IMRF™

BALDRIGE APPLICATION

ILLINOIS MUNICIPAL RETIREMENT FUND

2019

Glossary of Terms

A

ACSI (American Customer Satisfaction Index) – an index score reported by the Cobalt Community Research survey of member satisfaction. 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.

Action Plans – A sequence of steps that must be taken, or activities that must be performed well, for a strategy to succeed.

Active Member – A member who is currently working in an IMRF-qualified position and making contributions to IMRF, or one 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. They are adopted annually by the Board of Trustees with assistance from independent actuaries. They are also used to calculate funding levels and employer contribution rates.

Administrative Review Hearing – The final step in the internal appeal process. A member or employer whose claim is denied by IMRF staff can request a hearing in front of the IMRF Board of Trustees' Benefit Review Committee. If the Benefit Review Committee also denies the claim, the member or employer can file an action for Administrative Review in Circuit Court.

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.

Annual Member Statement of Account – Mailed to all active and inactive members each year. This statement provides an annual report of salary, member contributions, service credit earned, and estimates of IMRF benefit payments for each member. Also known as "Personal Statement of Benefits."

Annual Benefit Statement of Account – Mailed to all retirees, surviving spouses, and beneficiaries each year. This statement includes the dollar amount of the annual 3% increase, the gross amount of the individual's pension with the increase, current beneficiary information for retirees and the estimated amount of the next 13th payment (if eligible). Also known as "Annuitant Statement of Benefits," and "Benefit Statement of Account."

Annuitant – See "retired member."

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

Audit Committee – Composed of at least three IMRF Trustees. Functions as an oversight role and communications link between the Board of Trustees, the outside auditors, the internal auditor, and IMRF senior management.

Authorized Agent – The employee designated by each employer (unit of government) to administer IMRF locally.

Authorized Agent Certification Workshops – These workshops offer training on IMRF policies and procedures for Authorized Agents and other employer representatives.

B

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 Oversight Committee – Composed of IMRF's Executive Director, the Deputy Executive Director, the General Counsel, Associate General Counsel, and the Benefits Manager who, on a case-by-case basis, review certain administrative staff determinations adverse to a member's claim for benefits or service credit.

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

Benefit Review Committee (BRC) – Composed of at least three IMRF Trustees. When a member is denied a benefit, the member can appeal the denial. In disability cases, the Board Benefit Review Committee conducts a hearing. It reports its findings to the full Board and recommends whether a denial should be upheld or reversed. The full Board of Trustees makes a final decision whether to uphold or reverse the denial. Adverse decisions can be appealed to the Circuit Court.

Benefit Statement – see "Annual Benefit Statement of Account"

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.

Body Politic and Corporate – Legal terminology that describes entities like IMRF. A body politic is a civil division of the state for purposes of governmental administration. A body corporate is a legal entity or corporation of a special sort and with a public function. As such, it can buy and hold property, sue and be sued, and enter into contracts - all functions necessary to make its work as a body politic effective.

Business Process Owner (BPO) - An IMRF Leader who is responsible for owning a core end-to-end business process. BPOs work together to ensure that there is alignment between business and supporting processes to achieve what is best for the whole organization. They are champions for the Horizon Project

and key decision makers in each of the four core process teams to help lead organizational change.

Business Solution Lead (BSL) - An IMRF Analyst that performs duties in the evaluation, design, development, testing, implementation, documentation, research, data compilation, and analysis of business processes and makes related recommendations to improve business processes and IMRF enterprise solutions.

C

CEM Benchmarking Study – CEM Benchmarking, Inc. 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 and service it provides to members and employers compared to other retirement systems.

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

COMPASS – IMRF's internal intranet.

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 or identify and document lapses.

CMS (Content Management System) – An application that supports the creation and modification of digital content. It is often used to support multiple users working in a collaborative environment. IMRF has implemented the Sitecore Content Management System.

Contributions – See "member contributions" and "employer contributions."

Continuous Process Improvement (CPI) Program – A formal program implemented in 2008 to enhance focus on the customer and ongoing improvement.

COTS – Commercial off-the-shelf - A term that refers to the purchase of packaged software solutions, which are then adapted to satisfy the needs of the purchasing organization, rather than the commissioning of custom-made, or bespoke, solution. IMRF is two years into a project to deploy a new COTS pension administration system via the Horizon Project.

D

Defined Benefit (DB) Pension Plan – IMRF provides a defined benefit pension 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 Internal Revenue Code Sections, 401(k), 403(b), and 457 type plans. Investment risk is borne by the Employee.

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

Document Archive – The secure Employer Access area and the secure Member Access area of the IMRF website each include a Document Archive where employers and members can view documents related to their accounts, e.g., forms submitted, correspondence, or annual Member Statements.

Doyle Rowe LTD. – Doyle Rowe serves as IMRF's insurance consultant. They identify, research, and administer health plans for active and retired members.

E

Early Retirement Incentive (ERI) – At the employer's election, 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 "woman owned business" or "business owned by a person with a disability" as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.

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

Employer Access – The secure Employer Access area of IMRF's website provides IMRF employers with information specific to their employer and members' accounts and allows employers to conduct business with IMRF, e.g., enroll new members or submit monthly wage reports.

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

F

FRE- Final Rate of Earnings. Used in the formula for calculation of benefits.

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

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

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

Formula – The Regular Tier 1 plan formula to calculate a pension is 1–2/3% of the 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.

Funding – Ratio of IMRF's assets to liabilities.

Funding, 100% Goal – An optimal homeostatic state in which assets equal liabilities.

G

General Assembly (GA) – The General Assembly of 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.

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.

Global Compliance Services – IMRF vendor for compliance. Anonymous reports of violations or suspected violations can be made by calling the toll-free number of our independent third party provider, Global Compliance.

H

Hearing Officer – An IMRF consultant who conducts administrative hearings in certain non-disability appeals and provides written findings and conclusions to the BRC for consideration/approval.

Horizon – The Horizon Project, part of the Modernization Program, involves deployment of a new, state of the art, COTS (custom off-the-shelf) pension administration software system. The new software system will come online in stages and include an integrated set of applications.

I

IAPI – Abbreviation for *I*dentify, *A*nalyze, *P*rioritize, *I*mplement, which is IMRF's four-step continuous improvement method.

IEEE – Abbreviation for the Institute of Electrical and Electronics Engineers (IEEE) is the world's largest association of technical professionals dedicated to advancement of engineering and allied disciplines.

Illinois Pension Code – The portion of the Illinois Compiled Statutes creating public pensions, Articles 1, 7 and 20 specifically govern IMRF operations. (40 ILCS 5/1–101 et. seq)

IMRF 101 – A presentation shared with reporters, editorial boards, community groups, and members of the General Assembly explaining who IMRF is, how we are funded, how benefits are calculated, and the positive impact IMRF pension payments have on local economies across Illinois.

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

Instrumentality – A local unit of government created under the laws of the State of Illinois that does not have power to levy taxes.

Intergenerational Equity – The concept that current taxpayers should pay for the retirement benefits being earned by current public employees. This avoids a tax burden on future generations for work rendered in the past or a burden on the current generation for work to be rendered in the future.

Investment Committee – Composed of at least six IMRF Trustees. The Investment Committee assists the full Board with its duty to invest the assets of the Fund. Its responsibilities include periodically reviewing and changing investment policy and asset allocation, evaluating the investment portfolio and investment manager performance, and evaluating and selecting investment managers.

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

Investment Managers – IMRF hires independent, professional investment firms to manage over $38 billion in assets. As of year-end 2018, IMRF had approximately 100 investment firms managing separate accounts.

Internal Revenue Code (IRC) – The Internal Revenue Code is the federal statutory tax law in the United States. Its implementing agency is the Internal Revenue Service (IRS).

IPMA-HR – The International Public Management Association for Human Resources is the leading public sector human resource organization in the world.

J

J.N. Consulting – A governance board consulting firm that conducts an annual self-assessment with the IMRF Board.

K

KEEP program – IMRF's Knowledge Exchange Employee Program, an internal, staff-driven knowledge transfer program to facilitate cross-organizational training.

L

Leadership Scorecard – Leadership scorecards are IMRF's highest-level scorecards. They summarize those metrics of highest-level importance to IMRF, and are closely aligned with IMRF's Strategic Plan. There are currently four key categories measured on IMRF Leadership Scorecards: Financial Health, Customer Engagement, Operational Excellence, and Workforce Engagement.

Legislative Committee – Composed of at least three IMRF Trustees. It develops the IMRF legislative agenda and recommends (to the full Board) positions concerning legislation introduced into the General Assembly affecting IMRF (to support, oppose or remain neutral).

Library Manager – A software tool used by staff to view, index, and mark-up electronic records.

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.

McLean & Company – Administers IMRF's annual employee engagement survey, provides analysis of the results and recommendations to improve engagement.

Member Access – The Member Access area of IMRF's website provides IMRF members with information specific to their IMRF account. Members can calculate pension estimates using their actual final rate of earnings and service credit, submit member information changes, changes in beneficiaries and applications for various benefits. Members can also view a variety of documents via the Member Access Document Archive.

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 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 7.25% for SLEP and ECO.

Member Services Representatives/Unit – Member Services Representatives answer IMRF's 1-800 toll-free line. They also meet one-on-one with members, and offer death benefit counseling to members' beneficiaries.

Member Statement of Account – Mailed annually to all active and inactive members. This statement provides an annual report of salary, member contributions, service credit earned, and an estimate of IMRF benefit payments. Also known as "Personal Statement of Benefits" or "Annual Benefits Statement of Account."

Members – Current or former employees of units of local government who participate in any of the IMRF plans. See "active members," "retired members," and "inactive members." 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 to replace or upgrade IMRF's technology systems and enhance IMRF's customer service capabilities.

Morneau Shepell – Consulting firm selected by IMRF for the Horizon Project to implement a new, state of the art, COTS (commercial off-the-shelf) pension administration software.

MWBE - Minority and Women-owned Business Enterprises (includes firms owned by persons with disabilities).

N

National Association of State Retirement Administrators – (NASRA) A non-profit association whose members are the directors of the nation's state, territorial, and largest statewide public retirement systems. NASRA members oversee retirement systems that hold nearly $3 trillion in assets and that provide pension and other benefits to more than two-thirds of all state and local government employees.

National Change of Address – (NCOA) is a registry of people who move or otherwise change their address in the United States. It is maintained by the United States Postal Service and access to it is sold to firms that engage in direct mail; use of NCOA is required in order to obtain bulk mail rates, as it minimizes the number of misaddresses and eases the job of the postal service.

Net Promoter Score – (NPS) is a customer loyalty metric originally formulated by Fred Reichheld, Bain & Company and Satmetrix in 2003. NPS is calculated by subtracting the percentage of Detractors from the percentage of Promoters. NPS is used by a number of recent Baldrige award recipients including Elevations Credit Union.

O

Opportunity for Improvement – (OFI) Formal suggestions to improve any process or procedure, e.g., modifying a current procedure, 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 and are fed into the IAPI process.

P

Pension – A monthly payment paid as long as the annuitant lives. It is increased by 3% of the original amount each year. No lump sum payouts are permitted in lieu of an annuity.

Pension Benefit Guaranty Corporation (PBGC) is a federal agency created by the Employee Retirement Income Security Act of 1974 (ERISA) to protect pension benefits in private-sector defined benefit plans. If your plan ends (this is called "plan termination") without sufficient money to pay all benefits, PBGC's insurance program will pay you the benefit provided by your pension plan up to the limits set by law.

Pension Benefit Information – (PBI) Provides a death audit service to accurately identify deceased participants and reduce the possibility of overpayments or fraud.

Pension Envy – The envy exhibited by private sector workers and taxpayers toward the disparity between the retirement plans available to them, and public sector employees who are furnished guaranteed pensions known as defined benefit pensions.

Personal Statement of Benefits – see member statement of account.

Plain Language Guidelines (PLG) - The federal Plain Writing Act of 2010 requires federal agencies to use "clear government communication that the public can understand and use." The Plain Language Guidelines (PLG) was created by a group of federal employees who support the use of clear communication in government writing. The PLG require writing with the reader's needs in mind, using everyday words, writing in the active voice, incorporating illustrations, writing short sentences, and avoiding jargon.

Portfolio Benchmarks – A standard against which the performance of an investment manager is measured. Generally, broad market and market-segment stock and bond indexes are used for this purpose.

Prudent Man Rule – Also known as prudent or reasonable person rule. This standard assigns to the IMRF Board and 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. It also requires diversification of assets.

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 and salary 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

Secure Messaging – IMRF's Member and Employer Access areas contain a secure messaging function that allows members and employers to send a message to IMRF through a secure portal.

Service Credit – Service credit, service, or pension credits. Total time as an IMRF member. 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% of pay.

Single Point Accountable (SPA) – Individual responsible to ensure completion of an IMRF Action Plan.

SIPOC – A method for analysis of work systems that identifies *S*uppliers-*I*nputs-*P*rocess-*O*utputs-*C*ustomers.

SME – Subject matter expert

SOC – Service Organization Controls is a report on Controls at a Service Organization which are relevant to user entities' internal control over financial reporting.

Sparklines – A very small line chart drawn without axes or coordinates. It presents the general shape of the variation over time in some measure in a simple and highly condensed way.

Spectrum – IMRF's propriety mainframe computer software pension administration system.

Sponsor – Each of IMRF's Strategic Objectives 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 Objective.

Staff – An employee of IMRF. IMRF employees are also participants in the IMRF benefit program.

Strategic Plan – Every three years, the IMRF Board and staff establish a multi–year strategic plan. The 2017-2019 plan includes objectives for four key result areas (KRAs).

Succession Development Program – The IMRF Succession Development Program creates a pipeline for leadership positions

by providing training, on-the-job experiences and formal education. The program focuses on identifying future leadership needs and developing leadership competencies.

T

Tier – "Tier 1" is the legacy program that applies to people entering the system prior to 1/1/2011. A "Tier 2" became effective for the IMRF plan on January 1, 2011. Changes included increasing the earliest retirement age, increasing the years of service needed to vest for a pension (Regular and SLEP plan), and increasing the number of months used to calculate the final rate of earnings.

U

Unit of Government – See "employer."

UHD – Universal Help Desk, an information systems database, also used by IMRF as tool to track customer complaints.

V

Values – IMRF's values are Respect, Accountability, Accuracy, Empathy, Honesty, and Courage.

V&V –Verification and Validation, refers to procedures used to check that a product, service, or system meets requirements and fulfills its intended purpose. IMRF has retained consulting partner Provaliant to provide V&V for the Modernization Program and Horizon Project to ensure that both IMRF and the vendor (Morneau Shepell) follow IEEE standards and project management best practices.

Vest or Vesting– Establishes the rights to a guaranteed future monthly retirement benefit. Under Tier 1, a member needs a minimum of eight years of credit to vest for the Regular plan, 20 years of SLEP service to vest for the SLEP plan, and eight years of service in the same elected office to vest for the ECO plan. Under Tier 2, a member needs a minimum of 10 years to vest for the Regular, 10 years of SLEP service to vest for the SLEP plan, and 10 years of service (eight in the same elected office) to vest for the ECO plan

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

VOC – Voice of Customer survey program

W

Work Manager – A software tool used by staff to manage daily tasks, like document review and approval.

X

Y

Z

Abbreviations

AA	Authorized Agent
ACSI	American Customer Satisfaction Index
AED	Automated External Defibrillator
AFSCME	American Federation of State, County, and Municipal Employees
AG	Attorney General
ALS	Asset Liability Study
AOS	Available on site
AUM	Assets Under Management
B2C	Business to consumer
B2B	Business to business
BCP	Business Continuity Plan
BPO	Business Process Owner
BSL	Business Solution Lead
CAFR	Comprehensive Annual Financial Report
CEM	CEM Benchmarking, Inc.
CFA	Chartered Financial Analysts
CMS	Content Management System
COC	Code of Conduct
COTS	Commercial off-the-shelf
CPI	Continuous Process Improvement
CU	Credit Union
DB	Defined Benefit
DC	Defined Contribution
DMAIC	Define, Measure, Analyze, Improve, Control
DR	Disaster Recovery
DRP	Disaster Recovery Plan
EAP	Employee Assistance Program
ECO	Elected County Official Plan
ED	Executive Director
EEOC	Equal Employment Opportunity Commission
EFTS	Electronic Funds Transfer System (Direct Deposit)
ERI	Early Retirement Incentive
ESC	Executive Steering Committee
FOIA	Freedom of Information Act
FMLA	Family and Medical Leave Act
FSA	Flexible Spending Account
FTE	Full Time Employee
GA	General Assembly
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officer Association
GRS	Gabriel Roeder Smith & Company
HB	House Bill
HR	Human Resources
HSA	Health Savings Account
HSSA	Health, Safety, Security, Accessibility
IAPI	Identify-Analyze-Prioritize-Implement
IEEE	Institute of Electrical and Electronics Engineers
ILCS	Illinois Compiled Statutes
ILPEx	Illinois Performance Excellence
IMRF	Illinois Municipal Retirement Fund
IPMA-HR	International Public Management Association for Human Resources
IRC	Internal Revenue Code
IS	Information Services Department
ISP	Internet Service Provider
KEEP	Knowledge Exchange Employee Program
KRA	Key Result Area

|	
LSC	Leadership Scorecard
MWBE	Minority or Women-owned Business Enterprises
MI ORS	Michigan Office of Retirement Services
Miss. PERS	Public Employees' Retirement System of Mississippi
MoDOT/Patrol/ERS	Missouri Department of Transportation and Highway Patrol Employees' Retirement System Employees (MPERS)
MOSERS	Missouri State Employees Retirement System
MSRS	Minnesota State Retirement System (MSRS)
MVV	Mission, Vision, Values
NAC	Network Access Control
NASP	National Association of Securities Professionals
NASRA	National Association of State Retirement Administrators
NCOA	National Change of Address
NIRS	National Institute of Retirement Security
NPEA	National Pension Education Association
NPS	Net Promoter Score
NYSTRS	New York State Teachers Retirement System
OCM	Organizational Change Management
OD	Organizational Development
OFI	Opportunity for Improvement
OhSERS	Ohio State Employees Retirement System
OPERS	Ohio Public Employees Retirement System
OSHA	Occupational Safety and Health Administration
PAFR	Popular Annual Financial Report
PBGC	Pension Benefit Guaranty Corporation
PE	Performance Excellence
PLG	Plain Language Guidelines
POC	Proof of Concept
PPM	Portfolio and Project Management
PWC	PricewaterhouseCoopers
QILDRO	Qualified Illinois Domestic Relations Order
RFP	Request for Proposal
RSM	IMRF's Financial Auditor
SAN	Storage Area Network
SB	Senate Bill
SDLC	System Development Life Cycle
SEO	Sponsors for Educational Opportunities
SIPOC	Suppliers-Inputs-Process-Outputs-Customers
SLEP	Sheriff's Law Enforcement Personnel Plan
SME	Subject Matter Expert
SOC	Service Organization Controls
SPA	Single Point of Accountability
SPP	Strategic Planning Process
STEP	Societal, Technological, Environmental, Political
SWOT	Strengths, Weaknesses, Opportunities, Threats
UHD	Universal Help Desk
UPS	Uninterrupted Power Supply
V&V	Verification and Validation
VAC	Voluntary Additional Contribution
VOIP	Voice Over Internet Protocol
VOC	Voice of Customer survey program

Organizational Profile

P.1 ORGANIZATIONAL DESCRIPTION

P.1a Organizational Environment

The Illinois Municipal Retirement Fund (IMRF) is a public defined benefit (DB) pension plan providing services to the employees of units of local government and school districts throughout the state of Illinois (with the exception of the City of Chicago and Cook County). IMRF provides a sound and efficient system for the payment of retirement, disability, and death benefits. IMRF was created in 1939 by the Illinois General Assembly and began operating in 1941 with five original employers and $5,000 in assets. Today IMRF serves 3,010 employers and has $38.8 billion in assets. Fig. P.1-1 shows IMRF's key work systems and key customers.

Figure P.1-1 Key Work Systems and Key Customers
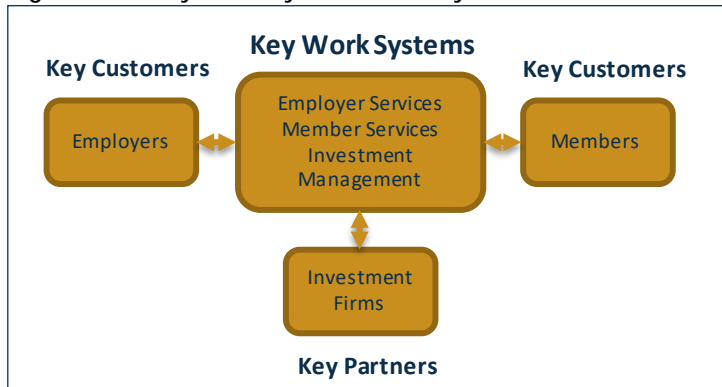
Members (key customers) – The eligible employees working for those units of local government that are part of IMRF. They make contributions toward their future pension and receive statements, counseling and other services from IMRF. As of year-end 2018, there were 176,517 active members, 119,939 inactive members, and 133,261 benefit recipients.

Employers (key customers) – The units of local government that join IMRF to provide a defined benefit (DB) pension to their employees. Examples include municipalities, school districts, park districts, libraries, etc. Once an employer joins, it cannot withdraw. Each employer designates an Authorized Agent, who is responsible for data exchanges with IMRF. There were 3,010 employers at year-end 2018.

Investment Firms (key partners) – IMRF is a major financial institution with $38.8 billion in assets. By selecting and working with investment firms, IMRF's asset investment function plays a key role in ensuring a secure and cost-efficient retirement benefit. As such, investment firms are a key partner for IMRF. Historically, investment returns fund approximately 62% of a retirement benefit through a diversified risk managed approach to investing with a long-term goal of achieving a net 7.25% return on investments. The remainder of the benefit is funded by member contributions and by local governments, typically through property taxes.

P.1a(1) Product Offerings *What are main product offerings? The relative importance of each to your success? Mechanisms used to deliver products?*

The main product of IMRF is money payments to members in response to an event, such as separation from employment, disability, death, or retirement. Delivery mechanisms are paper checks and direct deposit. Because the statutory structure is so complex, IMRF considers its extensive member and employer educational programs as key services. This includes written materials, such as newsletters and annual statements that are mailed to members. It also includes counseling through group sessions, one-on-one sessions, Field Representative retirement and death counseling, or contact through IMRF's toll free 800 number. The call center is staffed by the Member Services Unit.

P.1a(2) Mission, Vision, Values, and Culture *What are your mission, vision, and values? Other than values, what are the key characteristics of your culture? What are your core competencies and their relationship to mission?*

The organizational culture of IMRF is customer-focused, providing high-touch customer service, advanced technologies to enable customer access, and a risk-appropriate investment strategy. The IMRF culture established by senior leaders is founded on its Mission, Vision, Values and Core Competencies, as summarized in Fig. P.1-2. IMRF's core competencies are the activities that allow us to effectively accomplish our Mission.

Figure P.1-2 Mission, Vision, Values, Core Competencies

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.

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

REAACH VALUES - Refer to Fig. 5.2-3 for a definition of Values
Respect - Empathy - Accountability - Accuracy - Courage - Honesty

CORE COMPETENCIES
<u>CC1:</u> Investment Management
<u>CC2:</u> Knowledge/Compliance with Illinois Pension Code
<u>CC3:</u> Maintenance of a high quality database of member and employer information
<u>CC4:</u> Deployment of secure IS systems for administering the Illinois Pension Code
<u>CC5:</u> Ongoing member and employer contact, communications, education, and training
<u>CC6:</u> Ability to collect employer contributions and establish actuarially sound employer contribution rates

P.1a(3) Workforce Profile *What is your workforce profile? What recent changes have you experienced in workforce composition or in your needs with regard to your workforce? What are your workforce or employee groups and segments; the educational requirements for different employee groups and segments; the key drivers that engage them; your organized bargaining units (union representation); and your special health and safety requirements, if any?*

IMRF budgets for a workforce of 223, with approximately 200 staff at this time. Most are in Oak Brook, with 12 staff in Springfield, and 8 Field Services Representatives working from home offices throughout the state. IMRF does not have any organized bargaining units. IMRF staff work in 11 departments organized by function. Fig. P.1-3 provides a profile for these 11 groups, which are the key segments for analysis and improvement of staff engagement. Since 2014 IMRF has used the McLean workforce engagement survey annually. This survey is based on research and best practices and is continually validated through statistical analysis across McLean's entire client base. McLean reports IMRF's percentile rank for overall engagement (Fig. 7.3-8), an index based on 10 engagement

measure questions. Other results include the percent Engaged, Almost Engaged, Indifferent, Disengaged for IMRF and each of the 11 workforce groups; the percent engaged for the 10 measures of engagement questions (Fig. 7.3-9) that are the basis for the index to measure engagement; and the percent engaged for key engagement drivers (Fig. P.1-4, 7.3-10).

