$1,074,175	\$990,213	\$1,077,175	\$1,077,175
Total Personnel Costs - Direct		1,021,676	994,507	1,074,175	990,213	1,077,175	1,077,175
Personnel Costs - Indirect							
Travel & Training	5507	846	5,070	5,660	1,325	3,450	3,450
Conferences & Meetings	5517	375	467	5,100	-	3,600	3,600
Total Personnel Costs - Indirect		1,221	5,537	10,760	1,325	7,050	7,050
Facility Expenses							
Building Rent	5521	(98,044)	-	-	-	-	-
Electricity	5522	70,137	97,058	79,800	104,400	115,000	115,000
Building Operating Expense	5524	611,183	698,925	723,477	721,911	731,700	731,700
Other Facility Expense	5525	66,595	25,922	32,400	29,650	33,000	33,000
Total Facility Expenses		649,871	821,905	835,677	855,961	879,700	879,700
Commodities & Services							
Office Supplies	5531	74,239	69,718	85,520	107,256	114,565	114,565
Postage & Delivery	5533	681,780	569,167	874,050	621,660	745,865	745,865
Publications & Dues	5535	299	579	540	479	480	480
Professional Services - Other	5540	157,315	95,855	125,345	126,335	141,670	141,670
Total Commodities & Services		913,633	735,319	1,085,455	855,730	1,002,580	1,002,580
Equipment							
Maintenance & Rentals	5572	93,608	73,629	92,955	77,187	93,605	93,605
Expendable Equipment	5575	150,197	142,442	8,000	29,900	16,700	16,700
Total Equipment		243,805	216,071	100,955	107,087	110,305	110,305
Miscellaneous Expenses							
Building Renovation/Relocation Exp.	5585	24,907	22,949	40,000	22,800	30,000	30,000
Total Miscellaneous		24,907	22,949	40,000	22,800	30,000	30,000
Total Expenses		\$2,855,113	\$2,796,288	\$3,147,022	\$2,833,116	\$3,106,810	\$3,106,810
2023 Percent Change						(1.3)%	(1.3)%

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	2017	2018	2019	2020	2021	2022 YTD
Key approach update on-time compliance	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Annual CEM benchmarking study completion	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Triennial Strategic Plan milestones	N/A	N/A	100.0%	N/A	100.0%	100.0%

Organizational Excellence Department – Budget

Expense Classification	Account No.	Actual 2020	Actual 2021	Budget 2022	Estimated 2022	Budget 2023
Personnel Costs - Direct						
Salaries	5501	\$318,314	\$298,677	\$321,089	\$341,143	\$266,725
Total Personnel Costs - Direct		318,314	298,677	321,089	341,143	266,725
Personnel Costs - Indirect						
Travel	5507	2,116	2,721	95,230	41,523	49,465
Conferences & Meetings	5517	1,448	1,347	15,500	7,629	19,050
Total Personnel Costs - Indirect		3,564	4,068	110,730	49,152	68,515
Consulting Services						
Process Improvement/ Scorecarding	5514	38,275	8,775	28,000	17,000	29,000
Total Consulting Services		38,275	8,775	28,000	17,000	29,000
Commodities & Services						
Publications & Dues	5535	573	1,655	4,232	2,273	4,924
Professional Services - Other	5540	75,575	52,496	164,100	52,400	145,100
Total Commodities & Services		76,148	54,151	168,332	54,673	150,024
Total Expenses		\$436,301	\$365,671	\$628,151	\$461,968	\$514,264
2023 Percent Change						(18.1)%

2023 IMRF BUDGET – SUMMARY BY ACCOUNT

Expense Classification	Account No.	Actual 2020	Actual 2021	Budget 2022	Estimated 2022	Budget 2023 w/out Horizon	Budget with Horizon 2023
Personnel Costs - Direct							
Office Salaries - Regular	5501	\$17,438,189	\$16,159,449	\$17,168,907	\$17,159,153	\$17,804,402	\$17,833,402
Office Salaries - Temps & Interns	5503	657,646	977,278	2,241,170	1,189,267	629,671	629,671
Fringe Benefits	5504	2,344,146	2,332,001	2,331,714	2,381,715	2,356,488	2,356,488
IMRF & Payroll Employer Contributions	5505	1,092,949	(1,256,734)	3,759,166	6,381,181	3,544,962	3,544,962
Total Personnel Costs - Direct		21,532,930	18,211,994	25,500,957	27,111,316	24,335,523	24,364,523
Personnel Costs - Indirect							
Training & Travel	5507	220,145	342,153	807,499	477,559	826,845	826,845
Employer Representatives	5508	40,498	3,317	111,000	5,600	60,000	60,000
Recruitment & Testing	5509	43,861	34,549	68,768	58,177	71,220	71,220
Other Personnel Costs	5510	26,036	49,187	95,537	74,563	104,342	104,342
Conferences & Meetings	5517	13,208	11,682	147,575	94,231	194,266	194,266
Total Personnel Costs - Indirect		343,748	440,888	1,230,379	710,130	1,256,673	1,256,673
Consulting Services							
Auditing	5511	505,030	561,678	529,500	532,300	599,650	634,650
Actuarial	5512	668,189	624,776	578,000	605,000	605,000	635,000
Legal Counsel	5513	21,498	26,830	76,000	95,595	81,000	81,000
Website Consulting	5514	762,124	549,985	664,533	604,269	117,200	216,016
Systems Design	5515	47,312	40,617	331,750	55,840	231,840	231,840
Medical & Field Investigations	5516	28,248	59,367	128,000	118,600	142,000	142,000
Total Consulting Services		2,032,401	1,863,253	2,307,783	2,011,604	1,776,690	1,940,506
Public Relations Services							
Public Relations	5519	3,251	1,013	1,500	1,500	1,500	1,500
Facility Expenses							
Building Rent	5521	853,811	1,124,948	1,214,000	-	-	-
Electricity	5522	70,137	97,058	79,800	104,400	115,000	115,000
Telephone	5523	200,632	206,599	297,868	190,693	315,408	315,408
Building Operating Expenses	5524	611,183	698,925	723,477	721,911	731,700	731,700
Other Facility Expenses	5525	346,935	297,931	367,400	374,299	423,225	423,225
Total Facility Expenses		2,082,698	2,425,461	2,682,545	1,391,303	1,585,333	1,585,333