Fig. P.1-4 summarizes the 10 key drivers of engagement identified through statistical analysis of the McLean database. Regression analysis of IMRF survey results determined *two of these drivers** are the priority for improvement of engagement for IMRF overall. Action plans (WE-01, WE-02) have been developed for these two priority drivers and progress is reviewed monthly. HR also supports leaders in working with their staff to develop engagement plans in each Department.

Figure P.1-3 Workforce Profile

Key Workforce Groups	Statistics (as of December 31, 2018)				
	# of Staff	Avg. Tenure	Gender % Female % Male	Ethnicity % White % Minority	% Degreed % Graduate % Bachelor's % Associate
Administration (includes HR and PE)	10	14y 4m	60% 40%	90% 10%	90% 50% 30% 10%
Benefits	31	7y 5m	84% 16%	65% 35%	45% 16% 19% 10%
Communications	8	5y 8m	75% 25%	87% 13%	100% 38% 62% 0%
Field Services	11	16y 8m	64% 36%	82% 18%	100% 36% 46% 18%
Finance	25	13y 8m	60% 40%	56% 44%	76% 24% 36% 16%
Information Services	43	14y 0m	42% 58%	63% 37%	72% 16% 51% 5%
Internal Audit	7	10y 6m	71% 29%	86% 14%	100% 29% 57% 14%
Investments	14	10y 1m	50% 50%	64% 36%	93% 57% 36% 0%
Legal	6	4y 10m	83% 17%	67% 33%	100% 67% 33% 0%
Member Services	28	7y 8m	93% 7%	75% 25%	61% 4% 46% 11%
Office Services	17	14y 6m	59% 41%	53% 47%	41% 6% 35% 0%

Figure P.1-4 Key Drivers of Engagement

Key Drivers of Engagement (Results in Fig. 7.3-11)	
Organizational engagement	Job engagement
▪ Culture	▪ Employee empowerment
▪ Customer focus	▪ Learning and development
▪ *Department relationships* (WE-01)*	▪ Rewards and recognition
▪ Company potential	▪ Co-worker relationships
▪ *Senior manager relationships* (WE-02)*	▪ Manager relationships

IMRF's health and safety considerations are standard for an office environment. IMRF stresses workplace safety, ergonomics, and a well-organized emergency/disaster response team.

P.1a(4) Assets *What are your major facilities, equipment, technologies, and IP?*
IMRF is headquartered in Oak Brook, Illinois. A satellite office is located in Springfield, Illinois. Both locations have video teleconferencing equipment to facilitate staff training and allow members and employers to meet with Board or staff in the Oak Brook office. IMRF has enhanced its services for members and employers through expanded use of web-based e-Services and social media. IMRF also has an intranet (COMPASS) that is used to support staff communication and knowledge management.

IMRF Field Services Representatives work from their homes and have direct access to employer and member information via IMRF's computer systems. They visit and counsel both employers and members at employer locations, at offsite conference or meeting facilities, or at locations mutually convenient to members and Field Service Representatives.

IMRF's most critical technology is Spectrum, a proprietary pension administration system developed and maintained by IMRF. The system is integrated with a local area network and imaging system. Modernization is a comprehensive program to upgrade IMRF's technology systems. It includes the Horizon Project, IMRF's key strategic opportunity, in which IMRF is working with Morneau Shepell to implement a new, state of the art, COTS (commercial off-the-shelf) pension administration system. Horizon will completely replace Spectrum, Work Manager, Library Manager, the secure Member and Employer Access websites, and the Reciprocal website. It will modernize IMRF's suite of correspondence/forms and identify new ways to communicate with our members and employers.

P.1a(5) Regulatory Environment *What are your key occupational health and safety regulations; accreditation, certification, or registration requirements; industry standards; and environmental, financial, and product regulations?*
Key regulatory requirements for IMRF are provided by the Illinois Pension Code; the Illinois Department of Insurance, Public Pension Division; and the U.S. Internal Revenue Code. IMRF must comply with Illinois Pension Code provisions regarding fiduciary standards and investment restrictions and mandates. Otherwise, IMRF invests its assets under the Prudent Man Rule and reports annually to the Illinois Department of Insurance, Public Pension Division and periodically to Illinois General Assembly Senate and House committees. IMRF operates as a tax-qualified governmental retirement plan and meets pension plan qualification requirements of the U.S. Internal Revenue Code. IMRF is neither a state agency nor a unit of local government. However, as a body politic and corporate created by Illinois government, IMRF is subject to certain state laws for governmental bodies related to ethics, open meetings, records, and employment.

P.1b(1) Organizational Structure *What are your organizational leadership structure and governance structure? What structures and mechanisms make up your organization's leadership system? What are the reporting relationships among your governance board, senior leaders, and parent organization, as appropriate?*

IMRF is governed by an elected Board of eight trustees. Four are elected by participating employers, three by active members, and one by retired members. The Illinois Pension Code sets the Board's responsibilities and authority. The Board adopted a charter for its internal governance and appoints investment consultants, actuaries, auditors, and medical consultants. The Board also appoints an Executive Director to manage day-to-day administration. The Board holds formal meetings throughout the year and has established four Board Committees (Audit, Benefit Review, Investment, and Legislative), which meet as needed to work with consultants and staff to address key issues. In addition to the governance structure, key mechanisms of the Leadership System (Fig. 1.1-1) are Strategic Planning, Leadership Scorecard and Action Plan reviews, and the Executive Steering Committee for Modernization and Horizon.

P.1b(2) Customers and Stakeholders *What are your key market segments, customer groups, and stakeholder groups, as appropriate? What are their key requirements and expectations for your products, customer support services, and operations, including any differences among the groups?*

Figure P.1-5 Key Customer Groups & Requirements

Customer Groups	Key Requirements	Measured Through
Employers	▪ Accuracy ▪ Timeliness ▪ Cost-effectiveness ▪ Transparency	▪ Standards ▪ Standards ▪ Cost per member ▪ GFOA Certification
Members	▪ Accuracy ▪ Timeliness ▪ Easy	▪ Standards, VOC ▪ Standards, VOC ▪ VOC Surveys

Figure P.1-5 lists requirements for our two key customer groups, employers and members. Both require accurate and timely services. Employers also expect IMRF to be cost-effective and transparent, and Members expect IMRF to provide information that is easy to understand. Stakeholders include elected officials, special interest groups, and unions. IMRF works with other local and national organizations on pension and related issues. These organizations provide research, education, and networking opportunities for staff.

P.1b(3) Suppliers, Partners, and Collaborators *What are your key types of suppliers, partners, and collaborators? What role do they play in producing and delivering your key products and customer support services, and in enhancing your competitiveness? What role do they play in contributing and implementing innovations in your organization? What are your key supply-network requirement?*

Fig. P.1-6 summarizes key suppliers and *partners* for each of IMRF's key work systems. All key suppliers and *partners* are selected and managed using supply-chain management processes (Fig. 6.1-4, 6.1-5) that include ongoing communication and opportunities to improve/innovate IMRF processes.

P.2 ORGANIZATIONAL SITUATION
P.2a(1) Competitive Position *What are your relative size and growth in your industry or markets you serve? How many and what types of competitors do you have?*

From the standpoint of competitive strategy, IMRF can be viewed as a monopoly. By statute, IMRF is the only public defined benefit (DB) pension plan available to units of local government to provide a defined benefit (DB) pension to their eligible employees; and once in, employers cannot withdraw. As such, IMRF has no direct competitors, but there are many comparable organizations within the DB industry. IMRF is an industry leader among the approximately 6,300 public pension plans in the country and the 668

public plans in Illinois (including local police and fire plans.) With total assets of $38.8 billion, IMRF is considered midsize.

Figure P.1-6 Key Suppliers and *Partners* by Work System

Work Systems	Key Suppliers and *Partners*
Investment Management	▪ *Investment managers* (>100) invest to generate returns ▪ *Consultant (Callan)* reports investment return results ▪ Master Trustee (Northern Trust) for banking services
Employer Services	▪ *Actuaries (GRS)* help determine employer contribution rates and costs of Early Retirement Incentive programs ▪ Financial auditors (RSM) review financial processes and compliance with laws and regulations ▪ SOC-1 Type 2 auditors (RSM) evaluate control objectives and assist with annual Statement of Controls report
Member Services	▪ Medical consultants evaluate disability claims ▪ Doyle Rowe and Gallagher Benefits Services provide optional insurance programs for members
Employer and Member Services	▪ *Horizon partner (Morneau Shepell)* to implement a new pension administration system to replace Spectrum ▪ Provaliant for V&V to ensure IMRF and vendor follow IEEE standards and project management best practices ▪ IS vendors assist in obtaining, developing and maintaining information systems ▪ IS auditors (Crowe Horwath) perform comprehensive internal control reviews and identify improvements

Almost all units of major local Illinois government already participate in IMRF and no other public pension system competes with IMRF for membership. Growth comes from employers joining, growth in employment at existing employers, or new types of employers being statutorily added to the Illinois Pension Code. While the number of active employers has increased from 2,976 to 3,010 in the past five years, the total number of active members has decreased from its peak of 181,678 in 2008 to 176,517 active at year-end 2018. This reflects the contraction in local governments due to the recession that began in 2007 and is not a reflection on IMRF's operation. At the same time, the number of IMRF beneficiaries continues to increase.

P.2a(2) Competitiveness Changes *What key changes, if any, are affecting your competitive situation, including changes that create opportunities for innovation and collaboration, as appropriate?*

Our environment has changed in four major ways:

1. Market and Economy - Two major economic downturns since 2000 have impacted our ability to maintain our long-term (100%) funding goal. The market downturn in 2008 significantly reduced investment returns, required an increase in employer contribution rates, and caused local governments to reduce their payrolls, resulting in a sharp increase in the number of member retirement claims processed by IMRF. Continuing budget stress at both the state and local levels may result in pressure to moderate employer contribution rates, while low interest rates impact our ability to achieve our long-term goal of 7.25% rate of return.

2. DB Model Sustainability – As the prevalence of DB plans has declined in the private sector, there has been an increase in the frequency and intensity of debate about the future of DB plans in the public sector. Multiple state and local pension plans have revised their benefit structure to address sustainability issues.

3. Legislative Environment – Due to the financial challenges facing the state of Illinois, the GA continues to explore options to

address the funding of all public pension systems. In 2010 the GA established a new benefit plan (Tier 2), which took effect January 1, 2011 and reduced benefit costs by 40% for new IMRF members. The GA continues to pass legislation requiring incremental changes to the administration of IMRF plans.

4. Public Perception - Though statutes permit the Board to set employer contribution rates to provide a sustainable funding mechanism for IMRF, we are often lumped in with other systems by the media and the GA in discussions about public pensions. Reported abuses or under funding at other systems increase the mistrust of all public pension systems. Scrutiny by the GA and media has resulted in a number of FOIA requests.

P.2a(3) Comparative Data *What key sources of comparative and competitive data are available from within your industry? What key sources of comparative data are available from outside your industry? What limitations, if any, affect your ability to obtain or use these data?*

IMRF utilizes comparative data from many sources, both inside (I) and outside (O) of the pension industry for purposes of benchmarking, process improvement, establishing objectives, and evaluating results. Key sources are summarized below for:

- **Financial Health** – Actuarial assumptions (I); NASRA public fund survey (I); Total portfolio benchmarks (I) for the Callan universe of pension funds; Asset class benchmarks (I) such as the Dow Jones US Total Stock Market Index, MSCI ACWI ex-US Index, Bloomberg Barclays US Aggregate Bond Index; and Reciprocal Systems (I).

- **Customer Engagement** – Cobalt Community Research Benchmarking Program (I, O); Net Promoter Score (O).

- **Operational Excellence** –CEM Report and CEM Peer Group of 44 North American public pension systems (I); CAFR (O).

- **Workforce Engagement** – McLean (O); CompData Survey of IL employers (O); Bureau of Labor Statistics (O).

P.2b Strategic Context *What are key strategic challenges and advantages?*

Fig. P.2-1 summarizes the key strategic advantages and key strategic challenges identified in the Strategic Planning process. The **key strategic opportunity** addressed in the 2017-2019 Strategic Plan is the Horizon Project. IMRF is working with partners Morneau Shepell and Provaliant to implement a new, state of the art, COTS (commercial off-the-shelf) pension administration system. Horizon is part of the Modernization program and involves a systematic redesign of the technology platform and processes for the key processes in two of IMRF's three key work systems (Employer Services and Member Services).

Figure P.2-1 Strategic Advantages/Challenges by KRA

Financial Health
Strategic Advantages
▪ **SA-1** Prudent man rule, diversification, investment expertise
▪ **SA-2** Solid long-term returns greater than 7.25%
Strategic Challenges
▪ **SC-1** Develop funding policy to maintain stable employer rates
Customer Engagement
Strategic Advantages
▪ **SA-3** VOC surveys and formal customer feedback program
▪ **SA-4** Top decile performance goals
▪ **SA-5** Leadership commitment to world class service
▪ **SA-6** Field representative program
▪ **SA-7** Effective member and employer communications program
Strategic Challenges
▪ **SC-2** Maintain member and employer engagement

Workforce Engagement
Strategic Advantages
▪ **SA-8** Knowledgeable, engaged staff committed to excellence
▪ **SA-9** Fund and Department action plans for engagement
▪ **SA-10** Tuition reimbursement, training, succession program
Strategic Challenges
▪ **SC-3** Deploy Workforce Planning
▪ **SC-4** Opportunity to improve senior leader communications
Operational Excellence
Strategic Advantages
▪ **SA-12** Accurate Member/Employer Data
▪ **SA-13** Baldrige Culture, IAPI's, BPO's
▪ **SA-14** Commitment to Modernization Program
Strategic Challenges
▪ **SC-5** Maintain cybersecurity with increasing threat levels
▪ **SC-6** Comprehensive systems/process for Modernization
▪ **SC-7** Need to expand and integrate CPI program
▪ **SC 8** Call center performance metrics
Key Strategic Opportunity – Horizon project

P.2c Performance Improvement System *What is your performance improvement system, including your processes for evaluation and improvement of key organizational projects and processes?*

Fig. P.2-2 illustrates IAPI, IMRF's 4-step Continuous Process Improvement (CPI) approach. For simple improvements a "*Just do it*" approach is taken. For complex issues, a formal IAPI is completed.

The CPI program is deployed across the entire organization and provides a systematic process for any staff member to identify and submit opportunities for improvement. Each submitted OFI is evaluated using the IAPI process. In 2017, IMRF improved the management of OFI's by implementing a CPI tool on the COMPASS system. Staff ***I**dentify* and submit opportunities in COMPASS. They are reviewed and assigned to the appropriate individual who is responsible to ***A**nalyze* the opportunity and ***P**rioritize* actions for ***I**mplementation* when appropriate.

Fig. P.2-2 IAPI for Continuous Process Improvement

Many other approaches are used to *Identify* opportunities for improvement and initiate the IAPI process. Examples include the Horizon Project; systematic review of Action Plans and the Leadership Scorecard (Fig. 2.1-3); VOC surveys (Fig. P.2-3); Workforce Engagement results (Fig. 5.2-1); Key Approach evaluation (Fig P.2-4); and the CEM benchmarking report.

IMRF uses annual feedback from the CEM benchmarking study to identify detailed operational improvement opportunities. The report compares IMRF's current service to the "perfect service" model, and to the level of service provided by other Defined Benefit pension providers in the CEM study.

IMRF's Investment Management System utilizes systematic, comprehensive processes to manage the $38.8 billion portfolio. These include asset allocation, portfolio structuring, manager selection, and performance monitoring. The performance of all external investment managers is measured monthly against key benchmarks and guidelines. Those whose performance varies from

the norm (better or worse) are reviewed in detail, and are allocated more or less funds or terminated as appropriate.

IMRF managers and supervisors use performance standards to evaluate and improve performance within each department. Monthly Leadership Scorecard and Action Plan review meetings, and monthly work status meetings enable organizational learning.

Fig. P.2-3 lists the member and employer VOC surveys used to measure and improve key transactions. Results are monitored by the department responsible for each transaction, with management review of all negative feedback. Opportunities are identified and IAPI is used to analyze, prioritize, and implement improvements.

Figure P.2-3 Voice of Customer Surveys

Member Surveys	Employer Surveys
▪ Cobalt Pension Inception (M)	▪ Employer Workshops (T)
▪ Retirement Application (M)	▪ Employer Rate Meetings (E)
▪ Reciprocal Retirement (M)	▪ Employer Services Survey (Q)
▪ Disability Application (M)	▪ Employer Audit Survey (T)
▪ Personal Benefit Reviews (T)	(D) mail _daily_ to all or sample of members
▪ Pre-Retirement Workshops(T)	(M) mail _monthly_ to all or a sample of members
▪ Purchase of Past Service (M)	(Q) mail _quarterly_ to all employers
▪ Member Services Calls (D)	(T) offered at the _time_ service is delivered
▪ Pension Estimates (T)	(E) _email_ to all attendees after the event
▪ Member Counseling Session (T)	

In 2009, 2012, 2014, and 2017 IMRF submitted applications for the Illinois Performance Excellence (ILPEx) award, and in 2018 for the Baldrige Award. Site visit reviews by teams of trained examiners resulted in feedback reports that identified many opportunities for improvement. Numerous and significant improvements have been implemented as a result of this feedback. In order to enhance the use of this feedback as a systematic, fact-based method for improvement, in 2013 IMRF identified owners for the 28 Key Approaches (KAs) used to meet Criteria requirements. KA owners have completed semi-annual systematic evaluation and improvement of these key approaches for the past six years.

In 2017, a KA for Cybersecurity was added in response to Criteria changes. In 2018, a KA for Performance Excellence was added to ensure continual improvement of the entire system. In 2019, some HR KA's were divided into separate processes. KA documents are available on site (AOS). Each KA document identifies the Key Approach owner; the Criteria requirements addressed by the KA; the process and/-or methods used to meet Criteria requirements; the measures of success used for fact-based evaluation of the KA; the systematic 5-step process for semi-annual evaluation and improvement of each KA; and a history of improvements that have been implemented in the KA (2009-18). *Examples* of improvements are included at the start of each Item response (1.1 to 6.2) and are the result of the 5 step evaluation/improvement process that occurs with each KA.

Figure P.2-4 Key Approach Summary

Key Approaches	Items
IMRF Leadership System	1.1a/c
Senior Leader Communication	1.1b
Governance System	1.2a
Legal, Regulatory and Ethical Compliance	1.2b
Legislative Process (for Societal Responsibility)	1.2c(1)
Community Support	1.2c(2)

Key Approaches	Items
SPP: Assess & Develop Phase - Steps 1-5	2.1a
SIPOC – Key Work System Evaluation	2.1a(4)
Strategic Plan Objectives	2.1b
SPP: Implement Phase - Steps 6-12	2.2a/b
Voice of Customer	3.1a, 3.1b(1), 3.2b
Process for Legislated Plan Changes (for Product Offerings)	3.1b(2)
Customer Support & Relationship Management	3.2a(1,2)
Customer Feedback (Complaint Management)	3.2a(3)
Scorecard Development Process	4.1a
Scorecard / Performance Review and CPI	4.1b/c
Data/Information Systems Management	4.2a
Knowledge Management	4.2b
Workforce Assessment and Planning	5.1a
Hiring Process	5.1a(2)
Workforce Climate (HSSA and Benefits)	5.1b, 6.2c(1)
Workforce Engagement Surveys	5.2a(1,2), 5.2b
Workforce Performance Management	5.2c(1,4)
Learning and Development	5.2c(2,3)
Succession Development	5.2c(4)
Work Process Management	6.1a/b
Supply Chain Management	6.1c
Innovation Management	6.1d
Cost Control	6.2a
Cybersecurity (established as KA in 2017)	6.2b
Business Continuity	6.2c(2)
Performance Excellence (established in 2018)	P.2c

Collectively these KAs provide IMRF an operating system that has undergone multiple cycles of systematic, fact-based improvement over nearly a decade and has matured into a performance excellence system that effectively addresses all overall requirements and those multiple requirements of most importance to the organization.

The Performance Excellence department works with KA owners to support semi-annual reviews to evaluate each key approach, identify and prioritize opportunities, plan and implement improvements. Based on a cycle of improvement in 2018, the approach to KA evaluation and improvement was improved and includes the steps summarized in Figure P.2-5.

Figure P.2-5 KA Evaluation and Improvement Process

Step	Action
1	Gather needed data/info/feedback including Baldrige feedback report OFIs and results for key measures of success.
2	Identify and prioritize OFIs through review of the Criteria, measures of success, feedback report, or self-identified OFIs.
3	Plan to improve KA-assign OFI in COMPASS or to Action Plan
4	Complete IAPI in COMPASS or develop/modify an Action Plan. Leaders review status of OFIs in COMPASS and Action Plans.
5	When an OFI is closed, PE works with owner to update KA documents and history of improvement.

1 Leadership

1.1 SENIOR LEADERSHIP: *HOW DO YOUR SENIOR LEADERS LEAD THE ORGANIZATION?* RESULTS FIG. 7.4-1, 7.3-8, 7.3-9, 7.3-10, 7.5-8, 7.2-11 THRU 7.2-14

Following is a summary of improvements in key approaches for 1.1a/c (Leadership System) and 1.1b (Senior Leader Communication). A detailed history of improvement included in KA documents for all key approaches is AOS (available on site).

Key Approach	Examples of Improvements
IMRF Leadership System In Fig. 1.1-1 for 1.1a, 1.1c	2013 Establish/formalize the Leadership System 2013 Word pictures to better deploy Values 2014 Integrate Leadership System in appraisals 2015 Train leaders and clarify their responsibilities for Leadership System 2016 Revise Leadership System and identify key measures of success from engagement survey 2017 Update leader appraisal form and process 2018 MVV review at start of senior leader meetings
Senior Leader Communication System in Fig. 1.1-3 for 1.1b	*Communication with the workforce* 2012 Systematic follow-up on staff survey results 2014 Implement McLean engagement survey 2015-16 Implement improvements in Town Halls 2017 Implement COMPASS using CMS 2017 Action plan for communication and inclusion 2018 ED transition communication plan *Communication with key customers* 2009-10 Employer rate meetings and webinars 2014 Three different versions of IMRF 101 2014-15 Plain language initiative 2015 Update of public web site using CMS 2017 Survey employers on preferences 2018 Expand use of social media

1.1a(1) Setting Vision and Values *How do senior leaders set your organization's vision and values?*

IMRF's Mission was enacted into its governing statute by the GA. The Vision and Values were developed by senior leaders in 2001 with Board and staff input. Values provide the guiding principles for IMRF's effort to provide the highest level of service to its customers and stakeholders. The Mission, Vision, and Values (Fig. P.1-2) are reviewed annually and thoroughly re-examined every three years by IMRF's senior leaders and the Board of Trustees in Step 1 of Strategic Planning (Fig. 2.1-1). They are the foundation for subsequent steps to develop and deploy strategies and plans. Values were updated in 2007, 2009, and 2011.

How do senior leaders deploy vision and values through your leadership system, to the workforce, key suppliers and partners, customers and other stakeholders?
Mission, Vision, and Values are deployed using numerous methods, including Steps 2 through 12 of Strategic Planning, in which senior leaders work with the Board and staff to develop and deploy Strategic Objectives, Action Plans, and key performance measures that ensure IMRF will accomplish its Mission and realize its Vision and Values in day-to-day actions.

IMRF's Mission, Vision, and Values are consistently communicated utilizing methods that are tailored for specific target audiences. Fig. 1.1-3 summarizes the methods used by senior leaders to communicate the Vision, Values, and Strategic Objectives. Deployment of Vision and Values to staff begins at the time of hire with an orientation meeting with the Executive Director, and continues with education on IMRF's Strategic Plan through intranet postings, annual ethics/code of conduct compliance certifications, quarterly certifications of senior leaders,

organizational Town Hall meetings, and positive reinforcement by leaders. Staff are provided REAACH Values cards that include Mission, Vision and Values. IMRF deploys its Vision and Values to customers, key suppliers, partners and other stakeholders through its branding initiative, the information shared on its website, interpersonal communications, recurring publications, and articulation of its Strategic Plan. MVV is communicated to key suppliers/partners in the new vendor packet, which is part of the supplier/partner onboarding process. The workforce engagement survey provides a systematic, fact-based approach to evaluate deployment of Vision and Values, and results in annual Action Plans to address identified opportunities. A key improvement in deployment of Values was their addition to the annual Performance Appraisal form [5.2c(1)] that is used to evaluate staff performance. Other improvements include the alignment of strategic objectives with top decile benchmarks to clarify vision, and the development of word pictures to better deploy values. The IMRF Leadership System (Fig. 1.1-1) was established as a formal process in 2013 after benchmarking Baldrige recipients. It provides a systematic approach to deploy the key processes within IMRF's performance excellence system and to ensure the actions of all leaders (supervisor and above) support the Vision and reflect a commitment to IMRF's Values. Annual reviews of Leadership System have further enhanced its effectiveness and deployment.

Figure 1.1-1 IMRF Leadership System

How do senior leaders' personal actions reflect a commitment to those values?
Leaders demonstrate the Values through their daily decisions and interactions with staff, members, employers, suppliers, partners. The Leadership System (Fig. 1.1-1) provides leaders with systematic approaches to demonstrate the Values (IV.A). Key work processes (Fig. 6.1-1) are used by leaders to manage the *Accuracy* of IMRF transactions (V.E.), ensure *Accountability* for organizational results (V.B, V.C), listen to and *Respect* the input of employees and stakeholders (IV.C, V.A), show *Empathy* for members (V.A.), act with *Honesty* and *Courage* (VI.A-E.)

1.1a(2) Promoting Legal and Ethical Behavior *How do senior leaders' personal actions demonstrate their commitment to legal and ethical behavior? How do senior leaders promote an environment that requires it?*

Illinois law mandates that local state agencies, including IMRF, adhere to the Illinois Governmental Ethics Act and the gift ban provision of the State Officials and Employees Ethics Act. IMRF's senior leaders have designed and implemented a comprehensive organizational compliance program (Fig. 1.2-5) consisting of a rigorous ethics policy that complies with, and in some respects exceeds, all statutory ethics requirements. This includes:

- An internal compliance officer (General Counsel)
- External expertise and comprehensive compliance consulting via Global Compliance Services
- An anonymous reporting system featuring a toll-free hotline and web whistle-blowing capability
- Recurring compliance education for all staff
- Annual compliance certification for the Board of Trustees
- Quarterly compliance certifications for all senior leaders

IMRF's rigid ethics policy and the comprehensive compliance infrastructure are designed by senior leaders to demonstrate strong ethical principles within IMRF's organization and to create a culture of transparency, accountability, trust, and good stewardship.

1.1b. Communication *How do senior leaders communicate with and engage the entire workforce, key partners, and key customers?*

Figure 1.1-2 Senior Leader Communication Process
The process to manage Senior Leader Communication follows.

1. Identify key stakeholder groups for communication purposes
2. Determine appropriate methods for communication with each group. (Refer to Fig. 1.1-3 for a summary of methods)
3. Establish a process for each communication method
4. Implement the communication processes
5. Evaluate and improve effectiveness of communication methods

Fig. 1.1-3 summarizes key communication methods of senior leaders. It includes a variety of methods to share information with staff, key customers and partners. Notes from senior leader and Board meetings are provided to all staff. All supervisors and leaders meet immediately after each Board meeting to review and discuss the outcomes. Weekly department meetings are held in most areas and notes are distributed within each department. The Executive Director ensures *frank, two-way communication* through open-door policies, participation in new hire orientation sessions, and by sharing information and soliciting feedback in semi-annual Town Hall meetings. Other two-way methods include, engagement survey follow-up sessions, work status meetings and department meetings. Systematic methods for staff to provide feedback and suggestions for improvement in communication methods have been established for COMPASS (the Intranet), staff e-newsletter, and Employer Digest.

Methods for two-way communication by senior leaders with key stakeholders include Executive Director Meetings with the GA. For customers, the annual employer rate meeting is the key method. Improvements have included the Executive Director and Chief Financial Officer holding rate meetings throughout the state to discuss investment results and future employer rates; obtain feedback from employers and incorporate that feedback into the rate-setting process. An annual webinar is also offered to increase participation in these meetings and prevent rate surprises. Different versions of IMRF 101 have been developed for the GA, press and civic groups. A plain language initiative, rebranding and update of

the public website were the focus of improvements in 2014-16. In 2018 the use of Facebook, Twitter and Linked In was expanded.

Figure 1.1-3 Senior Leader Communication Methods

Senior Leader Communication Methods	Audience			Involves		Purpose is to:				
	Workforce	Customers	Key Partners	Two-way	Social Media	Deploy Vision and Values	Key decisions	Motivate staff	Focus on action	Innovation
Executive Director (ED) Methods										
Town Halls	X			X		X	X	X	X	X
ED orientation	X			X		X		X		X
Rate meetings		X		X	X	X				
IMRF 101		X		X		X	X			
Senior Staff Methods										
Member newsletter	X	X				X	X			
Senior staff e-mails	X				X	X	X	X	X	X
Employer Digest		X				X	X		X	X
Member & Retiree Newsletters		X			X	X	X		X	X
Open door policy	X			X		X				
New hire Orientation	X			X		X	X	X		
Engagement plans	X			X		X	X	X	X	X
Work Status reports	X			X			X		X	X
Department meetings	X			X		X	X		X	X
Senior Mgmt. Notes	X					X	X	X	X	X
Leader Scorecard & Action Plan Reviews	X			X		X	X	X	X	X
Staff e-newsletter	X				X	X	X		X	X
Board Meetings			X	X		X	X		X	X
Monthly reporting			X	X			X	X		
Money Manager Visits			X	X			X	X		
Actuarial review			X	X			X			X
Participate on partner boards / user groups			X	X					X	X

Methods for communication with *key partners* include monthly reporting routines with Morneau Shepell, Provaliant, and Callan, visits to Money Managers, annual review of actuarial assumptions with GRS, and participation on partner Boards and/or user groups.

Key decisions and the need for organizational change are communicated by the ED through General and Special memoranda and special meetings with staff. Town Hall meetings are a venue for in-depth discussions. These are conducted in several one-hour sessions over one or two days to accommodate all staff and enable two-way communication. Surveys are conducted after each session, opportunities identified and improvements implemented. A 2016 improvement allows participants to send questions in advance and design activities to make sessions more engaging. Improvements in 2017 included execution of a communication plan focused on the Executive Director transition. In 2018 the new ED held small group meetings with staff to enable more in-depth and open communication.

Leaders *motivate staff* by communicating key goals and plans (Leadership System III.C), engaging staff in the "good work" IMRF performs (IV.C), conducting meaningful appraisals (IV.E), reviewing performance (V.E) and celebrating success (V.F). Senior leaders participate in recognition (IV.B) that includes Town Hall meetings, Trustee recognition, Service Anniversary

celebrations, staff e-mails and newsletters. Leaders recognize superior customer service by posting "Kudos" (correspondence from members or employers) on COMPASS.

1.1c(1) Creating an Environment for Success *How do senior leaders create an environment for success now and in the future?*
All processes and systems of IMRF are designed to fulfill the *Mission* that was enacted into its governing statute. Senior leaders execute these processes through the Leadership System (Fig. 1.1-1). A key approach to ensure *success in the future* is the Horizon Project within the Modernization program. A key approach to ensure *success now and in the future* and *organizational accountability* is the Strategic Planning Process (Fig. 2.1-1) used by senior leaders to set and deploy goals and Action Plans focused on achievement of the Vision and Strategic Objectives. *Accountability* is reinforced through performance management (Fig. 5.2-2), which includes employee feedback and appraisals to support high-performance.

Key methods to ensure *organizational agility, learning and improvement* include monthly reviews of the Leadership Scorecard (Fig. 2.1-3) and action plans, VOC survey results, and department-specific performance standards. *Organizational agility, learning and intelligent risk taking* is also achieved through Horizon, the CPI program (Fig. P.2-2) and semi-annual evaluation of key approaches (Fig. P.2-4).

To *cultivate individual learning*, senior leaders have fully deployed Individual Learning Plans for all staff. Training programs for personal and professional development are offered via certification programs, tuition reimbursement, conferences, workshops, internal training, KEEP program, cross-functional teams, and departmental cross-training. Senior leaders participate in *organizational learning* and improvement by leading Strategic Planning, Leadership Scorecard and Action Plan reviews, Key Approach evaluations, CEM analysis, VOC surveys, and the Horizon ESC.

Senior leaders use multiple methods to cultivate *innovation and intelligent risk taking*. Since 2011, the Strategic Plan has established Objectives for its key result areas to achieve top decile performance. This has more clearly defined IMRF's Vision *"to provide the highest quality retirement services to our members, their beneficiaries and employers"* and has served to drive innovation in all areas through strategies and action plans to achieve top-decile goals. SWOT and STEP analyses within Strategic Planning identify risks and potential opportunities. This led to development of the Horizon Project as the key strategic opportunity being pursued by IMRF. This multi-year, $47 million investment to implement a new, state of the art pension administration system will systematically innovate the key work processes of the member and employer services work systems. The CPI program engages all staff in identifying and implementing opportunities, which can result in either incremental or breakthrough improvements in operational performance.

To create a culture that *fosters workforce engagement,* IMRF administers an annual workforce engagement survey (Fig. 5.2-1). Leaders develop engagement action plans for each Department based on staff input. To create a culture that *fosters customer engagement,* IMRF uses VOC surveys (Fig. 3.1-1) to review and act on customer feedback. Improvements have included:
- A systematic customer feedback process to manage complaints and ensure an effective response when concerns are identified.
- Six Customer Service principles for Modernization design;
- The Customer Listening Experience, where every employee completed 2 hours of observation in the call center.

Senior leaders actively participate in the Succession Development (SD) process (Fig. 5.2-6) *to develop future organizational leaders.* SD was redesigned in 2015-16 based on best practices and benchmarking from a variety of sources. Senior leaders developed a replacement chart for all leadership roles, and completed 9-box assessments and calibration sessions for their direct reports. These assessments are used to inform development of ILPs for all leaders and some key leaders are provided with an Executive Coach. To ensure deployment of this process, in 2016 the SD Team conducted reviews with the manager for each SD participant to ensure ILPs were appropriate and progressing. In 2018 SD was integrated with the redesigned Performance Appraisal process.

1.1c(2) Creating a Focus on Action *How do senior leaders create a focus on action that will achieve the organization's mission?*
Senior leaders *create a focus on action* through multiple processes that are integrated within the Leadership System. These include processes for planning (II-III, Items 2.1/2,2) and performance review (IV.E and V.A-E., Items 2.2b, 3.2b, 4.1b/c, 5.2a(2), 6.1b).

Key methods to *create a focus on action* and *demonstrate personal accountability for the organization's actions* include the Leadership Scorecard and Action Plan meetings. These are held 10 times per year with senior leaders, managers and supervisors to review progress and identify needed actions. Other methods include Work Status and Departmental meetings, as well as Horizon Project design and review meetings. Performance standards appropriate to the work being performed are defined and used by Department heads in production areas such as Benefits, Member Services, Field Services, and Office Services. Standards are also used by Internal Audit, Legal, Communications, Finance, Investments, and; Information Services.

Senior staff and department heads also review budget performance, customer survey and investment manager performance data monthly. Annual workforce engagement survey results are analyzed and leaders work with their staff to develop Department-specific plans for improvement. CEM and other benchmarking studies are reviewed throughout the year. Key Approach owners conduct semi-annual evaluations to improve the processes that comprise IMRF's performance excellence system (Fig. P.2-4).

Senior leaders *include a focus on creating and balancing value for customers and other stakeholders* by identifying objectives, measures, goals and action plans for each of IMRF's four key result areas. An improvement in 2016 was to modify key result areas for the Leadership Scorecard to reflect a balanced scorecard. This aligns key result areas with IMRF's key customer, partner, and stakeholder groups shown in Fig. 1.1-4 and ensures alignment of measures for each key result area with the Strategic Objectives and goals from the 2017-19 Strategic Plan.

Figure 1.1-4 KRA Alignment to Balance Needs

Key Result Areas	Key Stakeholder Alignment
Financial Health	Members and Employers Taxpayers Illinois General Assembly Investment partners
Customer Engagement	Members and Employers
Operational Excellence	Members and Employers Key suppliers and partners
Workforce Engagement	Staff

1.2 Governance & Societal Contributions: *How do you govern your organization and make societal contributions?* Results 7.4-2 to 7.4-8

Following is a summary of improvements in key approaches for 1.2a (Governance System), 1.2b (Compliance Program), 1.2c(1) Legislative Process and 1.2c(2) Community Support.

Key Approach	Examples of Improvements
Governance system in Fig. 1.2-2 for 1.2a(1)	2013 Review/revision of Board policy manual 2015 Transition to dedicated FOIA system 2015-16 Implemented process for hearing officers to adjudicate non-disability claims 2017-18 Add Vice-Chairs for each committee 2018 Schedule for review of Board resolution and streamline approval of Legal interpretations
Leadership Improvement for 1.2a(2)	2012-13 Implement Individual Learning Plans 2014 Customize appraisal for senior leaders 2015 Train leaders on Leadership System 2016 Executive Coach for key leadership positions 2017-18 Embed ILPs in Performance Appraisals
Compliance Program in Fig. 1.2-5 for 1.2b	2011 Board economic disclosure statements 2012 Add fraud reporting to Code of conduct 2013 Employer audit staffing and software 2014 Board annual compliance certification 2015 Vendor onboarding, GASB 68, NGFOA 2016 Update procurement/credit card procedures 2017 Update Code of Conduct re: travel policies 2018 Redesign Code of Conduct training for staff
Legislative process in Fig. 1.2-6 for 1.2c(1)	2014 Create Legislative Checklist 2015 Implement Legislative proposal analysis 2016-17 Implement Workbook to track legislation 2018 Publish PDF of Legislative proposals form
Community Support in Fig. 1.2-8 for 1.2c(2)	2006-17 Develop reciprocal data exchange, reciprocal reports, VOC survey 2009-17 Progressively increased MWBE goals 2016 Apply MWBE goal to all vendor procurement 2016 Redesign of Economic Impact Study 2017-19 Refine KA to focus on key communities

1.2a Organizational Governance Results in Fig. 7.4-2, 7.1-21

1.2a(1) Governance System *How does your organization ensure responsible governance?*

IMRF's structure and governance system is based on laws, regulations and policies to ensure accountability, transparency, independence of audits, and protection of stakeholder interests. The process used to manage the Governance System is shown below.

Figure 1.2-1 Process to Manage Governance System

1. Understand external requirements, e.g., statutes
2. Understand internal requirements, e.g., Board policies
3. Establish methods to meet requirements (refer to Fig. 1.2-2)
4. Implement methods to meet requirements
5. Evaluate and improve effectiveness of Governance system

Figure 1.2-2 Organizational Governance System

B - Board E - Executive Director S - Senior Leaders	LA = Senior Leader accountability AS = Accountability for strategic plan FA = Fiscal accountability TO = Transparency of operations TS = Transparency in selection of Board DP = Disclosure policies AI = Audit independence and effectiveness PS = Protect stakeholder interests SD = Succession development process PE = Performance evaluation

B	E	S	External requirements	LA	AS	FA	TO	TS	DP	AI	PS	SD	PE
X	X	X	Pension Code, Article 1	X	X	X	X		X	X	X		
X	X	X	Pension Code, Article 7	X	X	X	X	X	X	X	X		
X	X	X	Internal Revenue Code	X	X	X				X			
X	X	X	Open Meetings Act	X	X	X	X		X		X		
X	X	X	FOIA	X	X	X			X		X		

B	E	S	Internal requirements	LA	AS	FA	TO	TS	DP	AI	PS	SD	PE
X	X	X	Mission, Vision, Values	X	X	X	X				X		X
X	X	X	Board Policy Manual	X	X	X			X	X			
X	X	X	Board Resolutions	X	X	X	X	X			X		
X	X	X	Investment policies	X	X	X	X		X		X		

B	E	S	Methods used	LA	AS	FA	TO	TS	DP	AI	PS	SD	PE
X			Board Election Process			X	X	X	X		X		
X	X	X	Audit Committee	X	X	X				X	X		
X	X	X	Benefits Review	X		X	X				X		
X	X	X	Investment Committee	X	X	X		X			X		
X	X	X	Emerging Mgr. reports	X	X	X					X		
X	X	X	Internal Audits	X	X	X					X		
X	X	X	External Audits	X	X	X					X		
X	X	X	Annual Compliance Cert	X		X	X		X		X		
X	X	X	Strategic Planning	X	X	X					X		
X	X	X	Leadership Scorecard	X	X	X	X				X		X
X	X	X	Budget oversight	X	X	X					X		
	X	X	Hire/evaluate senior staff	X	X		X				X	X	X
	X	X	Background checks	X		X					X		
	X	X	Performance appraisal	X							X		X
	X	X	Succession process	X	X						X	X	X
	X	X	Individual Learning Plan	X	X						X	X	X
X	X	X	Annual self-evaluation	X	X						X		X
X			Annual 8 hrs. education			X					X		

Overseeing the Governance system is the elected Board of Trustees. The Board and its committees operate pursuant to charters and a comprehensive Board Policy Manual. In 2013, a Board task force completed a comprehensive review and revision of the Board Policy Manual. Improvements are implemented through systematic annual review of Board policies and committee charters. In 2018 a two-year schedule was established to review all Board resolutions for continuity and to ensure they remain updated.

Trustees must file yearly statements of economic interest with an independent agency, which are available to the public. Transparency of Board action is assured by the Illinois Open Meetings Act. This requires Board and committee meetings to be announced in advance and open to the public. All Board decisions must be formally adopted by at least five concurring votes during an open meeting. Board meeting minutes are posted online and most documents and records maintained by IMRF are open to the public for inspection and copying.

The Board Audit Committee uses an RFP process to select an external auditor for a five-year engagement. A computer systems audit is conducted annually by a firm specializing in systems security. The internal auditor provides reports directly to the Board. The Board's Audit Committee monitors all auditing, compliance assurance, and financial reporting activities. All audit findings are reviewed and addressed by the Board, as necessary.

1.2a(2) Performance Evaluation *How do you evaluate the performance of your senior leaders and your governance board? How do you use performance evaluations in determining executive compensation? How do your SL's and board use these performance evaluations, as appropriate?*

Figure 1.2-3 Board & Senior Staff Evaluation Process

Processes for evaluation of the Board and Senior staff include:

Steps	Board	Senior Staff
1	Quarterly reviews of operational goals and objectives	Monthly reviews of Leadership Scorecard and Action Plans
2	Annual evaluation of Executive Director per established criteria	Performance Appraisal of Senior Staff (mid-year and year-end)
3	Annual self-assessment of Board and ED	Succession development process and Individual Learning Plans

The Board reviews the Leadership Scorecard quarterly to monitor progress on strategic objectives, and conducts an annual evaluation of the Executive Director (ED) relative to established criteria including management of HR, Administrative Operations, Customer Service, Representation of IMRF, Board interaction, Policy development and implementation, and Leadership. The ED evaluates all other senior leaders using IMRF's standard Performance Appraisal process [5.2c(1)]. Like all staff members, discretionary pay for senior leaders is based on results of this evaluation using the Performance Appraisal process. Improvements in *performance evaluation* have included addition of mid-year reviews, integration of the Leadership System into senior leader appraisals, deployment of Individual Learning Plans (ILPs), and redesign of the Succession Development program to incorporate best practice methods such as 9-box talent review.

In addition, each member of the Board completes an annual self-evaluation using a survey administered by an independent board governance consultant. Evaluation results are reviewed with the Board and used to identify opportunities for improvement in both the effectiveness of individual leaders and the Board as a whole.

1.2b Legal and Ethical Behavior Results in Fig. 7.4-3, 7.4-4, 7.1-22

1.2b(1) Legal and Regulatory Compliance *How do you address current and anticipate future legal, regulatory, and community concerns with your products and operations?*

Figure 1.2-4 Compliance Program Process

The process used to manage the Compliance Program follows.

1. Identify regulatory and other requirements
2. Determine compliance processes used to meet these requirements
3. Determine measures/goals to monitor compliance processes
4. Implement Compliance program processes and measures
5. Evaluate and improve effectiveness of Compliance program

Fig. 1.2-5 describes the IMRF Compliance Program, including key compliance processes, measures and goals to meet and surpass legal and regulatory requirements, and address key risks associated with IMRF's products and operations.

All IMRF processes are designed to ensure compliance with the Illinois Pension Code. This includes design of our information systems (Spectrum and Horizon), Investment Department guidelines and policies, and processes of the Board of Trustees. Other key approaches include external financial audits of IMRF, and employer audits conducted by IMRF's internal audit group to ensure employer and member compliance with the Pension Code. Other processes are used to ensure compliance with Illinois Department of Insurance; Internal Revenue Code; Open Meetings and Freedom of Information Acts; Records retention and public sector employment statutes. The Compliance Program provides systematic approaches to anticipate, prepare for, and address public concerns proactively. Methods to

identify and address potential public concerns, adverse impacts or risks include: feedback from legislators, employers and members; extensive relationships with employer- and employee-interest groups on the local and national level; input by external stakeholders in Strategic Planning SWOT analyses; the extensive program of financial, actuarial, investment, and employer audits.

Fig. 1.2-5 Compliance Processes, Measures, Goals

(S) indicates processes that surpass legal or regulatory requirements

Regulations	Process	Measure	Goals
IL Pension Code	External Financial Audits	Financial audit findings	Unqualified Opinion
	Internal Audit Program (S)	# Employer Audits completed annually (as% of active members	20% of active members/yr.
IL Dept. of Insurance, Pension Fund Div.	Board training	Minimum 8hrs/year of Board Fiduciary training	100% Complete
Internal Revenue Code	Qualified Plan Status (S)	Compliance review by an external law firm	Compliance
Controls	SOC-1 Type 2	# Significant Findings by Financial Auditor **	0 findings
	GASB 68 **	Attestation by External Financial Auditor	Received
		Attestation of Census Data	Received
	GASB 72	Required Footnote in Financials	Yes
	Semi-annual fraud review (S)	Fraud matrix – Identification of risks and controls	0 instances of fraud
	Internal Audit	Accuracy of Benefits Calculations	100%
Ethics	Code of Conduct and Compliance Program (S)	% staff who complete Code of Conduct Training	100% complete
		% Board compliance forms signed and returned	100% returned
		# ethics complaints to Board ethics commission	0
		# Hotline calls that result in actionable complaint (includes suppliers)	0 Complaints
		# findings in Senior Leader certifications	0 findings
		# findings in Board certifications*	0 findings
		% suppliers to Investments that complete and return Investment Management Agreement	100%
		% other suppliers that agree to comply with Code of Conduct	100%
Open Meetings Act	Training on Open Meetings	% new Board members that complete training	100%
	Legal Dept. review of meeting posts and agendas	% meetings compliant with Open Meetings Act	100%
		# complaints to Illinois Public Access Counselor	0
Freedom of Information Act (FOIA)	Response to FOIA requests	# FOIA responses challenged and ruled valid by Attorney General or Court	0 valid challenges
Transparency	CAFR & PAFR Certification (S) and Budget Certification**	GFOA Certificates of Excellence in Financial Reporting for CAFR/Budget	Certificates received annually
Public sector statutes	HR Policies, Processes and staff training	# Adverse findings by Illinois Human Rights Commission, EEOC, Courts	0 Findings
Anticipate public concerns	Participation in triennial SWOT analyses (S)	% of key employer- and employee-interest groups invited to triennial SWOT analyses	100%

*Implemented in 2014 **Implemented in 2015

Approaches are continually updated to respond to changes in regulations. Improvements have been made in the FOIA response process and the employer rate-setting process. The Board and staff educate employers about the cost of the pension program and actions that can reduce those costs. IMRF employs an internal legislative liaison and an external legislative consultant to monitor the legislative and regulatory process and support IMRF's objectives. The Legislative Process in Fig. 1.2-6 provides a systematic method to anticipate, identify and respond to issues or concerns that may require legislative changes.