Expense Classification	Account No.	Actual 2020	Actual 2021	Budget 2022	Estimated 2022	Budget 2023 w/out Horizon	Budget with Horizon 2023
Commodities and Services							
Office Supplies	5531	238,947	224,874	380,300	288,019	391,895	391,895
Forms & Informational Materials	5532	154,057	100,168	174,650	116,014	150,550	161,700
Postage & Delivery	5533	682,333	570,460	875,050	623,860	746,665	746,665
Publications & Dues	5535	38,116	53,443	80,771	75,096	83,064	83,064
Other Services	5540	472,063	630,413	895,745	754,510	896,370	916,335
Total Commodities and Services		1,585,516	1,579,358	2,406,516	1,857,499	2,268,544	2,299,659
Equipment							
Amortization & Interest on Right to Use Assets	5570	-	-	-	1,161,622	1,200,423	1,200,423
Depreciation - Fixed Assets	5571	2,571,019	2,314,320	3,070,214	2,322,359	2,051,014	4,745,938
Equipment Maintenance & Rentals	5572	437,562	414,288	936,623	963,636	1,559,573	1,559,573
Software Maintenance	5573/5574	1,158,791	1,525,145	2,399,764	1,823,135	4,770,518	4,790,518
Expendable Equipment	5575	345,843	298,203	364,075	264,510	447,440	447,440
Auto Maintenance & Expense	5576	9,750	4,387	19,500	5,500	12,800	12,800
Total Equipment		4,522,965	4,556,343	6,790,176	6,540,762	10,041,768	12,756,692
Miscellaneous							
Trustee Employer Reimbursement	5580	24,874	25,938	50,000	45,000	48,000	48,000
Trustee Travel & Education	5581	8,789	32,951	90,000	72,500	90,000	90,000
Trustee Elections	5582	215,916	18,833	5,000	-	142,730	142,730
Insurance	5583	208,597	283,194	291,000	274,964	310,000	310,000
Building Renovation/Relocation Expense	5585	24,907	22,949	40,000	22,800	30,000	30,000
Other Items	5586	11,044	12,590	17,500	12,352	15,852	15,852
Total Miscellaneous		494,127	396,455	493,500	427,616	636,582	636,582
Sub-total Administrative Expenses		\$32,597,636	\$29,474,765	\$41,413,356	\$40,051,730	\$41,902,613	\$44,841,468
2023 Percent Change						1.2%	8.3%
Investment Expenses							
Investment Managers Fees	5788	\$156,162,145	\$182,925,249	\$177,312,200	\$180,523,209	\$185,864,058	\$185,864,058
Master Trust Services	5789	280,000	280,000	323,000	323,000	323,000	323,000
Investment Travel	5790	13,674	5,036	151,500	106,000	115,000	115,000
Investment Legal Fees	5791	172,199	143,529	350,000	346,400	350,000	350,000
Securities Litigation Monitoring/ RFP Support	5792	22	-	-	20	55	55
Investment Consultants	5793	854,676	795,000	795,000	795,000	795,000	795,000
Securities Lending Fees	5794	730,073	431,204	385,000	391,150	415,000	415,000
Tax Preparation & Custodial Expense	5795	8,085	9,425	37,000	15,000	92,240	92,240
Investment Publications & Dues	5796	15,369	13,147	24,268	22,588	20,025	20,025
Investment Licenses	5797	8	103	3,212	3,212	3,746	3,746
Investment Information Service Providers	5798	890,730	1,775,186	1,805,280	1,790,300	2,601,535	2,601,535
Sub-total Investment Expenses		\$159,126,981	\$186,377,879	\$181,186,460	\$184,315,879	\$190,579,659	\$190,579,659
2023 Percent Change						5.2%	5.2%
Total Expenses		\$191,724,617	\$215,852,644	\$222,599,816	\$224,367,609	\$232,482,272	\$235,421,127
2023 Percent change						4.4%	5.8%



RESILIENCE is a sustainable benefits structure.