1.2b(2) Ethical Behavior *How do you promote and ensure ethical behavior in all interactions? What are key processes and measures for promoting and ensuring ethical behavior in your governance structure; throughout your organization; in interactions with workforce, customers, partners, suppliers, and other stakeholders? How monitor and respond to breaches of ethical behavior?*
IMRF's Compliance program in Fig. 1.2-5 includes comprehensive ethics policies applicable to Board and staff, the principles of which guide all operations. The policies include a gift ban, which since 1998 has been more stringent than required by statute; conflict of interest policies; prohibitions on political activities, including protection from political employment decisions; harassment policies; and whistle-blower protection.

The Code of Conduct and rigorous compliance certifications are key approaches. Each year staff complete training on the code of conduct and sign a compliance certification, part of which is an acknowledgement of the penalties for violation of the ethics policies. Each quarter, the Executive Director reports to the Board on compliance with laws, regulations, and the IMRF ethics code. The General Counsel functions as compliance officer, and in that capacity meets annually with the Board's Audit Committee to report on compliance activities. The internal auditor reviews all expense reimbursements for Board and management staff, tests for compliance with all ethics policies, and meets semi-annually with the Audit Committee in closed session to report on audit findings. Procurement is done via a competitive bid process. Purchases of $25,000 or more require Board approval. All procurement must conform to policies, even if a competitive bid is not required. Significant improvements in procurement [6.1c] made in 2016-17 included legal review of all contracts and purchase orders.

IMRF contracts with Global Compliance Services, Inc., which maintains a toll-free hotline and website for staff to report ethical and compliance violations. Reporting can be anonymous, at the reporter's discretion. Global Compliance sends reports to the compliance officer for investigation and follow-up. All such reports are included in the compliance officer's annual report to the Audit Committee. The whistle-blower protection policy encourages reporting of any and all violations.

1.2c Societal Contribution Results in Fig. 7.4-5, 7.4-6, 7.4-7
1.2c(1) Societal Well-Being *How do you consider societal well-being and benefit as part of your strategy and daily operations? How do you contribute to the well-being of your environmental, social, and economic systems?*
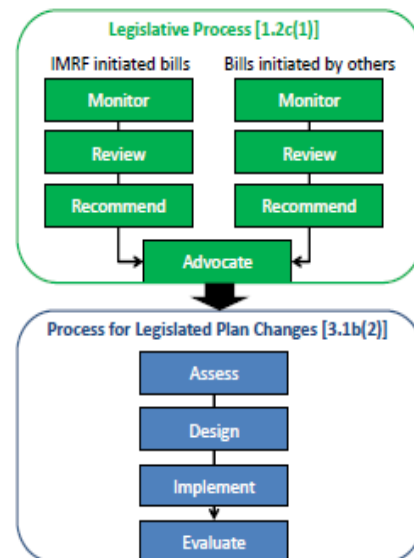Through achievement of its Mission and Vision, IMRF benefits the *social and economic systems* in Illinois. IMRF provides financial support to members and their families during crisis (death or disability), and contributes to societal well-being and the economy through the benefits paid to retired members (Fig. 7.4-5). IMRF contributes to well-being of the *environment* through data exchanges and online services that reduce the use of paper. Virtually all employer transactions are completed online (Fig. 7.1-18) and over 97% of monthly payments are electronic (Fig. 7.1-10), which has

significantly reduced the environmental impact of paper checks. Paper use will be further reduced through Horizon's implementation of a web-centric service delivery model.

IMRF considers societal well-being and benefit *in daily operations* through asset allocation, asset liability modeling, and review of actuarial policies, and *as part of its strategy* through the Strategic Planning Process (Fig. 2.1-1) and through creation of an annual legislative agenda. Because IMRF's funding requirements impact the budgets of local units of government, and may increase or reduce costs to taxpayers, the Legislative Process is a key approach to ensure IMRF serves as responsible stewards of taxpayer funds. Fig. 1.2-6 summarizes this annual process that is managed by IMRF's Legislative Liaison.

Figure 1.2-6 Legislative Process
The Legislative Process includes two paths: one for IMRF initiated bills, another for bills introduced by others. Both involve working closely with the GA to introduce and/or respond to bills that could impact IMRF's mission, cost, operations, equity or potential pension abuses. As shown below, once a bill is passed into law, the Legislative Process flows into the key approach for 3.1b(2) Product Offerings, which is the Process for implementing Legislated Plan Changes.

IMRF Initiated Bills	Bills Initiated by Others
Monitor issues or needs that may require legislative changes by working with staff, customers and key stakeholders	**Monitor** GA for bills that may impact IMRF. As needed, weekly calls with the Board to review potential legislation
Review – Multiple methods are used in Q3 to gather ideas for IMRF's legislative agenda. These are formally reviewed based on cost/impact, benefit to members and IMRF operations. Prepare the Legislative Proposal Analysis	**Review** – The Legislative Liaison reviews any proposed legislation with key leaders to determine potential impact on employers, members and IMRF operations
Recommend – Assess proposals based on feasibility, desirability and potential opposition from special interest groups. During the fall Board meeting determine the Legislative Agenda for coming year	**Recommend** – During Board Legislative Committee meetings throughout the year assess potential legislation and determine IMRF's position: neutral, support or oppose
Advocate for legislation that supports the IMRF Mission and against legislation that opposes the IMRF Mission.	

The Legislative Process is a systematic approach to work with the GA to introduce bills that ensure equity or address potential pension abuses, or respond to bills that may impact IMRF's mission. IMRF has worked with the GA to develop or introduce bills regarding the allocation of cost to multiple employers, establish employer penalties for retiree return-to-work violations,

and ensure elected county board members file monthly logs of hours worked in order to participate.

Each year prior to the next cycle (Recommend step), a review meeting is held to evaluate whether legislation that resulted from the previous cycle has resulted in beneficial changes to IMRF, its members and employers and determine how to better identify and craft future legislation. Improvements in the Legislative Process have included IMRF 101; road trips to freshman legislators; Legislative Updates; rotating evaluation of the Pension Code; refinement of the Legislative process to obtain more staff input; development of the Legislative checklist and proposal analysis, and development of the Legislative workbook to track legislation.

1.2c(2) Community Support *How do you actively support and strengthen your key communities? What are your key communities? How do you identify them and determine areas for organizational involvement? How do your senior leaders and your workforce contribute to improving these communities?*

As a state-wide provider of pension benefits for local units of government, IMRF does not have key communities based on geography. Instead it determines/confirms its "communities of interest" in step 1 of the process in Fig. 1.2-7 based on alignment with Mission, Vision, Values and Core Competencies. These key communities and means of support are summarized in Fig. 1.2-8.

Figure 1.2-7 Community Support Process
The process to manage Community Support is described below:

1. Identify key communities of interest based on alignment with Mission, Vision, Strategic Objectives
2. For each key community identify the groups to support and the IMRF leader responsible for each group
3. Determine support that leverages IMRF's Core Competencies
4. Provide support
5. Evaluate and improve community support methods

Figure 1.2-8 Support of Key Communities

Key Communities	Selected due to Alignment with:	Means of Support	Results Figures
Reciprocal Pension Funds in IL	CC2, CC4 and Vision to provide the highest quality services	Reciprocal conferences Secure reciprocal data exchange	7.2-13
MWBE (Minority and women-owned business enterprises)	CC1, CC2, Values and GA's aspirational goals for 20% MWBE	Emerging Managers and Brokers Program Procurement Process	7.4-7 7.4-8 7.4-9

IMRF's Mission contributes to societal well-being and the Illinois economy through the benefits paid to retired members. 86% of IMRF benefit recipients reside in Illinois. The $1.8 billion in benefits paid in 2018 added $2.7 billion in total economic activity in Illinois and supported creation of 18,329 jobs. Among Illinois reciprocal systems, IMRF is a leader in sharing information and best practices and has taken a key role in development of the Reciprocal Data Exchange. This has improved participating systems' ability to serve reciprocal members by enabling them to identify when a retiring member has service credit in other systems.

IMRF participates in multiple groups that promote diversity in the investment industry, such as the New America Alliance, NASP, SEO, and TOIGO Foundation. IMRF's support for Minority and Women owned Business Enterprises (MWBE) is aligned with the GA's aspirational goal for 20% of assets under management

(AUM) and 20% of goods and services procured with MWBE firms. IMRF has committed significant resources to its Emerging Managers and Brokers Program, a systematic approach to directly support MWBE firms. Improvements include dedicated searches for MWBE private equity and real estate investment managers, hiring five MWBE private equity managers, and hiring a woman owned real estate firm to implement a MWBE Manager of Managers program to invest exclusively in MWBE real estate firms. For its work in this area IMRF received the Pacesetter award from NASP, which recognizes funds that promote the full involvement of women and minorities in the securities industry.

Improvements in the Community Support process have included progressive increases in MWBE goals for AUM. In 2015-16 this was broadened to apply the 20% goal to procured goods and services, which led to changes in the Procurement process and job descriptions of Directors. Key improvements in the support of reciprocal systems include development of the reciprocal data exchange, reciprocal reports, and the reciprocal VOC survey.

2   Strategic Planning

2.1 STRATEGY DEVELOPMENT   RESULTS IN FIG. 7.4-9, 7.5-8, 7.5-1 TO 7.5-7
Following is a summary of improvements in key approaches for 2.1a (Strategic Planning Process-Assess & Develop), 2.1a(4) SIPOC-Work System evaluation, and 2.1b (Strategic Plan).

Key Approach	Improvements
Assess & Develop phase of Strategic Planning Steps 1-5 of Fig. 2.1-1	2011 Began formal review of Leadership Scorecard/Action Plans 2012 Introduced SIPOC analysis of work systems 2013 Introduced fact sheets to strategy process 2014 Improved alignment between Strategic Objectives, Action Plans and Key Strategies 2016 Improved SWOT analyses
SIPOC Key Work System Evaluation 2.1a(4)	2014 Establish 5-step SIPOC evaluation process 2016 Include BPOs in Work System evaluation 2017 Modify CC4 to *deploy secure* IS systems 2017 Align Member and Employer Services work systems with Modernization core processes
Strategic Plan 2.1b in (Fig. 2.1-3)	2014-16 Improved alignment of Strategic Objectives, Action Plans, and Key Strategies 2017-19 Modify KRAs for more balanced approach and set goals at top decile for all KRAs
Leadership Scorecard (Fig. 2.1-3)	2013 Develop three-year trends, projections, comparisons and goals for each key measure 2016 Align with KRAs, Strategic Objectives 2018 Adopted NPS for customer engagement

2.1a Strategy Development Process

2.1a(1) Strategic Planning Process *How do you conduct your strategic planning?*

Fig. 2.1-1 summarizes the Strategic Planning Process that was formally established in 2005. This systematic process is used to develop strategy and align the Board of Trustees, senior leaders, staff and key stakeholders and is the product of multiple cycles of refinement. For the first several cycles the planning horizons were one and two years. After evaluating the process in 2007, the Board and senior leaders determined a three-year horizon would better serve IMRF, since key issues for a public DB plan generally remain relatively stable over longer time periods. Since then Strategic Planning has operated on a three-year cycle, with short-term being one year and long-term being three years. Prior to development of the current 2017-2019 Strategic Plan, multiple improvements were implemented including changes to Key Result Areas (KRAs) based

on best practices and to more closely align with the Leadership Scorecard; improvements to SWOT analysis to enhance the quality of participation and identify *potential blind spots*; and setting top decile goals for strategic objectives to *stimulate innovation*.

Figure 2.1-1 Strategic Planning Process

Phase	Key Steps
Assess & Develop (2.1a/b) Triennial process Current plan is 2017-19	(1) Examine Mission, Vision, Values
	(2) Conduct Environmental Scan (STEP)
	(3) Conduct SWOT Analysis
	(4) Summarize key Strategic Challenges and Advantages and validate Core Competencies
	(5) Establish Strategic Objectives
Implement (2.2a/b) Annual process to update action plans, and develop budget	(6) Develop Key Strategies
	(7) Develop or Update Action Plans
	(8) Align Leadership Scorecard Measures and Goals with Strategic Objectives
	(9) Develop Annual Operating Budget
	(10) Align appraisals with Strategic Objectives
	(11) Communicate and Deploy the Plan
	(12) Implement, Monitor, Adjust

Who are key participants? Senior leaders and department managers are responsible for the **Assess and Develop** phase of the process, which is completed every three years. Steps 1-2 require active involvement of the Board and senior leaders. Step 3 (SWOT) gathers input from Trustees, senior leaders, all IMRF departments and key external stakeholders. Steps 4-5 are completed by senior leaders and reviewed with Trustees. Step 5 is refreshed each year by senior leaders prior to the **Implement** phase in Steps 6-12. This includes an annual update of progress towards strategic objectives and the Leadership Scorecard. Strategies and goals are revised as needed and Action Plans and budgets for the coming year are developed. Steps 6-12 are completed by management and staff, with periodic reports and approvals by the Board of Trustees.

ASSESS & DEVELOP PHASE [2.1a/b]
Step 1 [aligns with 1.1a(1) and step I.A of Leadership System] At the outset of the triennial Strategic Planning Process and the annual Implement phase, IMRF senior leaders and the Board examine our Mission (Does it answer *"Why does our organization exist*?"), our Vision (Does it tell us *"What do we want for our membership?"*), and our Values (*"Do they represent the priorities in how IMRF carries out our activities with key stakeholders?"*).

Step 2 [2.1a(1-3), 1.1c(1), I.B] – To consider *potential changes in the regulatory and external environment* and to *stimulate innovation* Trustees and senior leaders use STEP analysis to identify shifts in Societal, Technological, Economic, and Political factors impacting IMRF. Information from the National Association of State Retirement Administrators (NASRA) is used to inform these discussions. Other inputs include review of recent or pending legislation and demographic trends, and stakeholder perceptions of IMRF.

Step 3 [2.1a(1-3), 1.1c(1), I.C] –Board and senior staff complete a SWOT analysis for each key result area. To *stimulate innovation*, SWOT sessions feature KRA emerging trends and are also conducted with staff, members and employers, and key stakeholders such as AFSCME, School Board Administrators, and the Illinois Municipal League. To address *blind spots* and enhance

the quality of input SWOT begins with silent brainstorming. Fact sheets are used to ensure the SWOT for each key result area is fact-based.

Step 4 [2.1a(1-4), 1.1c(2), I.D] – *Prioritization* guidelines are used to summarize results of the STEP and multiple SWOT analyses into strategic challenges, advantages and opportunities for each key result area (Fig. P.2-1). These guidelines are designed to concentrate on the most important issues and avoid addressing broad issues outside IMRF's control. *Innovation* ideas that are identified are evaluated by Senior Leaders using a 3x3 Risk/Reward Matrix to *determine which to pursue*. The output of this step is a short list of 3-5 key strategic challenges, opportunities, and advantages for each KRA (Fig. P.2-1). Another input to this step is the annual SIPOC key work system evaluation that is used to review and validate the Fund's core competencies [2.1a(4)]. In 2017 CC4 was changed from "Development" to "Deployment" to reflect the decision to move from the bespoke Spectrum system to a COTS (commercial off the shelf) system. "Secure" was added to CC4 to reflect the importance of information security to IMRF operations. This aligns with the decision to add a Key Approach for Cybersecurity to IMRF's performance excellence system.

Step 5 [2.1b, I.E] – For each of IMRF's four key result areas, senior leaders develop Strategic Objectives that ensure we accomplish our Mission and realize our Vision. Objectives are developed to ensure alignment with key strategic challenges and advantages from Step 4, balance the needs of key stakeholders, and address opportunities for innovation in services and operations. Objectives are used to guide goal-setting, action planning, and resource allocation. To *stimulate and incorporate innovation* during strategy development an improvement in 2017-2019 Strategic Planning was to set top decile goals for the Strategic Objectives of all four key result areas.

IMPLEMENT PHASE [2.2] Steps 6-12 are completed every year to update the Leadership Scorecard and key strategies, and to develop Action Plans and budgets. These Steps are completed by management and staff, with quarterly reports to the Board.

Step 6 [2.1a(1), 2.2a(1), II.A] Senior leaders and staff identify and prioritize the short- and long-term strategies to achieve Strategic Objectives. To enable *organizational agility*, each year thereafter, strategies and action plans are updated to provide a clear focus for the coming year. To *prioritize change initiatives,* existing strategies may be discontinued or new strategies identified. Annual updates to key strategies are included in the Planning and Budget document submitted to the Board for their approval each November. To integrate strategic planning and performance excellence, an improvement in 2017 was to align the key strategies identified during Strategic Planning with the Key Approaches in Fig. P.2-4.

Step 7 [2.2a(1-6), II.B] For each key strategy, a single point accountable (SPA) is assigned to take the lead for planning and execution. Per step II-B of the Leadership System, the SPA develops Action Plans using a standard template that identifies:
- Sponsor and single point accountable (SPA)
- Related key result area, strategic objective and key strategy
- Key performance measures (align with Leadership Scorecard)
- Action plan success measures [2.2a(5)]
- Budget implications [2.2a(3)]
- Action Plan Activities, Responsible party, Planned completion, Revised date, Actual completion, Status (red, yellow, green)

Action plans are focused on activities to be completed during the coming year. SPAs review action plans and resource requirements with the sponsor for their Strategic Objective, who ensures resource requirements are built into the operating budget (Step 9), and works with other sponsors to coordinate the timing of action plan milestones to minimize staff resource issues.

Step 8 [2.1b, 2.2a(5-6), 4.1a(1), II.C] Senior leaders use the Scorecard Development Process (Fig. 4.1-1) to update the Leadership Scorecard and align these key measures with Strategic Objectives and Action Plans. For key measures on the Leadership Scorecard, leaders evaluate historical performance to project performance and determine short- and longer-term goals.

Step 9 [2.2a(3,4), III.A] Senior leaders work with staff to develop an Annual Operating Budget that ensures IMRF is able to execute the Strategic Plan. The budget is based on resources needed by departments to meet customer and operating requirements, and implement strategies and action plans. The budget is included in the Planning and Budget document submitted to the Board in November each year for their approval. The annual operating budget is also used to assess current workforce capability and capacity needs as described in 5.1a(1). The strength of IMRF's budgeting process is reflected by its receipt of the GFOA Budget Award annually since 2015, which reflects its best practice approach to budgeting and transparency.

Step 10 [2.2a(2), 4.1a, 5.2c(1), III.B] A senior leader serves as sponsor for each Strategic Objective and related KRA on the Leadership Scorecard. Leaders are responsible for achievement of Strategic Objectives and action plans through alignment of individual goals with the Strategic Plan. The ED aligns the goals of senior staff with the strategic plan. Sponsors work with SPAs to oversee implementation of action plans for each key strategy.

Step 11 [2.2a(2), 1.1b, III.C] – The Strategic Plan document includes an Executive Summary, Board Authorization, and Organization Information that includes a history of the Fund, IMRF services, highlights of accomplishments, and a summary of the planning process. The Strategic Plan is available on the IMRF website. Strategic Objectives are posted in the Boardroom and are present during meetings. Multiple methods are used to communicate the Strategic Plan, objectives, scorecard, goals and Action Plans to Trustees, staff, and members (Fig. 1.1-1). Step III-C of the IMRF Leadership System ensures that Directors, Managers and Supervisors communicate and deploy the Strategic Plan to staff and key stakeholders. This includes review of Mission, Vision, Values, Strategic Objectives, key measures and goals on the Leadership Scorecard, action plans and department standards.

Step 12 [2.2a(2), 2.2b, 4.1b/c, 1.1c(2), III.D] Implementation of the plan is ongoing. At the start of the year, 10 monthly meetings are scheduled to review Leadership Scorecard and Action Plan progress. These meetings are used to evaluate organizational performance and monitor progress to achieve Strategic Objectives and in-process innovations.

The Leadership Scorecard and Action Plans are updated prior to each of these meetings and provide the information for quarterly reports to the Board of Trustees [per 1.2a(1)]. In addition to monthly progress reviews, leaders complete mid- and year-end evaluations of key strategies and action plans in order to determine whether to continue, modify or discontinue existing strategies and plans, or develop new ones. Monthly and semi-annual action plan

reviews and evaluations enable *organizational agility* and ensure action plans are *modified* as needed [2.2b].

2.1a(2) Innovation *How does your strategy development process stimulate and incorporate innovation? How identify strategic opportunities? Decide which opportunities are intelligent risks to pursue? What are key strategic opportunities?*

Steps 2-6 of Strategic Planning describe the methods used to *identify strategic opportunities, determine which to pursue,* and *prioritize change initiatives*. For the 2017-2019 Strategic Plan the key strategic opportunity is the Horizon Project. It involves a multi-year $47 million investment to implement a new, state of the art, commercial off-the-shelf (COTS) pension administration system. This will completely replace the current proprietary system (Spectrum), as well as the secure Member and Employer Access websites, and the Reciprocal website. Horizon will modernize IMRF's suite of correspondence/forms and identify new ways to communicate with members and employers. Some of the existing Customer Relationship Management and imaging systems will be retained, but their user interfaces replaced.

Identification of Horizon as IMRF's key strategic opportunity occurred over several planning cycles. Modernization began as a key strategy in the 2011-2013 Strategic Plan. In the 2014-2016 strategic plan several key projects related to Modernization were completed, including technology infrastructure upgrades and replacement and enhancement of both the public website and the IMRF intranet (now COMPASS).

In November 2016 the Board approved the budget for the Horizon Project. The 2017-2019 Strategic Plan identified three key strategies and action plans that are part of the Modernization program, including action plan OE-02 for the Horizon Project. In 2017 IMRF used a rigorous and innovative proof-of-concept process to complete its evaluation of vendors and select Morneau Shepell as IMRF's consulting partner for the Horizon Project. A well-defined structure with committed resources that includes the Executive Steering Committee, Business Process Owners, Subject Matter Experts, Technical architects, and Business Solution Leads has been established to pursue this opportunity.

While Horizon is IMRF's key strategic opportunity for the 2017-19 Strategic Plan, innovation opportunities are identified and managed through other approaches using the Innovation Management process in Fig. 6.1-6, which integrates Strategic Planning with Innovation Management and the multiple other processes that are used for innovation. Key improvements to Steps 3-5 of the Strategic Planning Process (Fig. 2.1-2) to address innovation are:

- Step 3 SWOT used to identify innovation opportunities and emerging trends;
- During Step 4, Identification of Strategic Challenges and Advantages, senior leaders consider opportunities for innovation and evaluate them using 3x3 matrix (per Step 3 of Fig. 6.1-6 Innovation Management);
- Step 5 in establishing Strategic Objectives senior leaders balance the needs of all key stakeholders, address opportunities for innovation in services and operations, and consider current and future core competencies.

Figure 2.1-2 Strategic Planning Considerations

| KRA	Data/Info Used in Planning (Example results)
Financial Health	Funded status (Fig. 7.5-1, 7.5-2, 7.5-7) Employer contribution rates (Fig. 7.5-5, 7.5-6) 3/5/10/15 year returns (Fig. 7.1-3 to 7.1-6) Returns by asset class (Fig. 7.1-7)
Customer Engagement	VOC results for members (Fig. 7.2-1, 7.2-2, 7.2-5, 7.2-6, 7.2-7, 7.2-8, 7.2-9, 7.2-11, 7.2-12, 7.2-13) and employers (Fig. 7.2-3, 7.2-4, 7.2-10, 7.2-14)
Operational Excellence	CEM results including service (Fig. 7.1-1, 7.1-2, 7.1-9) and per member cost trends (Fig.7.5-3) Call Center (Fig. 7.1-13, 7.1-14) and Cybersecurity (Fig. 7.1-24, 7.1-25, 7.1-26)
Workforce Engagement	Engagement survey results (Fig. 7.3-8, 7.3-10, 7.3-11) Turnover (Fig. 7.3-1, 7.3-2)

2.1a(3) Strategy Considerations *How do you collect and analyze relevant data and develop information for use in your strategic planning process? In this collection and analysis, how do you include these key elements of risk: Your strategic challenges and strategic advantages; Potential changes in your regulatory and external environment; Potential blind spots in your strategic planning process and information; Your ability to execute the strategic plan?*

An improvement during 2014-16 planning process was to develop fact sheets for each key result area. Fig. 2.1-2 summarizes key data included in fact-sheets, which inform SWOT analyses in Steps 2-3 of Strategic Planning. In Step 4 SWOT analyses are summarized to determine *key strategic challenges and advantages. Potential changes in the regulatory and external environment* are addressed through SWOT and STEP analyses, which also serve to *stimulate and incorporate innovation*.

To address *potential blind spots* SWOT analysis includes input from external stakeholders and staff at all levels. An improvement to SWOT was addition of a silent brainstorming step to enhance the quality and diversity of input. Strengths and Weaknesses in Steps 2-3 and budgeting in step 9 are used to evaluate IMRF's *ability to execute the plan*.

2.1a(4) Work Systems and Core Competencies *How do you decide which key processes will be accomplished by your workforce and which by external suppliers, partners, and collaborators? How do those decisions consider your strategic objectives, core competencies, and the core competencies of potential suppliers, partners, collaborators? How do you determine what future organizational core competencies and work systems you will need?*

Fig. P.1-1 and Fig. 6.1-1 identify IMRF's key work systems: Employer Services, Member Services and Investment Management. As an input to step 4 of Strategic Planning, an annual SIPOC evaluation of each work system is completed to review and validate IMRF's core competencies (Fig. P.1-2) and identify needs for future organizational core competencies and/or work systems.

Suppliers → Inputs → Key Work Processes → Outputs → Customers
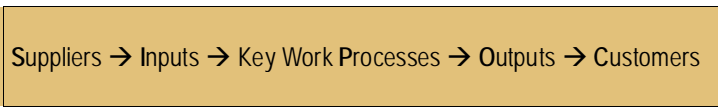
The SIPOC evaluation of each key work system reviews processes performed internally and those inputs provided by suppliers and partners.

Work system decisions consider whether it will be more effective to develop or maintain a competency in-house, or hire a supplier to perform the process. Factors such as cost, criticality and capacity are considered in determining which processes to perform internally or externally.

Work system owners also identify areas where IMRF may need to develop future new skills/competencies. For example, Investment Management has developed the capability to conduct investment manager searches for private market asset classes, and implemented risk management solutions that enable detailed analysis of portfolio performance (work previously performed by Callan). Similarly, Finance developed the capability needed to meet GASB 68 and 72 reporting requirements.

Per 2.1a(2), the Horizon Project was established through several cycles of Strategic Planning and included a decision to implement a new, state of the art, commercial off-the-shelf (COTS) pension administration system. This led to a change in CC4 from "Development" to "Deployment of secure IS systems" and Horizon will provide a systematic process to enhance and strengthen CC4.

One step in Modernization was to define end-to-end core processes from the customer perspective and assign a Business Process Owner (BPO) with overall responsibility for each core process and related sub-processes. An improvement in work system evaluation was to engage BPOs in completion of the SIPOC for each core process that will be the focus of Horizon.

2.1b Strategic Objectives
2.1b(1) Key Strategic Objectives *What are your organization's key strategic objectives and timetable for achieving them? What are your most important goals for these strategic objectives? What key changes are planned in your products, customers and markets, suppliers and partners, and operations?*

Fig. 2.1-3 summarizes Strategic Objectives for the four key result areas in the 2017-2019 Strategic Plan. Key *goals* for each measure on the Leadership Scorecard are used to track achievement of strategic objectives.

The Triennial Strategic Planning Process is in-process as of the writing of this application and long-term goals for the 2020-22 Strategic Plan are AOS. The Action Plan column of Fig. 2.1-3 identifies *planned changes* in products, customers, suppliers, operations (P, C, S, O). Most strategies involve changes in operations as IMRF can only change products based upon Legislated Plan changes [3.1b(2)].

2.1b(2) Strategic Objective Considerations *How do strategic objectives achieve balance among varying and potentially competing needs? How do objectives: address strategic challenges and leverage core competencies, strategic advantages, strategic opportunities; balance short- and longer-term planning horizons; and consider and balance the needs of all key stakeholders?*

The Alignment column in Fig. 2.1-3 shows that strategic objectives *address all strategic challenges* and *leverage advantages* and *core competencies* (Fig. P.2-1). Fig. 2.2-2 identifies which Action Plans address *short-term* (N-near term) and *long-term* (L) *horizons*. Key Result Areas (KRAs) were modified in 2016 based on best practices for a balanced scorecard and Fig. 1.1-4 shows how the four KRAs *balance the needs of all key stakeholders*.

Figure 2.1-3 Summary of Strategic Plan (2017-2019)   NOTE: the 2020-22 Strategic Plan is in process and AOS

Alignment aligns Strategic Objectives with Fig. P.2-1 Strategic Advantages, Challenges; Strategic Opportunity (Horizon); and with Fig. P.1-2 Core Competencies
Action Plans aligns with Fig. 2.2-2 and identifies those that address planned changes in Products (P), Customers (C), Suppliers (S), Operations (O)

KRA Strategic Objectives	Alignment with SA, SC, CC, SO	Action Plans align with Fig. 2.2-2	Key Measures from the Leadership Scorecard	Comparisons	2018 IMRF Actual	Key Goals	Results Fig. #
Financial Health To achieve and maintain a funding level that sustains the plan	SA 2 SC 1 CC1, CC6	FH-02 (O)	Funding level-Actuarial	Top Decile NASRA Public Fund Survey	93.6%	100%	7.5-1
			Funding level-Market		94.0%	100%	7.5-1
		OE-10 (O)	Avg. Employer Rate-Regular	Not applicable	11.8%	Normal costs	7.5-5
	SA 1, 2 CC1	FH-01 (S, O)	3 Yr. Return- Gross	Portfolio Benchmark	10.66%	Outperform benchmark	7.1-3
			3 Yr. Return- Net		10.43%		7.1-3
			5 Yr. Return Gross	Portfolio Benchmark & 7.25 % Actuarial Rate	8.27%	Outperform benchmark and meet 7.25%	7.1-4
			5 Yr. Return Net		8.04%		7.1-4
			10 Yr. Return Gross		9.05%		7.1-5
			10 Yr. Return Net		8.82%		7.1-5
			15 Yr. Annualized Return -Gross	7.25% Actuarial rate	8.34%	Meet 7.25%	7.1-6
Customer Engagement To foster and maintain engaged members and employers	SA 3-7, 12 SC 2 CC2-5 SO– Horizon	CE-01 (O)	**Member** Transaction Engagement (NPS)	Survey Monkey Benchmarks for NPS versus Government, Financial, and Business Support Service	87.4%	Top quartile for Survey Monkey NPS	7.2-11
			Workshop Engagement (NPS)		93.42%		7.2-11
			Transaction Satisfaction		97.3%	Top Decile	7.2-1
			Workshop Satisfaction		99.6%	Top Decile	7.2-2
			Transaction Dissatisfaction		1.14	Top Decile	7.2-1
			Workshop Dissatisfaction		0.0%	0%	7.2-2
			Cobalt Survey	ACSI vs leading pension funds	100th percentile	Top Decile	7.2-5 to 7.2-7
	SA 3-6, 12 SC 2 CC2-6 SO– Horizon	CE-02 (O)	**Employer** Transaction Engagement (NPS)	Survey Monkey Benchmarks for NPS versus Government, Financial, and Business Support Service	80.6%	Top quartile for Survey Monkey NPS	7.2-11
			Workshop Engagement (NPS)		93.73%		7.2-11
			Transaction Satisfaction		96.0%	Top Decile	7.2-3
			Workshop Satisfaction		98.6%	Top Decile	7.2-4
			Transaction Dissatisfaction		0.8%	0%	7.2-3
			Workshop Dissatisfaction		0.2%	0%	7.2-4
Operational Excellence To provide world class customer **service** at a reasonable **cost**	SA 12-14 SC 5-8 CC2-5 SO– Horizon	OE-01, OE-04, OE-05, OE-06, OE-10 (O) OE-02, OE-09 (O, S)	CEM "Overall Service" Score	CEM Top Decile	NA	Top Decile	7.1-1
			CEM "Percent of Median Cost"	CEM Median	NA	100% of Median or less	7.5-3
		OE-08 (O)	Call Hold Times	Department Goals	1:17	Standards	7.1-13
			Undesired Call Outcomes		19.7%	Standards	7.1-14
		OE-03, OE-10 (O, S)	Phishing Training Results	Outperform Wombat	2.6%	0%	7.1-26
Workforce Engagement To foster an engaged workforce	SA 8-10,13 SC 3-4 CC2, CC5	WE-01 (O) WE-02 (O) OE-06 (O) OE-07 (O)	Workforce Engagement survey	McLean top decile	95th percentile	90th percentile	7.3-8
			IMRF Turnover Rate	CompData Midwest Benchmark	10.66%	Below benchmark	7.3-1

2.2 STRATEGY IMPLEMENTATION: *HOW DO YOU IMPLEMENT YOUR STRATEGY?*
RESULTS IN FIG. 7.4-9, 7.5-8, 7.5-1 TO 7.5-7

Following is a summary of improvements in key approaches for 2.2a/b, the Implement phase of the Strategic Planning Process.

Key Approach	Examples of Improvements
Implement phase of Strategic Planning Steps 6-12 in Fig. 2.1-1	2010 Standardized Action Plan template 2011 Scheduled Action Plan progress reviews 2013 Improved Action Plan template (SPA input) 2013 Projections for Leadership Scorecard key measures used to set goals for 2014-16 2014 Added Red/Yellow/Green status to Action Plans

2016 Align key strategies in Strategic Plan with KAs For 2017-19 set goals at top decile for all KRAs 2018 Implemented log to track 3-year action plans over the full term of the strategic planning cycle

2.2a Action Plan Development and Deployment
2.2a(1) Action Plans *What are your key short- and longer-term action plans? What is their relationship to your strategic objectives? How do you develop your action plans?*

Key strategies to achieve objectives are identified in Step 6 of Strategic Planning (Fig. 2.1-1). Action Plans to implement strategies and achieve strategic objectives are listed in Fig. 2.2-2,

which identifies the plans that address *near-term* (N) and both near- and *long-term* (L) *horizons.* Each year some action plans may be completed and closed, others added. An improvement in 2018 implemented a log to track plans over the three-year planning cycle.

Figure 2.2-1 Illustration of Action Planning Template

Activities	Responsible Person	Planned completion date	Revised completion date	Actual completion date	Status Red, Yellow, Green

How do you develop action plans? A leader is assigned as single point accountable (SPA) for each key strategy. In Step 7 (Fig. 2.1-1), the SPA works with others to develop an action plan using a standard template. Each plan identifies the Sponsor and SPA, KRA, Strategic Objective, Strategy, Key Performance Measures (from Leadership Scorecard and Action Plan Success Measures), and Budget Implications. The main body of the planning template (Fig. 2.2-1) details the Activities, who is Responsible for each one, the Planned completion date and the Status. Actions are detailed for the coming year for all plans. For longer-term strategies key actions for future years may be identified prior to the year they will be completed.

2.2a(2) Action Plan Implementation *How do you deploy your action plans? How do you deploy action plans to your workforce and to key suppliers, partners and collaborators to ensure that you achieve key strategic objectives? How do you ensure you can sustain the key outcomes of your action plans?*
Steps 10-11 of Strategic Planning (Fig. 2.1-1) provide processes to communicate and deploy Strategic Objectives and plans, but deployment and alignment begins earlier through staff participation in planning. All departments provide input to the SWOT analyses in Step 3. In some cases, SPAs convene cross-functional teams to develop Action Plans in Step 7. Leaders align individual performance goals with strategic objectives in Step 10. Action plan SPAs work with appropriate departments to ensure successful implementation. For strategies and action plans where key suppliers/partners play an important role, the SPA works closely with each one to ensure they understand their role.

Figure 2.2-2 Action Plan and Key Approach Alignment
Action Plans identify which are Near (N) and which are Near- and Long-term (L)

KRA	Action Plans (N-near; L-Long)	Aligned Key Approaches
Financial Health	FH01 Portfolio Construction (L) FH02 Funding Policies (L)	1.2a Governance System 1.2c(1) Legislative Process 3.1b(2) Legislated Changes
Customer Engagement	CE01 Member Engagement (N) CE02 Employer Engagement (N)	3.1a Voice of Customer 3.2a(1,2) Customer Support 3.2a(3) Customer Feedback
Operational Excellence	OE01 Project Management (N) OE02 Horizon Project (L) OE03 Cybersecurity (L) OE04 Key Process Metrics (N) OE05 CPI (N) OE06 Journey of Excellence (L) OE07 Workforce Capability (L) OE08 Call Center (L) OE 09 Tech. Infrastructure (N) OE 10 Risk Management (L)	4.2a/6.2b IS Management 4.2b Knowledge Mgmt. 5.1a Workforce Planning 6.1a/b Key Work Processes 6.1c Supply Chain 6.1d Innovation Management P.2c Performance Excellence 6.2b Cybersecurity
Workforce Engagement	WE01 Staff Engagement (L) WE 02 Sr. Leader Comm.(N)	5.2a Workforce Engagement 1.1b Leader Communication

2.2a(3) Resource Allocation *How do you ensure financial and other resources are available to support achievement of your action plans while you meet current obligations?* Step 9 of Strategic Planning develops budgets and staffing plans aligned with strategic objectives and action plans. The annual Planning and Budget Document is developed by senior

leaders and approved by the Board to ensure adequate financial and staff resources are available to support action plans. The budget addresses all expected operating and investment management expenses and required capital expenditures. The strength of IMRF's budgeting process is reflected by its receipt of the GFOA Budget Award annually since 2015. This award is made to public organizations for budget documents of the very highest quality that reflect the guidelines of the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting.
When SPAs develop action plans in Step 7, they identify budget implications for the plan and staff/resources needed to complete key activities. SPAs work with their Sponsors to ensure resources are allocated as needed. The Finance department works with senior leaders to develop a budget that meets both action plan and operating needs. Leaders assess the risks associated with the Strategic Plan through monitoring and feedback from monthly management reviews and quarterly updates with the Board. Finance works with department heads monthly to assess budget variances to ensure IMRF is able to achieve plans while meeting current obligations.

In 2017 action plans from the 2017-19 Strategic Plan (Fig. 2.2-2) were aligned with the Key Approaches in IMRF's performance excellence system (Fig. P.2-4). This helps to *ensure the appropriate allocation of resources to support action plans*. It led to combination of some plans and assignment of leaders to Action Plan and/or KA meetings to ensure linkage without redundancy.

2.2a(4) Workforce Plans *What are your key workforce plans to support short- and longer-term strategic objectives and action plans?*
Action Plans for the Workforce Engagement KRA focus on strategies identified through analysis of workforce engagement survey and turnover results. Regression analysis of IMRF survey results identifies those drivers that are the priority for improvement (Fig. P.1-4). HR develops engagement action plans (WE-01, WE-02) for these priority drivers and supports leaders in working with their staff to develop engagement action plans in each Department.

An improvement in 2017-18 was to develop and implement the Workforce Planning process in Figure 5.1-1. HR works with each Department head to identify capability and capacity gaps (current state versus future needs) and develop Department-specific workforce plans to address them. Each Department head is responsible to implement his/her own Workforce Plan. During Step 9 of Strategic Planning (Fig. 2.1-1) Department heads determine the resources needed to implement workforce plans and other action plans while maintaining current operations.

In 2020 and beyond, significant changes in workforce capability and capacity needs are expected to result from the Horizon Project. To proactively address this opportunity, HR will develop and implement a Horizon Workforce Planning Process to address capability and capacity needs resulting from Modernization.

2.2a(5) Performance Measures *What key performance measures or indicators do you use to track the achievement and effectiveness of your action plans?*
Each year in Step 8 (Fig. 2.1-1) of Strategic Planning, senior leaders use the Scorecard Development Process (Fig. 4.1-1) to update the Leadership Scorecard and ensure alignment of key measures with Strategic Objectives and goals. To *ensure the action plan measurement system reinforces organizational alignment*, the Leadership Scorecard includes measures for all KRAs and action plans as shown in Fig. 2.1-3. During Action Plan development (Step 7 in Fig. 2.1-1) each SPA identifies key performance measures to track the effectiveness

of action plans. The mid- year and year-end Leadership Scorecard and Action Plan review meetings provide a deep dive *to evaluate action plan achievement and effectiveness* and determine whether action plans are on track, need updates, or should be discontinued.

2.2a(6) Performance Projections *For key performance measures what are your performance projections for short- and longer-term planning horizons?* Fig. 2.1-3 summarized key measures and goals on the Leadership Scorecard for the 2017-2019 Strategic Plan. Goals are set during Step 8 of the Strategic Planning process based on projections and comparisons. For three KRAs (Customer Service, Operational Excellence, and Workforce Engagement) historical trends for key measures on the Leadership Scorecard are used to forecast performance and set goals for the short- and long-term.

For the Financial Health KRA, projections are based upon the long-term actuarial assumption of achieving 7.25% investment returns from the total portfolio. This projection is based on comprehensive and rigorous analyses of economic and market conditions to evaluate risk/return probabilities. The IMRF investment consultant works closely with the Investment department to build an asset allocation plan and portfolio to achieve this return. The 7.25% assumption is used to develop projections of funded status, rate level and volatility. Projections are modified based upon changes in actuarial assumptions. Past studies led to a change in the mortality assumption of members (who are living longer), which was factored into projections of funded status and rate level.

Fig. 2.1-3 summarized comparisons for key measures on the Leadership Scorecard. Fig. 2.2-3 summarizes projections for key measures in each KRA. IMRF's aim is to provide excellent service at a median cost and we compare favorably to best-in-class public pension systems on both fronts. Consistent with our Vision to provide the highest quality retirement services, each KRA includes one or more goals to achieve top decile performance for key measures. The exception is cost (Fig. 7.5-3), where our goal is to be at the median of pension funds. Where projections identify gaps in performance, strategies/plans are developed or modified in Step 6-7 of Strategic Planning.

Figure 2.2-3 Projections for Key Goals in each KRA

KRA	Key Measures	2019 Projections
Financial Health	Funding Level - Actuarial	95% funding
	15-year annualized net return	7.25% returns
Customer Engagement	Cobalt Survey ACSI Score	Top Decile ACSI
Operational Excellence	CEM Overall Service Score	Top Decile score
	CEM Per Member Cost	Median score
Workforce Engagement	McLean survey percentile rank for Overall Engagement	90th percentile

2.2b. Action Plan Modification *How do you recognize and respond when circumstances require a shift in plans and rapid execution of new plans?* Action plans and the Leadership Scorecard are updated monthly and reviewed 10 times per year by all leaders to assess progress and modify plans as needed. Each year in Step 12 of Strategic Planning a calendar of 10 Leadership Scorecard and Action Plan review meetings is defined. Eight of these meetings are used for deep dive reviews of action plans on a rotating basis. With four KRAs and eight meetings, two meetings per year are scheduled for deep dives into the action plans of each KRA. This provides the means to evaluate action plan achievement and effectiveness of action plans

through review of the RYG status of actions. These meetings also review progress versus goals for all the KRAs.

The two other meetings are the mid-year and year-end reviews. These are used to evaluate all of the action plans in each KRA to determine if they are on track, require major modifications, or should be discontinued. The mid-year review is also used to review budget implications of action plans prior to the budgeting process.

To build agility into the process, the Action Planning template (Fig. 2.2-1) has been enhanced to include columns for Planned, Revised and Actual completion dates. Quarterly reports to the Board review Action Plan progress and performance on Strategic Objectives.

3   Customer Focus

3.1 CUSTOMER EXPECTATIONS: *HOW DO YOU LISTEN TO YOUR CUSTOMERS AND DETERMINE PRODUCTS AND SERVICES TO MEET THEIR NEEDS?* RESULTS IN FIGURES 7.2-1 TO 7.2-14
Following is a summary of improvements for 3.1a VOC Process and 3.1b(2) Process for Legislated Plan Changes.

Key Approach	Examples of Improvements
VOC process for listening (Fig. 3.1-1)	2012 Customer service principles for Modernization 2014 Begin Customer Feedback/Complaint process 2014 Monthly VOC Listening Gateway meeting 2015 Implement separate 800# for Employers 2016 Implement the Customer Listening Experience 2018 Publish VOC data on COMPASS VOC page
Process for Legislated Plan Changes (Fig. 3.1-2)	2011 Tier 2 implementation process 2013 Aligned with Legislative Process 2015 Implemented Legislative Proposal analysis 2016-17 Add BPO's to process and implement 2016-17 Implement Workbook to track legislation

3.1a(1) Current Customers *How do you listen to, interact with, and observe customers to obtain actionable information?*
While multiple methods are used to listen to customers, the VOC survey process in Fig. 3.1-1 is the key approach by which IMRF listens to current customers and obtains actionable information and feedback. Fig. P.2-3 lists the different VOC surveys administered to members and employers after receipt of key services to ensure the feedback is timely and actionable. In 2014 the VOC Gateway team began to meet monthly to aggregate and analyze VOC data from various sources. Improvements have included implementation of the electronic Employer Audit Survey and redesign of the Employer Services survey. An OFI submitted to CPI by a staff member led to implementation of iPad surveys for Member Walk-ins. This increased response rate to almost 100%.

Figure 3.1-1 Voice of Customer (VOC) Process

Phase	Key Steps
Evaluate	Evaluate VOC measures (Fig. P.2-3) Identify need for new VOC measures
Design	Design/redesign surveys and other methods
Collect	Administer surveys and collect VOC data
Review	Review, analyze and report VOC data
Follow-up	Follow-up with customers (letters or calls) Share results with staff to coach/train
Improve	Identify OFIs and make improvements

Another key method to listen to customers is IMRF's Member Services Unit (MSU) where Member Services Representatives answer the toll-free line Monday through Friday from 7:30 a.m. to 5:30 p.m. Improvements have included implementation of a separate 800 number for employers and initiation of the Customer

Listening Experience. In 2016 all staff completed two hours in the call center listening to calls and in 2017 another hour. This process was integrated with the onboarding process for new hires.

IMRF's Field Services Representatives are deployed throughout the state. They are key resources to employers and members. IMRF has established a presence on Facebook, Twitter and LinkedIn to provide additional means for customers to seek information and provide feedback. Communications department staff monitors public comments and private messages on social media and responds immediately or forwards as needed. Several years ago, IMRF conducted focus groups of retirees, active members and employers to ensure the voice of the customer informs Modernization. The information obtained was used to develop a survey to gather additional input from these three key groups. Over 60,000 surveys were sent out, and 17,000 returned surveys were analyzed to determine requirements and concerns to be addressed through the Modernization Program.

3.1a(2) Potential Customers *How do you listen to potential customers to obtain actionable information??*

While we do not have competitors, the Reciprocal Retirement survey provides a systematic method for listening to IMRF members who are the customers of other pension systems. When a unit of government considers joining IMRF (only about 10 per year do so), a representative from Employer Relations is assigned to assist with the process.

Field Services Representatives are available to attend governing body meetings to explain IMRF benefits and the employer enrollment process. This enables IMRF to identify the steps in the application process that present the greatest challenges to potential customers. For example, IMRF learned that townships were missing legislated deadlines which resulted in their having to wait a year to apply. In response, IMRF created an easy-to-read graphic of deadlines to assist townships in meeting requirements.

3.1b(1) Customer Segmentation *How do you determine your customer groups and market segments?*

Information such as age, status and plan are used to segment members by their stage in the relationship. Support mechanisms and relationship building strategies are developed to address each stage in the life cycle (Fig. 3.2-1). The Strategic Planning process (Fig. 2.1-2) allows IMRF to identify changes in the external environment that may impact members and employers and provide early indications of possible changes in needs and expectations. Other methods to anticipate future needs include benchmarking approaches used by other pension funds ("competitors") to meet their customers' needs. These include the CEM benchmarking study and attendance at industry conferences, such as NPEA and NASRA. This allows IMRF to identify practices that could improve service to members and employers at various stages. Examples are Vesting letters and the Annual Annuitants Statement [per 3.2a(1)].

3.1b(2) Product Offerings *How do you determine product offerings?*

The main product of IMRF is money payments to members in response to an event, such as separation from employment, disability, death, or retirement. Benefits payable to IMRF members are specified in the Illinois Pension Code and can be changed only by legislation approved by the GA and signed into law by the governor. As such, IMRF can only modify the benefits offered to members when required or permitted by legislation to do so. Regardless of scope, all changes are implemented through the Process for Legislated Plan Changes summarized in Fig. 3.1-2.