IMRF members and employers can sustain the cost of the IMRF benefit structure in the long term. In 2021, most retirees received pensions of less than \$12,000 annually. And the majority of working IMRF members participate in the Tier 2 benefit structure, which costs about 40% less than a Tier 1 IMRF pension. With a sustainable benefit structure, **IMRF is resilient.**

IMRF pension
benefits are
sustainable.



55%

OF RETIREES RECEIVE A
BENEFIT OF LESS THAN
\$12,000 ANNUALLY

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
107	Appendix C: Statistical Data
108	Appendix D: 2023 Adopted Salary Detail by Department
109	Glossary of Budget Terms

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 underling asset. IMRF will adopt Statement No. 87 for its December 31, 2022 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 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 April 2022, GASB issued Statement No. 99, “Omnibus 2022.” The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.
- Terminology used in Statement 53 to refer to resource flows statements.

Effective dates are as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

IMRF is reviewing the portions that affect its financial statements and will adopt as required.

In June 2022, GASB issued Statement No. 100, “Accounting Changes and Error Corrections.” The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. IMRF will adopt Statement No. 100 for its December 31, 2024 financial statements.

In June 2022, GASB issued Statement No. 101, “Compensated Absences.” The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. IMRF will adopt Statement No. 101 for its December 31, 2024 financial statements.

APPENDIX B: STRATEGIC PLANNING METHODOLOGY

Strategic Planning General Methodology

Assess and Develop Phase

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

We summarize the output of 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? Consider what is necessary to address these 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.
- Consider opportunities to for innovation. Evaluate these opportunities in a 4x4 Intelligent Risk Matrix and align with budget and resource constraints.
- 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 Adopted 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 leadership 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:

We 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 regular review meetings, twice each year we evaluate the 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, we evaluate key strategies and develop or modify action plans as needed. As progress is made and goals are achieved, we 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 3,032 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
- \$57.1 billion in assets as of December 31, 2021
- Best funded statewide system
- 113.3% funded on a market basis
- 98.6% funded on an actuarial basis
- 172,310 actively participating members
- 147,134 benefit recipients
- 138,391 inactive members
- Profile of average active member in 2021
 - Age: 47.0
 - Service: 10.0 years
 - Annual salary: \$45,315
- Profile of average member who retired in 2021
 - Age at retirement: 62.7
 - Service at retirement 20.3 years
 - Average monthly pension: \$1,937
- Employee contribution rates: Regular = 4.5% of pay, SLEP and ECO = 7.5% of pay

APPENDIX D: 2023 ADOPTED SALARY DETAIL BY DEPARTMENT

2023 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	\$ 395,175	\$ 9,346	\$ -	\$ -	\$ 404,521
Benefits	1,281,741	27,696	(265,146)	30,000	1,074,291
Communications	783,304	17,693	(209,453)	20,000	611,544
Customer Service	171,823	7,739	(27,473)	-	152,089
Disability	888,525	22,627	(50,249)	40,000	900,903
Employer Services	1,703,976	30,003	(272,096)	50,000	1,511,883
Finance	1,607,614	54,495	(335,887)	45,000	1,371,222
HR	523,115	13,022	(74,929)	-	461,208
Information Services	5,666,603	142,458	(2,295,980)	200,000	3,713,081
Internal Audit	374,908	6,688	(13,896)	1,000	368,700
Investments	2,015,770	46,587	-	500	2,062,857
Investments Internal Managed Portfolio	705,798	7,386	-	-	713,184
Legal	1,252,337	42,039	(54,992)	750	1,240,134
Member Services	1,962,155	25,556	(271,416)	75,000	1,791,295
Office Services	1,016,715	20,491	(40,488)	77,500	1,074,218
Organizational Excellence	259,947	6,778	-	-	266,725
Total	\$20,609,506	\$480,604	\$(3,912,005)	\$539,750	\$17,717,855

2023 PROPOSED BUDGET

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.

2023 PROPOSED BUDGET

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 refering to prepurchased, wed based, computer software that IMRF is updatng 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.

Disaster Recovery (DR)

A facility an organization can use to recover and restore its technology infrastructure and operations in case its primary data center becomes unavailable.

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.

Employer Representatives/Employer Services

Four IMRF Employer Representatives work with assigned employers throughout the state. They are trained to conduct counseling, provide educational programs, investigate problems, and to serve as key representatives to employers and governing bodies.

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.

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 limitations, 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 Wilshire 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% 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% 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.

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

Every three years, the IMRF Board and staff establish a multi-year strategic plan. The 2023-2025 includes objectives for the four key result areas (KRAs).

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 January 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.

Unit of Government

See “Employer.”

Values

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

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.

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

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.

Z

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R E S I L I E N C E

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