Figure 3.1-2   Process for Legislated Plan Changes

Phase	Key Steps
Assess	Assess the scope and impact of new or modified legislation on existing operations
Design	Design systems, communications, processes and training as needed
Implement	Implement changes
Evaluate	Evaluate effectiveness of process

Fig. 1.2-6 summarized the Legislative Process that is directly integrated with the Process for Legislated Plan Changes shown in Fig. 3.1-2. This is IMRF's systematic approach to *identify and adapt offerings to meet requirements.* Improvements to this process have included implementation of the Legislative Proposal analysis process and checklist and the Workbook to track legislation. The Evaluate phase includes a review meeting to evaluate Legislated Plan Changes and determine what could have been done differently or better to assess, design and implement the required changes.

While IMRF can only change the benefits it offers when approved by legislation, a consistent focus has been to improve customer support services. VOC surveys (Fig. 3.1-1) are used to *determine customer requirements* (Fig. P.1-5). Benchmarking other pension funds is used to *adapt offerings to exceed the expectations of key customers and create opportunities to expand relationships with current customers.* Examples are Vesting letters and the Annual Annuitants Statement [3.2a(1)].

3.2 CUSTOMER ENGAGEMENT: *HOW DO YOU BUILD RELATIONSHIPS WITH CUSTOMERS AND DETERMINE SATISFACTION AND ENGAGEMENT?*
RESULTS IN FIGURES 7.2-11 TO 7.2-14 (PER OLD CRITERIA)

Following is a summary of improvements in key approaches for 3.1b(2) Process for Legislated Plan Changes; 3.2a(2)/3.2b Customer Support; and 3.2b(2) Customer Feedback.

Key Approach	Examples of Improvements
Customer relationship management methods (Fig. 3.2-1)	2009-10 Implement annual rate meetings 2010 Implement annual Annuitants Statement 2011 Expand online services (Member/Employer Access) Partially pre-populated beneficiary form 2015 Implement dedicated 800# for employers 2015 Implement CRM system capabilities in MS 2016 Online multi-year adjustments for employers 2017 Increased Field Service staff in northeast
Customer Support (Fig. 3.2-3)	2012-13 Increased presence on social media 2013 Add for employers 2013 Employer Access (add e5.41 and e5.45) 2015 Member Access (add account setup) 2016 Instructional videos for Employer Access tasks 2016 Launched redesigned public web-site
3.2b(2) Customer Feedback / Complaints	2013 Develop complaint management process 2014 Implemented UHD for tracking complaints 2015 Monthly complaint review in Work Status mtgs 2016 Integrated complaint management with CPI 2017-18 Implement measure for average time to close complaints
Voice of Customer Process (Fig. 3.1-1)	2010 Standardize VOC surveys to aggregate/report 2012 Implement Cobalt survey for comparisons 2014 Monthly VOC Listening Gateway meeting 2013-14 Develop "Promote" question for engagement 2016 Engagement measure changed to "Promote" 2017 Implement quarterly employer services survey 2018 Implement NPS scale to enable comparisons

3.2a(1) Relationship Management *How do you build and manage customer relationships?*

Figure 3.2-1 Life Cycle Relationship Management

MEMBERS	
New/ Returning	New Member Packet
	Member Access Registration Letter
	Members without wages – to enable immediate access
	Partially pre-populated beneficiary form
	Member Services complete/submit reinstatement apps
Active/ Inactive	Annual Personal Statement of Benefits
	Workshops
	Elections (Active)
Vested	Vesting Letter
	Apply for Pension Letter 55/60 (Inactive)
	Personal Benefit Reviews
Annuitant	New Retiree Packet
	Annual Benefit Statement
	Workshops
	Endorsed Vendor Letters
	Elections
All Stages	Member Access (secure site for Member transactions)
	1-800-Ask IMRF
	Secure Email (secure site for Member emails to IMRF)
	Facebook, Twitter, LinkedIn to promote events
	Popular Annual Financial Report (PAFR)
	Legislative Updates Email
	Newsletters (active over 40; active under 40; inactive; annuitant)
	Benefits Fairs
	Member VOC surveys & Customer Feedback process

EMPLOYERS	
Pending	Enrollment Packets (General and Township)
	Assign Employer Relations representative to assist
	Field Services Representatives assist as requested
New Employers	New Employer Packet
	New Authorized Agent Training (Calls)
	Employer Access Registration
	Field Service Representatives
Continuing Employers	Dedicated 1-800 # for Employers only
	Authorized Agent workshops
	Employer Audits
	Field Service Representatives
	Rate Meetings
	Employer Digest Emails
	Facebook, Twitter, LinkedIn to share information
	Special and General Memos
	Legislative Updates emails
	Employer Access (secure site for Employer tasks)
	Trustee Elections
	Employer VOC surveys and Customer Feedback
Dissolution	Dissolution Letters

The Life Cycle Relationship Management process (Fig. 3.2-1) is used to build and manage relationships with members and employers at various stages of their relationship with IMRF. At each stage, customers are provided general information, specific communications, and education or counseling targeted to their needs. These relationship building strategies are designed to meet and exceed customer expectations in each stage and to increase their engagement with IMRF. Member Service representatives use Customer Relationship Management (CRM) system capabilities to efficiently respond to inquiries throughout the entire relationship.

Annual rate meetings are a key method to build relationships with employers. These became particularly important after the market setback of 2008 and have continued since. Each year, IMRF's Executive Director and Chief Financial Officer conduct meetings across the state where employers learn about the impact of investment returns on their contribution rate and pending legislation. To enhance participation, IMRF also offers a rate meeting webinar.

Other means of customer relationship building and support include member and employer newsletters. Initially, IMRF mailed one newsletter to active members and one to retired members. These newsletters have been redesigned significantly since they began in 1987. Today, IMRF produces four different member newsletters: active over age 40, active under age 40, inactive, and retired. Employers receive a monthly email newsletter with links to two separate monthly publications designed to keep employers informed of Board actions and to assist them in the local administration of IMRF. Newsletters, letters, forms, packets, and education are all tailored to the customers' stage in the life cycle. Communications are continually evaluated for improvement opportunities. If a trend in certain request types is identified, a new communication or message is developed.

Educational programs for employers were introduced in the 1970s and were offered when changes were made in wage reporting or the Illinois Pension Code. In the 1990s, IMRF began to offer regularly scheduled employer educational programs. Employer representatives can attend a variety of educational workshops, from a general benefits overview to specialized sessions on wage reporting, past service and disability benefits. In recent years four educational webinars and several online instructional videos were introduced to support employers in the completion of key tasks in Employer Access. IMRF Field Services workshops are another mechanism to support and strengthen relationships with members. Workshops vary depending on the audience and the stage in their relationship with IMRF. Members can attend a general benefit overview workshop early in their IMRF career and a retirement planning workshop later in their career and retiree workshops post career. IMRF provides informational videos on endorsed insurance plans.

IMRF participates in benchmarking studies to identify opportunities to exceed customers' *expectations in each stage of the customer life cycle*. CEM benchmarking led to an innovation in member communications at the vesting stage. Members now receive a "vesting letter" when he or she earns enough service credit to become eligible for a pension. In the letter, IMRF's Executive Director congratulates the member on reaching a milestone and promotes the value of the IMRF pension. This is not a communication every retirement system sends and not one that members expect as he or she did not apply for a benefit or take any other action. Benchmarking also identified another pension fund was mailing annual statements to their retired members. In an effort to exceed retired members' expectations, IMRF followed a systematic process to implement this practice. Sample statements were created for a small group of retired members and mailed to them with a survey designed to gauge their interest in such a statement and to identify the content they would be most interested in receiving. The result of this was implementation of a well-received Annual Annuitants Statement. Other improvements in

relationship management include Legislative Update emails, a process change that allows Member Services staff to complete and submit reinstatement applications for Members, partially pre-populated beneficiary forms, and expanded Member Statements.

3.2a(2) Customer Access and Support *How do you enable customers to seek information and support? How do you enable them to conduct business with you? What are key means of customer support and communication? How do they vary for different customers, customer groups, or market segments? How do you determine your customers' key support requirements and deploy these requirements to all people and processes involved in customer support?*

Fig. 3.2-2 summarizes the key approach that is used to manage the processes used to support customers (Fig. 3.2-3) and build relationships (Fig. 3.2-1) in each stage of the customer life cycle.

Figure 3.2-2 Customer Support Management Process

1. Determine key customer groups (Members and Employers)
2. Identify methods used to support/build relations with key groups (Fig. 3.2-3 for support methods, Fig. 3.2-1 for relationship methods)
3. Assess extent to which methods enable each key group to obtain info, conduct business, provide feedback and build relationships at each stage of the customer life cycle
4. Implement customer support/relationship building methods
5. Evaluate effectiveness of support/relationship building methods

Fig. 3.2-3 lists the customer support and communication methods used to enable members and employers to *seek information, conduct business*, and provide feedback to IMRF. *Key means of customer support and communication* include the call center staffed by Member Services Unit representatives who answer the 1-800-ASK-IMRF toll-free line Monday through Friday from 7:30 a.m. to 5:30 p.m. A separate 800 number was implemented for employers in 2015. To evaluate this method a sample of Member Service calls is reviewed by QA monthly and feedback provided to the department. Members and Employers also have 24/7 access to IMRF.org. The website replacement project is an example of a systematic, fact-based process to improve access and usability of the public-facing website. Focus groups, surveys and web site statistics were used to systematically redesign and re-launch IMRF.org in 2016 using the Sitecore Content Management System. Enhancements improved the ease of navigation and the experience for mobile device users. In addition, all content on the website was rewritten according to federal Plain Language Principles.

Member Service representatives in the Oak Brook and Springfield offices provide one-on-one counseling with members, and offer death benefit counseling to members' beneficiaries. Field Services Representatives are assigned specific employer accounts based on their location. They conduct employer and member workshops, assist employers with the local administration of IMRF, and conduct one-on-one Personal Benefits Reviews to assist members with retirement planning.

Facebook, Twitter and LinkedIn are used to promote events and share information with both members and employers. This includes announcements of upcoming trustee elections, benefit statements, workshops, PAFR, or to encourage Member Access registration. An improvement in 2018 was to post reminders on Facebook and Twitter of key events in the editorial calendar such as when checks or annual statements are being sent or tax forms become available. Social media is also used as another way to share communications with employers such as Legislative update emails and information on upcoming Employer workshops.

Figure 3.2-3 Customer support   (M=member, E=employer)

Methods that enable customers to:	Seek info	Conduct business	Give feedback
Member Services Unit (1-800-Ask-IMRF)	M	M	M
Separate 800# for Employers	E	E	E
Regional Springfield office	M, E	M, E	M, E
Field Services Representatives	M, E	M, E	M, E
www.imrf.org	M, E	M, E	M, E
Member and Employer Access	M, E	M, E	M, E
Social Media (Facebook, Twitter, LinkedIn)	M, E		M, E
Educational Programs	M, E		M, E
Member and Employer newsletters	M, E		M, E
Annual Personal Statement of Benefits	M		
Letters (Vesting, Apply for Pension, etc.)	M	M	
Packets (New Member, New Retiree, etc.)	M	M	
Packets (Enrollment, New Employer, etc.)	E	E	
Employer Rate Meetings and webinars	E		E
Employer webinars and How-to Videos	E	E	
IMRF 101	E		
Voice of the Customer Surveys			M, E
Customer Feedback/Complaint Process			M, E

Figure 3.2-3 demonstrates how support methods *vary for different customer groups* (members and employers). The IMRF website includes two different secure login areas: one for members and one for employers. Member Access provides members a way to view information specific to their IMRF account, submit information changes, calculate pension estimates, and to contact IMRF via secure email. Improvements include enabling members to submit refund and retirement applications online. Member feedback led to enabling additional online tasks, including password reset and account generation.

The secure Employer Access area of IMRF's website provides IMRF employers with information specific to their employer and members' accounts and allows employers to conduct business with IMRF, e.g., enroll new members or submit monthly wage reports. Employer Access has been redesigned twice since its debut in 2000 based upon employer input. When new functionality like wage reporting was added to the site employers were involved in beta testing the services before full deployment.

How do you determine your customers' key support requirements and deploy these requirements to all people and processes involved in customer support?

VOC surveys (Fig. 3.1-1) are used to determine members' and employers' *key support requirements* (Fig. P.1-5). Cobalt survey results include correlation analyses of survey items with overall satisfaction and have validated the importance of accuracy, timeliness, and ease of doing business. Performance Standards in production departments are used to *deploy requirements* to those involved in customer support. Standards are aligned with customer support requirements and tailored to the work of the unit.

Department heads regularly review performance versus standards and annual Performance Appraisals [5.2c(1)] are aligned with Performance Standards. For example, the Member Services Unit monitors incoming emails received from Member Access and Employer Access and responds within standard response times or forward as needed. The Communications department staff monitors public comments and private messages on social media (Facebook, Twitter, LinkedIn) and responds immediately or forwards as needed.

3.2a(3) Complaint Management *How do you manage customer complaints? How do you resolve complaints promptly and effectively? How does management of complaints enable you to recover customers' confidence, enhance their satisfaction and engagement, and avoid similar complaints in the future?*

Figure 3.2-4 Customer Feedback Process

Phase	Key Steps
Receive	Receive the complaint. Sources include calls, letters, and low VOC scores
Recover	Aim is first call resolution by responding to the issue and restoring customer's confidence
Resolve or Refer	If the complaint is not Resolved, Refer it to appropriate manager or department
Record	Record using Universal Help Desk online form
Route	Complaint Management process owners' route the complaint to appropriate department for resolution
Review	Number and status of complaints entered in UHD is reviewed during monthly Work Status meetings

Fig. 3.2-4 summarizes the Customer Feedback Process used to *manage complaints*. It was developed based on ILPEx feedback and benchmarking and deployed to all staff in 2014. The Universal Help Desk (UHD) tool is used to record complaints and facilitates tracking of complaints and their aggregation and analysis to identify trends. This process provides a systematic and effective approach to *resolve complaints promptly and effectively*, to *recover customers' confidence* and *enhance engagement* when problems occur, and to identify and prioritize opportunities so that IMRF can take the actions needed to *avoid similar complaints in the future.*

Step 1 Receive – Complaints are defined as any instance where IMRF does not meet expectations or a customer is dissatisfied with an outcome or an event. Complaints are received through phone calls, letters, survey comments, emails or in-person.

Step 2 Recover – Staff in Member Services and Field Services are trained to research and resolve issues by the end of the first call. Member Services standard is for less than 5% of calls to be transferred, with the exception of active disability calls.

Step 3 Resolve - Staff is trained to take ownership of complaints. If a representative must transfer a call to resolve the problem, the representative is expected to arrange a callback to follow up and ensure the problem was resolved. If staff is not able to resolve a problem, they refer the issue to the appropriate manager or department for resolution. Member Services Representatives are expected to respond to a member or employer voicemail or email within 24 hours of receipt. Because Field Services Representatives are often out of the office on business, they are expected to return voicemail or email within 48 hours.

Step 4 Record – To enable tracking of complaints, staff record complaints using the Universal Help Desk (UHD) online form on COMPASS. Information entered includes problem type; priority; status; the member or employer who registered the complaint; the names any staff members involved in its resolution; and a summary of the problem. To enhance deployment, refresh meetings with staff are held to ensure understanding of the Customer Feedback process and clarify what should/should not be recorded as complaints.

Step 5 Route – All complaints entered in UHD are forwarded to the Customer Feedback process owners, who review and route each one to the appropriate department. A staff member in each department is trained to process and close complaints in UHD.

Step 6 Review – The number and status of complaints entered in UHD is reviewed during monthly Work Status meetings. To enhance IMRF's ability to ensure *complaints* are *resolved promptly and effectively*, an improvement in 2017-18 was implementation of a measure to track the average time to close complaints.

3.2b(1) Satisfaction, Dissatisfaction, and Engagement *How do you determine customer satisfaction, dissatisfaction, and engagement? How do determination methods differ among your customer groups and market segments, as appropriate? How do your measurements capture actionable information?*

The VOC Gateway team manages the VOC survey process in Fig. 3.1-1. This is the key approach to *determine customer satisfaction, dissatisfaction and engagement*. Fig. P.2-3 lists the different VOC surveys administered to members and employers. To ensure *measurements capture actionable information* some surveys are administered to members directly upon completion of the service (e.g., personal benefit reviews, pension estimates, member services counseling sessions, and workshops). For most others surveys are mailed to a sample of members daily or monthly. A quarterly survey to Employer representatives provides employer satisfaction results. Employer surveys are also administered at employer workshops, emailed to attendees at rate meetings and upon receipt of employer audit report findings. Responses are entered as received and results are available to survey owners via links to the VOC survey database. A recent improvement is to publish results on the VOC Team page on COMPASS making data available to all IMRF staff.

To enable aggregation and analysis of results, each VOC survey includes three standard questions:

> *"How likely are you to promote IMRF as a great organization?"* (this is IMRF's measure of engagement);
>
> *"Overall, how satisfied are you with _____ service?"* (this is the measure of satisfaction and dissatisfaction); and
>
> *"How easy was it for you to _____?"* (this is the measure of one key requirement)

IMRF's key measures are:
- **Engagement**: Net Promoter Score (% Promoters minus % Detractors) for the Likely to Promote question [per 7.2a(2)].
- **Satisfaction**: Very Satisfied (% rating 1) and Satisfied (% rating 1-2) for the Overall satisfaction question.
- **Dissatisfaction**: Very Dissatisfied (% rating 5) and Dissatisfied (% rating 4-5) for the Overall satisfaction question. This measure is modeled after Baldrige Recipient A.

IMRF's VOC survey program has been improved multiple times since it began in 2004. At that time, individual departments or units mailed their own surveys according to their own schedule. In 2008 IMRF conducted a complete review of the customer survey program. This led to survey redesign, formalizing survey distribution to ensure the number of responses received was adequate to get statistically valid results, and a plan to share results. In 2010 the VOC process was identified as a key strategy and an action plan developed to further improve the approach. All surveys were evaluated and three standard questions added to enable aggregation of results across multiple transactions. Member feedback led to improvements in rating scales and the wording of questions to obtain more accurate information.

In 2014 the VOC Gateway team was established to aggregate and analyze VOC data from all sources during monthly meetings. Aggregate results are also reviewed monthly during Leadership Scorecard review meetings, while detailed survey results are

reviewed by department heads and shared with staff at least monthly. VOC Gateway continues to systematically improve the VOC process. Examples include: change the frequency of the Employer Services survey to quarterly; establish an electronic Employer Audit survey; streamline survey questions to focus on actionable areas for improvement; publish VOC survey results on COMPASS; and mature and refine the measures and comparisons for engagement.

3.2b(2) Satisfaction Relative to Other Organizations *How do you obtain information on customers' satisfaction with your organization relative to other organizations? How obtain information on customers' satisfaction relative to their satisfaction with competitors and relative to the satisfaction of customers of other organizations that provide similar products or to industry benchmarks?*

IMRF uses the survey by Cobalt Community Research to obtain comparisons with other pension funds *that provide similar products and to industry benchmarks.* Cobalt administers the survey at pension inception but assesses the entire life cycle of the member's experience. It uses measurement methods based on the American Customer Satisfaction Index (ACSI), which is the only uniform, cross-industry measure of satisfaction available in the United States today. The ACSI score is an index based upon ratings for questions re: Overall satisfaction, Satisfaction compared to expectations; and Satisfaction compared to the ideal. Fig. 7.2-5, 7.2-7, 7.2-8 report Cobalt comparisons to leading public pension funds. Fig. 7.2-6 reports comparisons to benchmarks for similar industries in the public (PBGC, Social Security, Federal, County and State Government) and private sector (Health Insurance, Banks). CEM Service Scores (Fig. 7.1-1, 7.1-2, 7.1-9) provide another measure of IMRF's services and a direct comparison with public pension funds.

Numerous improvements have been implemented in the process used to measure and compare engagement results. Feedback from ILPEx led IMRF to begin collecting data for the "*How likely are you to promote IMRF*" question in 2014. After collecting data for two years it was adopted as IMRF's key measure of engagement in 2016. In 2018, to enable more appropriate comparisons for Net Promoter Score (NPS), IMRF implemented the standard 11-point scale for the "Likely to Promote" question and selected the Survey Monkey NPS database as the source of comparisons with the Government, Finance and Business Support Service industries. Adoption of NPS as IMRF's measure of engagement has enabled comparisons with benchmark organizations outside the pension industry.

3.2c. Use of Voice-of-the-Customer and Market Data *How do you use voice-of-the-customer and market data and information? How do you use voice-of-the customer and market data and information to build a more customer-focused culture and support operational decision making?*

The VOC process in Fig. 3.1-1 is a comprehensive customer survey program that has been in place since 2004. It is managed by the VOC Gateway team and provides a systematic and effective approach *to use voice-of-the customer data and information to build a more customer-focused culture and to operational decision making.* Survey results are published on COMPASS and available via links to the VOC survey database. Detailed results are reviewed by department heads at least monthly and used to follow-up with customers to investigate/resolve concerns, and coach/train staff.

Analysis of survey results has led to numerous improvements in correspondence, applications, workshops and the Annual Member Statement. Communications are continually evaluated for improvement opportunities. If a trend in certain request types is identified, a new communication or message is developed.

An improvement designed to *build a more customer-focused culture* was the Customer Listening Experience in 2016. All staff

completed two hours listening to calls in the call center. In 2017 staff completed another hour and a process has been implemented for new hires.

Other sources of customer data are used for specific purposes. Call volume trends from Spectrum are analyzed and result in talking points, web articles, revised communications for "hot topics," or process improvements. Per 3.2a(2) focus groups, surveys and web site statistics have been used to systematically improve IMRF's web site. Focus groups and surveys also ensure the voice of the customer informs the Modernization program.

4 Measurement, Analysis, Knowledge Management

4.1 MEASUREMENT, ANALYSIS, AND IMPROVEMENT OF ORGANIZATIONAL PERFORMANCE: *HOW DO YOU MEASURE, ANALYZE, AND THEN IMPROVE ORGANIZATIONAL PERFORMANCE?* RESULTS IN FIGURES 7.1-10, 7.1-18, 7.5-3, 7.5-4

Following is a summary of improvements in key approaches for 4.1a Leadership Scorecard, 4.1b/c Scorecard Reviews and CPI.

Key Approach	Examples of Improvements
KA for 4.1a Scorecard Development Process in Fig 4.1-1 and Leadership Scorecard in Fig. 2.1-3	2010 Established Leadership Scorecard (LSC) 2011 Board views of Leadership Scorecard 2013 Determined key comparisons for each KRA 2015 Deployed a trend view for all metrics 2015 Determine measures to evaluate post-Horizon 2016 Modify KRAs to align with balanced scorecard 2017 Set top decile goals vs comparisons for all KRAs 2018 Develop measures for core business processes 2018 Implement NPS scale to enable comparisons
KA for 4.1b/c Performance Review process in Fig. 4.1-2, Fig. 4.1-3	2009 Launch cross-functional CPI program 2010 Standardize VOC surveys to aggregate/report 2011 Segment VOC (transactions and workshops) 2013 Red/Yellow/Green process for LSC analysis 2014 Integrated format to review LSC & action plans 2014 Begin monthly VOC Listening Gateway meeting 2015 Leadership training on IAPI 2016 Interactive review of LSC & action plans 2017 Automate CPI/IAPI workflow in COMPASS 2017 Prezi to review LSC; available on COMPASS

4.1a(1) Performance Measures *How do you track data and information on daily operations and overall organizational performance? How do you select, collect, align, and integrate data and information to use in tracking daily operations and overall organizational performance and track progress on achieving strategic objectives and action plans? What are your key organizational performance measures, including key short- and longer-term financial measures? How frequently do you track these measures?*

As a small organization, only two levels of performance data are needed to measure, review, and improve performance. The Leadership Scorecard is used to *track overall performance and progress on achieving strategic objectives and action plans.* To *track daily operations,* IMRF uses Departmental/operational data including standards, VOC surveys, and CEM benchmarking data.

Overall Organizational Performance - Fig. 2.1-3 summarizes the Leadership Scorecard, which identifies IMRF's key performance measures. The key short- and long-term financial measures are included in the Financial Health KRA.

Fig. 4.1-1 illustrates the systematic process to develop/update and implement the Leadership Scorecard, which is the key approach to select, collect, align, and integrate the data and information used to *track overall organizational performance and progress on action plans.*

Figure 4.1-1 Scorecard Development/Update Process

Phase	Key Steps
Define	Determine/validate key result areas (KRAs)
	Evaluate and select measures for each KRA
	Define measures and comparisons
Deploy	Project and set goals for each key measure
	Communicate measures/goals and align
	Define responsibilities to collect and report data
Use	Establish review schedule
	Collect, analyze, report and review scorecard
Refine	Review/update key measures annually
	Align with objectives, strategies, plans

The Leadership Scorecard (LSC) was established in 2010 and has been refined annually. Each year in Step 8 of Strategic Planning the process in Fig. 4.1-1 is used to review and update the LSC to ensure alignment of key measures and goals with Strategic Objectives and Action Plans. A 2016 improvement modified Key Result Areas (KRAs) to more closely align with the best practice approach of the Kaplan/Norton Balanced Scorecard model. Fig. 2.1-3 shows the key measures on the LSC that align with the 2017-2019 Strategic Plan. Other improvements include establishing Board reviews of the LSC, deploying a trend view for all key measures on the LSC, and setting top decile goals for key measures within each KRA.

Department Operational Performance – Key data to track daily operations and the performance of key work processes are summarized in Fig. 6.1-1 and include:

▪ Department standards (Fig. 7.1-11, 7.1-12, 7.1-16, 7.1-19, 7.1-21 to 7.1-26) are key measures to review performance in production areas. Standards are updated to ensure continual improvement and to align operational measures with organizational needs and customer requirements.

▪ VOC surveys (Fig. 7.2-1 to 7.2-14) provide customer satisfaction, dissatisfaction and engagement data for Internal Audit, Finance, Benefits, Member and Field Services. Improvements to VOC measures are described in 3.1.

▪ CEM benchmarking study (Fig. 7.1-1, 7.1-2, 7.1-9, 7.1-29) provides comparative operational performance data for member and employer services.

▪ The Investments Department reviews transactions daily and works with its investment consultants and Master Trustee to track the performance of IMRF's total portfolio, each asset class (Fig. 7.1-7) and individual investment managers using a systematic, comprehensive and mature measurement system.

▪ HR tracks turnover (Fig. 7.3-1, 7.3-2), new hire turnover (Fig. 7.3-3) and Engagement results (Fig. 7.3-8 to 7.3-11).

4.1a(2) Comparative Data *How do you select comparative data and information to support fact-based decision making?*
Though IMRF is essentially a monopoly without competitors, for many years comparative data has been used to avoid complacency and encourage continuous improvement and innovation. Like most organizations in the Non-profit, Service and Small Business sectors IMRF is unable to obtain comparisons for many key measures. Based upon benchmarking of Baldrige recipients, IMRF developed a process to select comparative data that ensures some key measures for each Key Result Area (KRA) aligned with Category 7 Results can be evaluated against relevant comparisons or benchmarks. This has resulted in a Leadership Scorecard aligned with the 2017-19 Strategic Plan that includes top decile comparisons and goals for one or more of the key measures in all four KRAs. This enables

IMRF to *evaluate some key performance measures* for each KRA *against relevant external comparisons and/or benchmarks and show areas of leadership and very good relative performance.* The alignment of strategic objectives with top decile goals based on external comparisons has enabled IMRF to more clearly define the Vision "to provide the highest quality retirement services to our members, their beneficiaries and employers" and encouraged innovation in strategic and operational decision making.

Comparative data are available for 18 of 30 measures on the Leadership Scorecard in Fig. 2.1-3 and for the operational performance data used by 8 of 11 Departments. For VOC surveys, comparisons include Cobalt for satisfaction and NPS benchmarks for engagement. IMRF's Investment Management department uses a comprehensive system of comparative data and benchmarks to evaluate the operational performance of investments by asset class and investment manager. HR uses comparative data to evaluate engagement results and turnover. For most IMRF departments, the CEM benchmarking study is the key source of comparative data to support fact-based decision making. Because IMRF and other public pension systems are in the same "business" but are not competitors, the CEM study provides IMRF access to detailed comparative data that would never be (legally) available in other industries. IMRF and 44 other leading North American pension systems participate in this annual study. Each system answers a comprehensive survey identifying services provided, speed and accuracy, frequency of surveys, and activity-based costs for each service. The resulting 250-page report provides service scores, cost metrics, and a comparison of IMRF's results against the CEM peer group of public pension systems in North American. IMRF is consistently among the industry leaders [7.1-1], and several times has achieved the top service score in the entire CEM universe.

4.1a(3) Measurement Agility *How do you ensure that your performance measurement system can respond to rapid or unexpected organizational or external changes and provide timely data?*
IMRF's organizational performance measurement systems are kept current through several approaches. Steps 2-3 of Strategic Planning (Fig. 2.1-1) include STEP and SWOT analyses that can identify the need for new or revised measures. Step 8 is an annual evaluation and update of key measures on the Leadership Scorecard to ensure alignment with Strategic Objectives. Semi-annual Key Approach reviews evaluate the measurement system. Monthly Leadership Scorecard and Action Plan reviews can identify the need for new/different measures during the year. The most recent example of this was addition of Cybersecurity measures and comparisons.

At the department level, performance standards are reviewed with staff (at least monthly, as often as weekly) and updated annually as needed. To identify the need for new or revised measures, department heads use methods such as IT security audits and benchmarking with CEM, GFOA, GASB, NASRA, McLean, or BLS. IMRF's investment consultant routinely updates performance measures as best practices evolve. CEM benchmarking studies are expanded each year and key departmental/operational performance measures are added, deleted or modified as needed. As Modernization and the Horizon Project have progressed, key measures have been identified (turnaround time for straight through processing and system touchpoints) that will be used to evaluate the success of the project post implementation.

4.1b. Performance Analysis and Review *How do you review your organization's performance and capabilities? How do you use your key organizational performance measures, as well as comparative data, in these*

reviews? What analyses do you perform to support these reviews and ensure that conclusions are valid? How do your organization and its senior leaders use these reviews to assess organizational success, competitive performance, financial health, and progress on achieving your strategic objectives and action plan, and respond rapidly to changing organizational needs and challenges in your operating environment? How does your governance board review the organization's performance and progress on strategic objectives and action plans, if appropriate?

Fig. 4.1-2 summarizes the performance analysis and review process. Step 1 in this process identifies the reviews that occur at each level and these are summarized in Fig. 4.1-3.

Figure 4.1-2 Performance Analysis and Review Process

1.	Identify the areas/levels where performance will be reviewed
2.	For each area/level, determine the key measures to review, the participants and frequency of reviews
3.	Determine the process to analyze and review performance
4.	Use the review process to Identify and Analyze opportunities and Prioritize actions for Implementation (IAPI in Fig. P.2-2)
5.	Evaluate the Performance Analysis and Review process

Figure 4.1-3 Performance Review Meetings

Level	Reviews
Organizational	▪ Board of Trustee Meetings ▪ Strategic Planning ▪ Leadership Scorecard & Action Plan Reviews ▪ Work Status Meetings ▪ VOC Gateway reviews survey trends ▪ Modernization Steering Committee Reviews ▪ Semi-annual Key Approach review meetings ▪ Financial Monthly Variance Analysis
Departmental	▪ Department review of Standards and other KPIs ▪ VOC survey reviews by each Department ▪ CEM report analysis ▪ Money manager reviews ▪ Supplier/partner reviews ▪ End-to-end core process measures for BPO's
Individual	▪ Performance Standards/Department reviews ▪ Performance Appraisals

At the organizational level the key process is Leadership Scorecard and Action Plan review meetings. Each year in Step 8 of Strategic Planning a calendar of ten Leadership Scorecard and Action Plan review meetings is established. These meetings provide a systematic and effective process to *review organizational performance and capabilities, including comparative data.*

Prior to each meeting, the Leadership Scorecard is updated and Red/Yellow/Green analysis is completed to assess the status of key measures (goal accomplishment) and action plans (milestone completion). RYG analysis was an improvement implemented in 2013 to *support reviews and ensure conclusions are valid.* Findings from reviews identify opportunities for improvement and innovation. Leaders are assigned to each identified opportunity.

Status	For Scorecard Goals	For Action Plan Milestones
Red	>10% below target	Over 2 weeks past due date
Yellow	0 – 10% below target	Within 2 weeks of due date
Green	0 - 10 % above target	Tracking On Schedule

As described in 2.2b, twice each year these meetings are used for a deep dive review of action plans to determine whether plans are on track, require modifications, or should be discontinued. During monthly updates and semi-annual deep dives, the leaders review progress and issues associated with each key strategy. These reviews are used to *assess organizational success, comparative*

performance, financial health and progress on achieving strategic objectives and action plans. Findings from Leadership Scorecard and Action Plan reviews identify opportunities for improvement and innovation or changing needs. Follow-up actions are assigned and enable IMRF to *address identified opportunities and respond to changing organizational needs or external challenges.* The Board also reviews the Leadership Scorecard quarterly to *assess the organization's performance and its progress on strategic objectives and action plans.* Board meetings and Investment Committee meetings include detailed analyses of investment results.

Many other analyses and reviews occur in the normal course of business. Each department reviews its own operational data, which typically includes volumes, error rates, and timeliness of service. At least monthly department heads review VOC survey results, and performance versus standards in production areas. Department heads and other leaders also review budgetary performance and workforce data. Department leaders meet monthly for Work Status meetings to share results, actions, issues and best practices. In addition, Finance performs monthly variance analysis by budget account. The Investment department performs comprehensive and systematic reviews of performance and compliance for all asset categories and individual investment managers.

A detailed review of the annual CEM study is used to evaluate performance and identify opportunities. Monthly meetings of the Modernization Executive Steering Committee provide senior leaders with a systematic process to review progress for the Modernization program and Horizon Project and address issues related to IMRF's key strategic opportunity. Weekly meetings of the project team and key partners provide a systematic process to review status, work plans, key issues and risks in detail. The Board receives quarterly updates on Modernization and the Leadership Scorecard to assess progress on Strategic Objectives.

4.1c(1) Future Performance *How do you project your organization's future performance? How do you use findings from performance reviews and key comparative and competitive data in your projections?*

Refer to 2.2a(6) for a description of how projections are used to update Leadership Scorecard goals annually during Step 8 of Strategic Planning. For the Financial Health key result area, projections are based upon the long-term actuarial assumption of achieving 7.25% investment returns from the total portfolio.

Refer to 4.1b for a description of how Red/Yellow/Green analysis is completed prior to Leadership Scorecard and Action Plan review meetings. Red/Yellow items are based on performance measures that are projected to be less than goal or behind the planned completion date at year-end. Action plans are modified to address projected shortfalls in performance measures or plans.

4.1c(2) Continuous Improvement and Innovation *How do you use findings from performance reviews to develop priorities for continuous improvement and opportunities for innovation? How do you deploy these priorities and opportunities: to work group and functional-level operations; and to your suppliers, partners, and collaborators to ensure organizational alignment?*

IAPI (Fig. P.2-2) is IMRF's 4-step Continuous Process Improvement approach. Step 4 of the Performance Analysis and Review process in Fig. 4.1-2 describes how the multiple review processes identified in Fig. 4.1-3 provide a means to initiate the IAPI process. Findings from the reviews in Fig. 4.1-3 are used to *Identify* and *Analyze* opportunities for continuous improvement or innovation, *Prioritize* actions to address these opportunities, and assign individuals to *Implement* identified actions. At the organizational level follow-up actions could include updating

Action Plans, completing a formal IAPI to evaluate the cost/benefit of possible enhancements to the COTS product for the Horizon Project, benchmarking of other organizations to identify best practices, or working with suppliers/partners as needed. At the department or individual level actions could include following up with customers, training of staff, or improving department processes or procedures. For Investment Management, identified opportunities often result in follow-up with investment managers, and possible changes in fund allocations. Lagging investment managers undergo additional scrutiny and analysis, which may result in their termination. These funds are then reallocated to higher performing managers. The monthly budget variance analysis by Finance requires Department heads to provide formal responses explaining each variance and identifying any actions to be taken.

Communication methods in Fig. 1.1-3 are used to deploy priorities for improvement to staff, or to customers where appropriate. Minutes of senior leader and Board meetings are provided electronically to all staff. Weekly department meetings are held in most areas. Methods for communicating key changes to customers include General and Special memoranda and employer rate meetings. Methods in 6.1c are used to deploy priorities to key suppliers and partners.

4.2 INFORMATION AND KNOWLEDGE MANAGEMENT: *HOW DO YOU MANAGE YOUR INFORMATION AND YOUR ORGANIZATIONAL KNOWLEDGE ASSETS?*
Results in Figures 7.1-10, 7.1-18, 7.1-24, 7.1-25, 7.1-26, 7.1-30
Examples of improvements in the key approaches for 4.2a Data/Information Management are shown in the following.

Key Approach	Examples of Improvements
Data/Info Management Quality (Fig. 4.2-2) Availability (Fig. 4.2-3)	2011 Expanded Member Access self-service. 2012 Standardize Help Desk/Problem systems 2013 Reorganize intranet to improve access 2014 Completed thorough death match 2015 Introduce new member ID in place of SSN 2016 Implement SOC-1 Type 2 audit for data quality 2016 Online multi-year wage adjustments 2016-17 Update of public web site and intranet 2017 Application development checksum process 2017 Application development compliance review

The management of data and information to ensure optimal performance and compliance with the Illinois Pension Code is a core competency and critical to achieving IMRF's Mission. The benefits IMRF pays a member are dependent on the data and information gathered over what could be a 50-year working career with multiple Illinois public employers. This data also drives rate calculations to collect monies from employers (and ultimately taxpayers) to help fund benefits. Following is a summary of the Data/Information Management process.

Figure 4.2-1 Data/Information Management Process

1. Identify key data and information to be managed
2. Determine methods to ensure the quality of data/info (Fig. 4.2-2)
3. Determine methods to ensure availability of data/info (Fig. 4.2-3)
4. Implement methods to ensure quality and availability of data/info
5. Evaluate and improve data/information management methods

4.2a(1) Data and Information Quality *Verify & ensure quality of data/info*
Fig. 4.2-2 summarizes the methods used to ensure the *accuracy and validity, integrity and reliability, and currency* of data and information. This is achieved through an integrated program of formalized business rules, automated systems, and operational processes. Unlike many other public pension funds, IMRF has designed an innovative approach managed almost entirely using data reported by employers through its secure, online system to maintain accurate member records. IMRF's online system contains many validity checks to ensure data accuracy. Automated updates to the claims processing system ensure accurate member records and benefit calculations. Online forms improve the currency of data for refunds, change of tax withholding, and change of bank routing numbers.

The current technology core of IMRF's program is the Spectrum system – a highly integrated, custom-developed, and proprietary system that centralizes and standardizes all enterprise data and calculations. Staff can report and prioritize system enhancement requests via an online tool. System changes are made in a development environment and tested in quality assurance prior to migration to the production system. In recent years, imaging and workflow systems as well as secure websites have been integrated with Spectrum to achieve ever higher levels of productivity and accuracy. The Modernization program continues to systematically improve IMRF's data and information management capabilities. The Horizon Project to replace Spectrum is IMRF's key strategic opportunity and is enabling further innovation of the approaches used to ensure the quality and availability of data and information.

Fig. 4.2-2 Data/Information Quality

Properties	Ensure Quality of Data/Info
Accuracy and Validity	- Codified legal interpretations - Automated systems validate data and enforce rules - Key calculations centralized and standardized - Monthly and annual processes to examine key data - Members and annuitants audit own data - Third-party web service to validate address and demographic data (NCOA, Melissa, LexisNexis) - Weekly death match process by third party provider
Integrity and Reliability	- Key calculations centralized and standardized - Highly integrated applications - Desktop/server compliance
Currency	- 99% of employer transactions web-based self-serve - Many member transactions web-based self-serve - 96% of monthly payments processed electronically - Internal processes emphasize speed and accuracy - Paperless imaging and workflow systems

4.2a(2) Availability *How do you ensure the availability of organizational data and information? How do you make needed data and information available in a user-friendly format and timely manner to your workforce, suppliers, partners, collaborators, and customers, as appropriate? How do you ensure that your information technology systems are reliable and user-friendly?*
Fig. 6.2-1 summarizes the comprehensive system of methods to ensure the reliability and security of IMRF's *information systems.* Fig. 4.2-3 summarizes the methods used to *make needed data and information available* to IMRF staff, members, employers, reciprocal systems, and key partners. Spectrum and the enhanced intranet (COMPASS) make data and information available to staff in a *user-friendly* and *timely manner.* Most data and information are electronic, which enhances both quality and availability. Significant improvements have been made in the volume of transactions completed online. Almost all employer transactions are now online (Fig. 7.1-18). Members can access and view all key information online (Fig. 7.1-10) and can initiate the most frequent transactions. Continued expansion of online services is a primary focus of the Horizon Project.

Members and employers have 24/7 access to IMRF.org, which includes two different secure login areas. Member Access provides

members a way to view information specific to their IMRF account, submit information changes, calculate pension estimates, and to contact IMRF via secure email. Improvements include enabling members to submit refund and retirement applications online. Member feedback led to enabling additional online tasks, including password reset and account generation.

The secure Employer Access area of IMRF.org provides employers with information specific to their employer and members' accounts and allows employers to conduct business, e.g., enroll new members or submit monthly wage reports. Employer Access has been redesigned twice since its debut in 2000 based upon employer input. The public web site replacement project for IMRF.org was a systematic, fact-based process to improve the access and usability of the public-facing website.

Focus groups, surveys and web site statistics were used to systematically redesign and re-launch IMRF.org in 2016 using the Sitecore Content Management System. The services/applications provided by Northern Trust provide effective systems to make data available to investment partners (Callan, Investment managers). Other partners (actuaries, auditors) utilize a secure file transfer facility to exchange data with IMRF.

To make data/info available to Morneau Shepell and Provaliant (key partners for the Horizon project), IMRF is using a secure, dedicated Microsoft SharePoint site, and weekly and monthly reporting structures. The reciprocal data exchange makes needed data available to other public pension systems in Illinois.

Fig. 4.2-3 Data/Information Availability

Available to:	Determine Needs	Meet Needs
Staff	▪ Needs/usability assessment ▪ Google Analytics ▪ Modernization	▪ Spectrum and highly integrated applications ▪ Horizon ▪ COMPASS for all staff ▪ Wiki for IS staff ▪ Member/Employer Portals
Employers and Members	▪ Focus groups, surveys ▪ Customer Service principles	▪ Separate secure web-sites ▪ Communications (e-mails, statements, newsletters)
Key Partners (Northern Trust, Callan, Managers)	▪ Design of processes and reporting mechanisms	▪ Services/applications provided by Northern Trust
Key Partners (Morneau Shepell, Provaliant)	▪ Horizon Project Plan ▪ Monthly Executive Steering Committee meetings ▪ Weekly meetings for Project Manager, Directors, Core Team	▪ Secure, dedicated Microsoft SharePoint site ▪ Monthly updates to Project Plan, Milestones, Compliance Reports, Executive Steering Committee status report
Reciprocal systems	▪ Reciprocal portion of the Pension Code ▪ Reciprocal conferences	▪ Reciprocal Data Exchange ▪ Reciprocal Portal ▪ Reciprocal Certifications

4.2b Organizational Knowledge

Following is a summary of improvements in key approaches for 4.2b Knowledge Management.

Key Approach	Examples of Improvements
Knowledge Management (Fig. 4.2-4 and 4.2-5)	2010 Annual Annuitant Statements 2011-13 Strategy for web-site redesign 2013 Reorganize intranet to improve access 2013-14 Best practice review in Work Status meetings 2015 Public website update using Sitecore CMS 2015 Best practice review in LSC Deep Dives 2016 Implement electronic message boards via CMS 2017 Intranet updated using Sitecore CMS 2017-18 Enhance COMPASS search functionality 2018 Redesign member workshops (transfer knowledge) 2018 Process to collect staff feedback using COMPASS

4.2b(1) Knowledge Management *How do you build and manage organizational knowledge? How do you collect and transfer workforce knowledge; blend and correlate data from different sources to build new knowledge; transfer relevant knowledge from and to customers, suppliers, partners, and collaborators; and assemble and transfer relevant knowledge for use in your innovation and strategic planning processes?*

Fig. 4.2-4 summarizes the multiple methods used by IMRF to *build and manage organizational knowledge.*

Figure 4.2-4 Knowledge Management Approaches

Purpose	Approaches
Collect and transfer to/from Employers	▪ Authorized Agent Manual and Training ▪ IMRF secure website for Employer Access ▪ E-mails, newsletters, detailed manuals ▪ General and Special Memorandums ▪ Employer rate meetings
Collect and transfer to/from Active & Inactive members	▪ Annual Member Statement and booklet ▪ Active and inactive member workshops ▪ IMRF public website and social media ▪ Emails, newsletters, benefit booklets
Collect and transfer to/from Retiree & benefit recipients	▪ Annuitant Statement of Benefits ▪ IMRF public website and social media ▪ Emails, newsletters, benefit booklets ▪ Retiree workshops
Assemble and use external data for Strategic planning	▪ STEP and SWOT analysis at the Board and department levels ▪ Fact-sheets to inform SWOT analyses
Best Practices	▪ Share best practices during Leadership Scorecard Deep Dive Reviews

In 2015 a series of systematic improvements to knowledge management began with implementation of the Sitecore Content Management System (CMS). Sitecore houses a common knowledge base that is used to collect, assemble and transfer key content/knowledge to customers and staff through separate channels. Today Sitecore is used to deliver the public web site and information via electronic message boards in the lobbies of our Oak Brook and Springfield offices.

In 2017, IMRF replaced its legacy Intranet with a modern internal website delivered through Sitecore called COMPASS. This serves as the key means for internal transfer of knowledge. Reorganization of the intranet content and structure improved navigation and staff ability to access content. Google analytics were used to evaluate page views and the key content accessed by staff. The redesigned Intranet was previewed with all managers and staff before go live. Deployment of COMPASS established a process for staff to make future suggestions for improvement in the Intranet.

The implementation of CMS involved a systematic approach to review and assess key sources of information, determine owners

and assign responsibility for ongoing content management. Key roles are well-defined and include Content Owners, Content Managers, Publisher, and Users. Fig. 4.2-5 is the systematic process to manage knowledge for both the public web site and COMPASS. When publishing to COMPASS, the Publisher is responsible for steps 2 and 3 below. When publishing to the public web site, separate roles are responsible for steps 2 and 3.

Figure 4.2-5 Content Management Approaches

1 Create/update content	2 Review	3 Publish	4 Access and Use	5 Evaluate
Content Owner/Author Create or change content in CMS development area and submit to the Content Manager for review.	Content Manager Review and submit for Public-ation or return for revision.	Publisher Review in QA/UAT, publish the item to production or return for revision.	Users Customers (public web) and staff (intranet) access information in CMS as needed and use.	Content Owners Evaluate content for which they are responsible. Changes initiated by events, user input or annual reviews.

Communications with employers and members continue to be a key approach for external knowledge management. Much of the focus for external knowledge transfer is to and from Authorized Agents. The online Manual for Authorized Agents is a key method used to transfer knowledge and explain rules for determining IMRF-qualified positions, requirements for making claims for benefits, and Procedures for filing reports of earnings and contributions. Other methods include Authorized Agent training programs, employer newsletters, webinars, and rate meetings. A recent improvement was introduction of instructional videos to support completion of key tasks in Employer Access.

The Annual Member Statement is the focal point for knowledge transfer to and from IMRF's members and annuitants. Member Statements provide detailed, personalized information on current and estimated future benefits, available options, and actions that may increase future benefits. Other methods for member knowledge transfer include workshops for active members and retirees, newsletters, and other publications. In 2018 two of the workshops that are key methods for transferring knowledge to active members were redesigned.

As shown in Fig. 4.2-3, the key method to share knowledge with investment partners (Callan, Investment managers) are the applications provided by Northern Trust, our master trustee. For Morneau Shepell and Provaliant, IMRF is using a secure, dedicated Microsoft SharePoint site and weekly and monthly reporting structures have been established. Reciprocal conferences are used to share knowledge with other public pension systems in Illinois.

STEP and SWOT analyses in the Strategic Planning process [2.1a] include detailed external and internal analysis to ensure the *assembly and transfer of relevant knowledge* for use in IMRF's *innovation and strategic planning processes*. Fact sheets are used to *assemble and transfer knowledge* for each KRA in SWOT analysis.

4.2b(2) Best Practices *How do you share best practices in your organization?* Fig. 4.1-3 summarizes the multiple performance review meetings that are used to *identify high performing units, share best practices and implement them across the organization*. The review of best practices and lessons learned began with Work Status

meetings in 2013-14. Since 2015 IMRF has used Leadership Scorecard deep dive review meetings to identify and share best practices, which has increased the focus on best practices directly related to key goals and plans.

External sources of best practices are identified for each key result area through extensive benchmarking. For **Financial Health** this includes NASRA studies and IMRF's annual application for the GFOA's Certificate of Achievement for Excellence in Financial Reporting. This program recognizes state and local governments that go beyond the minimum requirements of generally accepted accounting principles to prepare CAFRs that evidence the spirit of transparency and full disclosure. Best practices specific to Investment Management are identified through detailed, comprehensive and systematic reviews of performance relative to benchmarks for all asset categories and individual investment managers. As described in 4.1a(2), detailed comparative data is available for both the **Customer Engagement** and **Operational Excellence** key result areas through the annual CEM Benchmarking study of leading global pension systems. Best practices for **Workforce Engagement** are identified via the annual engagement survey and benchmarking other organizations. IMRF also plays a major role in the Illinois Public Pension Reciprocal Conference, which is a key means for pension systems throughout the state to share best practices.

4.2b(3) Organizational Learning *How do you use your knowledge and resources to embed learning in the way your organization operates?* A wide range of process and procedure information is shared via the Documentation Library on COMPASS. Other methods to *embed learning* include cross-training within departments, CEM benchmarking, audit issues and best practice recommendations.

The Horizon Project provides a structure and processes to enhance knowledge management through documentation of end-to-end business processes and internal controls. Business Process Owners (BPOs) are responsible for each of the core end-to-end business processes that are the focus of the Horizon Project and will be leading this effort to *embed learning in the way the organization operates.* Through Horizon, BPOs are responsible to adopt the COTS and reengineer IMRF processes as needed to effectively utilize the new system.

5   Workforce Focus

5.1 WORKFORCE ENVIRONMENT: *HOW DO YOU BUILD AN EFFECTIVE AND SUPPORTIVE WORKFORCE ENVIRONMENT?* RESULTS IN FIG. 7.3-1 THRU 7.3-4
Following is a summary of improvements in key approaches for 5.1a Workforce Capability & Capacity. Details AOS.

Key Approach	Examples of Improvements
Workforce Planning Process (Fig. 5.1-1)	2010 Steps 7-9 of SPP modified to ensure Action Plans identify staffing/skill needs 2012 Individual Learning Plans 2016 Integrate training needs in Budgeting 2017 OE-07 to define Workforce Planning process 2018 Implement Workforce Planning process
Hiring process (Fig. 5.1-2)	2012-13 Onboarding checklists 2014 Interview questions aligned with Values 2015-16 Turnover analysis led to multiple improvements and new hire survey 2016 Welcome phone call by leader 2019 Senior Staff review of all positions before posting and Bi-weekly Recruitment Huddles

5.1a(1) Capability and Capacity Needs *How do you assess your workforce capability and capacity needs?* IMRF manages workforce

capability and capacity by having clear and accurate job descriptions for each position and performance standards for most Departments. When new positions are established, a job description is developed based on analysis to determine the duties and capabilities required. When changes occur in work processes, a determination is made on training for affected staff. Training is developed and delivered by the staff trainer and/or a subject matter expert. Position skills, competencies and staffing levels are maintained by HR in concert with department heads. An improvement in 2017-18 was to develop and implement the Workforce Planning process in Figure 5.1-1. HR works with each Department head to identify capability and capacity gaps (current state versus future needs) and develop Department-specific workforce plans to address them. Tactics for the Workforce plans identified in step 4 may include planned turnover, hiring [Fig. 5.1-2], training [Fig. 5.2-4], performance management [Fig. 5.2-2] and restructuring [per 5.1a(4)] where appropriate. Each Department head is responsible to implement their own Workforce Plan.

Figure 5.1-1 Workforce Planning Process

1.	Current state analysis through review of Department dashboards
2.	Determine future workforce needs, e.g., skills, staffing, structure
3.	Identify workforce gaps based on current state vs future needs
4.	Develop Department-specific workforce plans to address gaps
5.	Departments implement workforce plans
6.	HR and Department monitor progress, review and adjust plans

Workforce Planning is integrated with steps 7-9 of Strategic Planning (Fig. 2.1-1). The mid-year review of action plans described in 2.2b occurs prior to Budgeting (step 9 of Strategic Planning) when Department heads determine the resources needed to implement workforce plans and action plans while maintaining current operations based on expected workload volumes.

5.1a(2) New Workforce Members *How do you recruit, hire, and onboard new workforce members?* Fig. 5.1-2 summarizes the Hiring Process. All recruiting is handled by HR. The internal job posting program applies to every opening. External recruiting is done via online postings. IMRF's website has a direct link to "Employment at IMRF" which allows candidates to view job descriptions, and read about IMRF's organization structure, Mission, Vision, and Values.

Figure 5.1-2 Hiring Process

Steps	Key Activities
1	HR and Manager review position requirements Senior Manager review of all positions before posting Develop structured interview questions and post job
2	HR reviews, screens and forwards candidates to hiring manager for consideration and scheduling of interviews
3	Conduct structured interviews and make hiring decisions.
4	Extend offer and begin pre-employment screening Welcome phone call by leader (before day one)
5	Onboarding includes New Employee Orientation plus: ▪ ED meeting day one and follow-up on day 30 ▪ One-up check-in after 35 days ▪ HR recruiter check-ins after 60 days standard process ▪ McLean new hire survey at 45 days and 6 months
6	Performance review at 3 months, 6 months, annually After first year, performance reviewed mid-year and annually

To *ensure the fit of new workforce members*, during interviews candidates are evaluated using structured interview questions aligned with IMRF's Values. The results of all background checks, including education and criminal history, must comply with IMRF's written policy. The hiring process has resulted in a workforce whose demographics closely mirror the IMRF customer

community. The average IMRF employee and member are both female, 47 years old, with 10-12 years of service. Analysis of turnover resulted in multiple improvements to the hiring process in 2015-16. This included the one-up check-in at 35 days; the new hire survey (by McLean) at 45-days and 6-months; and the HR recruiter check-in at 60-days. Each check-in leads to the appropriate party following up on identified concerns. HR reviews results of the new hire survey twice per year to identify opportunities and make additional improvements in hiring and onboarding processes. Improvements in 2016 included addition of the welcome phone call by the leader prior to day one to review logistics, onboarding and training expectations. In 2019 improvements included addition of Senior Manager review of all positions before posting to prevent filling positions that may be eliminated with Horizon, and the implementation of bi-weekly Recruitment Huddles in Departments with high vacancy rates.

5.1a(3) Workforce Change Management *How do you prepare your workforce for changing capability and capacity needs?* IMRF has never experienced any forced reductions in staff. As described in 5.1a(1) change in capability and capacity needs are minimal and have been effectively managed through cross-training and skills development. Staff has the opportunity to attain the education and skills that will enable them to qualify for different positions. IMRF's Executive Director affirmed to staff that Modernization will not result in reductions, though re-education and position changes are expected. As Modernization proceeds, changes will be addressed through the Workforce Planning process (Fig. 5.1-1) and the Horizon Organizational Change Management (OCM) process established in 2019. Part of the Horizon project, the OCM process includes four key components, each with a dedicated team that is responsible to (1) Develop and implement change plans; (2) Review status; (3) Update plans and make adjustments as needed. OCM plans will be modified for each segment of the Horizon project.

5.1a(4) Work Accomplishment *How do you organize and manage your workforce?* As described in P.1a(3) IMRF is organized in departments by function. Fig. 5.1-3 shows how this structure enables IMRF to:
- ▪ *Accomplish the organization's work* through alignment of departments with key work systems.
- ▪ *Capitalize on IMRF's core competencies* (CC1-6 in Fig. P.1-1);
- ▪ *Reinforce a customer and business focus and exceed performance expectations* through each department's contribution to the four key result areas of the Strategic Plan (Fig. 2.1-3).

Figure 5.1-3 Workforce Alignment

Departments (Core Competencies)	Strategic Objectives				Work Systems		
	FH	CE	OE	WE	IM	ES	MS
Administration, including HR				X			
Internal Audit (CC2)	X	X	X			X	
Legal (CC2)	X				X		
Communications (CC5)		X	X	X		X	X
Finance (CC6)	X	X	X		X	X	X
Investments (CC1, CC2)	X				X		
Information Svc. (CC3, CC4)	X	X	X			X	X
Benefits (CC2)		X	X			X	X
Member Service (CC2, CC5)		X	X			X	X
Field Service (CC2, CC5)	X	X	X			X	X
Office Services (CC2)		X	X			X	X

Strategic Objectives FH (Financial); CE (Customer; OE (Operational); WE (Workforce)
Key Work Systems IM (Investment); ES (Employer); MS (Member)

Improvements to organization design are being implemented as Modernization proceeds. The process for making these changes began in 2012 with the adoption of customer service principles to inform Modernization. Since that time, all structure decisions have been informed by the question: How will this impact the customers' experience of IMRF?

Steps in this process have included:

- Define end-to-end core business processes and sub-processes.
- Assign BPO's responsibility for each core business process and the related sub-processes.
- Re-organize around the core business processes and related support processes.

Figure 5.1-4 illustrates the design of the IMRF organization. Departments are organized around two customer-facing core business processes and two back-office core business processes. A BPO is assigned with end-to-end responsibility for each of the core business processes and associated operational support processes.

The Executive Steering Committee makes organizational-level design decisions; BPOs make process-level design decisions. Recent examples of organizational design changes to enhance customer service include integration of the Past Services unit into the Benefits department, and splitting Member Services and Field Services into separate Departments.

Figure 5.1-4 Organizational Design
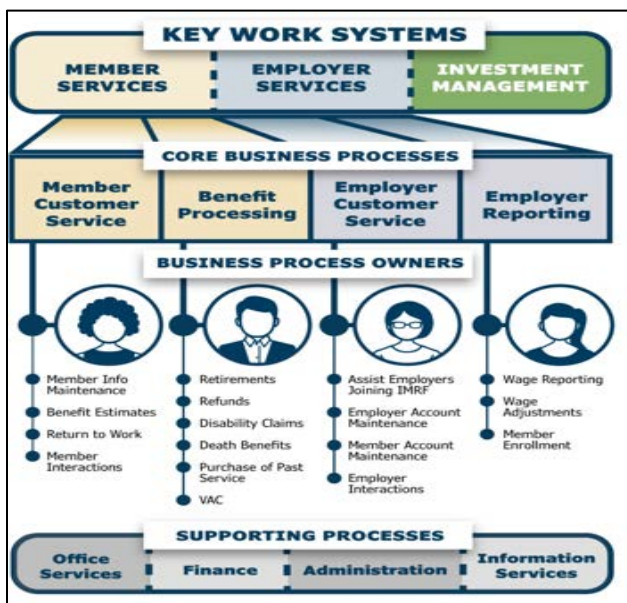
5.1b Workforce Climate   Results in Fig. 7.3-5, 7.3-6, 7.3-7
Following is a summary of improvements in key approaches for 5.1b Workforce Climate. Details AOS.

Key Approach	Examples of Improvements
HSSA Processes (Fig. 5.1-5, Fig 5.1-6)	2013 Implement Alert Messaging System 2014 AEDs, Security cameras and drills 2015 New hire ergonomic assessment initiated 2016 Improvements in Medical Response Team 2017 Implement Wellness Plan 2018 Enhance communications to deploy the plan
Staff Benefits (Fig. 5.1-7, Fig. 5.1-8)	2014 Spring Fling Wellness Programming 2015 Doubled tuition reimbursement 2015-16 Analysis and consolidation of 457 Plan 2016 CBIZ benchmarking study led to multiple improvements in benefits

5.1b(1) Workplace Environment *How do you ensure workplace health, security, and accessibility for the workforce? What are your performance measures and improvement goals for your workplace environmental factors?*

Following is the process used to manage the Health, Safety, Security, and Accessibility key approach [per 5.1b(1), 6.2c(1)].

Figure 5.1-5 HSSA Management Process

1. Identify key risk factors (Health, Safety, Security, Accessibility)
2. Determine processes used to address key risk factors
3. Determine measures and goals to monitor effectiveness
4. Implement the key processes and measures
5. Evaluate and improve effectiveness of the HSSA program

Fig. 5.1-6 summarizes key processes, measures and goals for workforce health, safety, security and accessibility.

Health - Systematic evaluation and benchmarking in 2017 resulted in development of a Wellness Plan and rebranding of the wellness program as "Living Well." Tactics were developed for key drivers of wellness and baseline participation data were collected. The focus in 2018 was communication to deploy the program, which includes flu shots, screenings, workshops, and other events.

Safety - All locations consist of white-collar positions in an office setting. IMRF is not subject to OSHA rules and regulations and staff are not exposed to occupational illnesses or injuries that may be found in an industrial workplace. Medical response and fire safety procedures are the focus of the safety program.

Security - Procedures include background checks for all new hires and annually for key roles. Locked doors and key cards are used to control access. Improvements have included installation of security cameras and alarm buttons in reception and counseling rooms, implementation of an Emergency message alert system (e-mail and cell phone), posting photos and profiles for all staff, and adding the sound of fire/security alarms to COMPASS.

Accessibility – All new hires receive an ergonomic assessment within 30 days and can request ergonomic equipment as needed.

Figure 5.1-6 Health, Safety, Security Approaches

Factors	Process	Measures	Goals
Health	■ Wellness Plan focused on key drivers: Social, Physical, Financial, Community ■ Health screenings ■ Flu shots ■ Wellness week ■ "Living Well" page on COMPASS ■ Health insurance (with wellness) ■ Fitness center access ■ Onsite therapeutic message ■ Employee Assistance Program	Engagement survey items for each key driver of Wellness Absenteeism % Sick and Unpaid Hours, excl. FMLA	Top quartile Better than BLS
Safety	Medical Response Team ■ Team trained in CPR/AED ■ Procedure/role cards, checklists ■ AED and First Aid kits ■ Incident documentation ■ Post-event meetings ■ Medical response drills ■ Drug/Alcohol protocols	Preparedness % Medical Response Team trained Engagement results for: ■ Safe at work	100% Top quartile
	Fire Safety Team ■ Fire Safety Team trained ■ Documented roles and checklist ■ Fire drills	% Fire Safety Team trained	100%

26

Factors	Process	Measures	Goals
Security	▪ Background checks ▪ Security cameras ▪ Alarm buttons ▪ Emergency message alert ▪ Key card controlled access ▪ Staff photos/profile on COMPASS	% Checks for: New hires Key roles Access Employees with key cards	100% 100% 100%
Acces-sibility	Ergonomic assessments to address/prevent ADA issues: ▪ Anti-fatigue mats, chair cushions ▪ Adjustable keyboard trays ▪ Standing workstations ▪ Monitor risers ▪ Thera-band for stretching ADA process for accommodations	Ergonomics % New Hires receiving ergonomic assessment within 30 days	100%

5.1b(2) Workforce Benefits and Policies *How do you support your workforce via services, benefits, and policies? How do you tailor these to the needs of a diverse workforce and different workforce groups and segments?*

Fig, 5.1-7 summarizes the process used to manage staff benefits.

Figure 5.1-7 Benefits Management Process

1. Identify key services, benefits, policies to support the workforce
2. External assessment of benefits relative to other organizations
3. Review engagement results to monitor effectiveness of benefits
4. Implement and administer benefits and support services
5. Evaluate and improve effectiveness of the benefits program

Fig. 5.1-8 summarizes key services and benefits. All employment policies, compensation and benefits are defined in the Employee Handbook. Policies and procedures are posted on COMPASS. HR provides counseling and assistance with problems or concerns. Employment rules have built-in flexibility to allow staff to work independently within stated limits.

Staff members participate in a comprehensive benefits package that mirrors those offered at competing employers. Where IMRF differs is in "non-cost" benefits, such as flex-time and a 35-hour work week. In 2016 a systematic, fact-based and comprehensive evaluation of benefits was completed and resulted in multiple improvements. These included a significant increase in options (health, life, dental, tax-deferred savings and retirement plans), which allow IMRF to *tailor benefits* to the needs of a diverse workforce. To deploy changes, a Benefits Guide was provided to employees and open enrollment meetings were conducted to communicate changes in plans and the value of benefits plans.

Each year staff members receive a "Total Compensation Statement" that details salary earned and the amount IMRF paid for medical and dental insurance, pension contribution, Social Security and other benefits. Engagement survey results for satisfaction with benefits are used to evaluate their effectiveness.

Figure 5.1-8 Staff Benefits

Category	Benefits
Financial	Credit union
	Deferred Compensation Plan (457)
	Disability
	Life insurance (employer paid and supplemental)
	Defined Benefit pension plan (plus VAC)
	Pre-tax HSA, FSA, Limited FSA
Health	Health Plans (4), Dental Plans (2), Vision benefits
	Fitness Center
	Employee Assistance Program (EAP)
	"Living Well" program: flu shots, blood screening, etc.

Category	Benefits
Professional	Continuing education for professional certifications
	Membership in industry/professional organizations
	Succession Development Program
	Tuition Reimbursement Program
	Workshops and Educational Seminars
Work Environment	Flexible start time and telecommuting policies
	35 hour work week
	Business casual dress
	12 Paid holidays
	Sick, vacation, personal leave based on tenure

5.2 WORKFORCE ENGAGEMENT   RESULTS IN FIG. 7.3-8, 7.3-9, 7.3-10
5.2a Workforce Engagement and Performance

Following is a summary of improvements in key approaches for 5.2a Workforce Engagement and Performance. Details AOS.

Key Approach	Examples of Improvements
Workforce Engagement Survey in Fig. 5.2-1 for 5.2a(2,3)	2010 Survey to identify engagement drivers 2011-12 Action Plans for key engagement drivers 2013 Obtain results for each workforce group 2014 Implement new survey and vendor (McLean) 2015 Standardize process for Dept. level plans 2016 Staff input to engagement action plans 2017 Change survey timing to align with budgeting 2018-19 Segment results to align with Departments

5.2a(1) Drivers of Engagement *How do you determine the key drivers of workforce engagement? How do you determine these drivers for different workforce groups and segments?*

Since 2014 IMRF has used the workforce engagement survey administered by McLean that is based on comprehensive fact-based research of engagement. Overall engagement results (Fig. 7.3-8) are reported as: percent engaged, almost engaged, indifferent, and disengaged. McLean reports percentile rank for overall engagement and provides comparisons with top decile for overall engagement and top quartile for specific items. Results are also analyzed for each of the 11 workforce groups listed in Fig. P.1-3. The survey measures engagement using 10 questions (Fig. 7.3-9), one of which also serves as IMRF's key measure of workforce satisfaction. McLean has identified 10 drivers of engagement (Fig. P.1-4, 7.3-10). These drivers at both the organizational and job level have been validated through statistical analysis across their national comparative database. Statistical regression analysis of IMRF results has identified two of these as priority drivers that have the most potential to improve engagement for IMRF overall. Each year during step 7 of Strategic Planning, HR develops action plans WE-01 and WE-02 to address these priority drivers. These plans are updated and reviewed during Leadership Scorecard and Action Plan review meetings. HR also supports Department leaders in working with their staff to develop engagement plans for each Department.

5.2a (2) Assessment of Engagement *How do you assess workforce engagement? What formal and informal assessment methods and measures do you use to determine workforce satisfaction and workforce engagement? How do these methods and measures differ across workforce groups and segments? How do you also use other indicators to assess and improve workforce engagement?*

Fig. 5.2-1 summarizes the systematic process that has been used to *assess and improve workforce engagement* since 2010. Each year, survey results are analyzed, key driver priorities are identified, and plans developed to improve performance. An improvement in 2017 changed the timeline for survey administration to better align Engagement planning with Budgeting. In 2018-19 segmentation of results has been modified to align with changes in Departments.

Figure 5.2-1 Engagement Survey Process

Month	Key Steps
June	Administer Survey
Early July	Receive and analyze survey results
Late July	Leadership training
August	Communicate results and develop action plans
Sept.-Oct.	Finalize Engagement Action Plans (Fund and Dept.)
Ongoing	Implement plans, monitor and modify as needed Monthly review for Fund, Quarterly for Department

McLean assess overall engagement based on 10 engagement measure questions (Fig. 7.3-9). Satisfaction is measured using results for one of these questions: "Taking everything into account, I like my job." Segmented results for the 11 workforce groups are analyzed to determine differences in engagement priorities by Department. In late July, managers attend sessions to review results and build knowledge related to the priorities for their areas. Results are communicated to the workforce and discussions held with staff to identify actions to improve engagement in each Department. HR supports leaders in working with staff to develop engagement plans specific to each Department. Monthly review of Fund plans (WE-01, WE-02) and quarterly reviews of Department plans ensure progress continues throughout the year. IMRF considers turnover another key indicator of engagement.

5.2b. Organizational Culture *How do you foster an organizational culture that is characterized by open communication, high performance, and an engaged workforce?*

Mission, Vision, and Values (Fig. P.1-2) are the foundation of the IMRF culture. They are consistently communicated to staff using the methods in Fig. 1.1-3. Deployment of MVV begins at hire when all new employees meet one-on-one with the Executive Director. All staff are provided with REAACH Values cards that include Mission, Vision and Values (Fig. 5.2-3). Deployment continues with education on IMRF's Strategic Plan, and annual ethics policy certifications. *To reinforce culture,* appraisals include evaluation of staff for performance that exemplifies IMRF's Values.

Per 1.1b, to encourage *open communication*, all members of management (directors, managers, supervisors) follow an "open-door policy" whereby any questions or comments received from staff must be addressed. Twice a year, the Executive Director holds Town Hall meetings to review the status of long- and short-term goals and to discuss topics of note. Staff can ask any question or make any comment before, during, or after the meeting. Staff members are assigned to different Town Hall sessions to ensure a cross-section of levels and departments at each meeting. Town Halls underwent a cycle of fact-based improvement in 2015-16. Surveys after each session in 2015 led to improvements in 2016.

Key methods to *support an engaged workforce* and to *empower* staff is the approach used to respond to workforce engagement results. Staff are involved in development of tactics to respond to Engagement survey results for their Department. Performance standards and appraisals [5.2c(1)] and deployment of the Leadership Scorecard and action plans are key means to *support high-performance work and an engaged workforce*. The CPI program and IAPI provide a systematic approach to *empower* staff and support a culture of *high performance*. Improvements include an IAPI repository for best practice sharing in 2016 and enabling the CPI/IAPI workflow in COMPASS in 2017.

To ensure the *organizational culture benefits from diverse ideas and thinking* and enhance communication across departments, cross-functional teams are formed for specific tasks, such as Action Planning, CPI, and evaluation of Voice of Customer surveys. Significant cross-functional work occurs when responding to Legislated Plan Changes (Fig. 3.1-2) and for Modernization. Action plan WE-02 resulted in multiple improvements to enhance communication and inclusion including a staff communication plan for the Horizon Project including "pulse" surveys for staff to provide input and multiple rounds of enhancements to COMPASS.

5.2c(1) Performance Management *How does your workforce performance management system support high performance? How consider compensation, reward, recognition, incentive practices? How does it reinforce intelligent risk taking, a customer and business focus, and achievement of your action plans?*

Following is a summary of improvements in key approaches for 5.2c(1) Workforce Performance Management. Details AOS.

Key Approach	Examples of Improvements
Performance Management (Fig. 5.2-2)	2013 Added values ratings to annual appraisals
	2014 Major redesign of appraisal process
	2015 Fact-based improvement of Town Hall meetings
	2016 Benchmarking appraisal process
	2017 WE-02 Action Plan for staff comm./inclusion
	2018 OE-07 Action Plan to improve Appraisal process

The workforce performance management system in Fig. 5.2-2 includes appraisal, recognition, and compensation practices that support *high-performance* and *reinforce a customer and business focus* and *achievement of action plans*.

Figure 5.2-2 Performance Management

Steps	Key Methods
Clarify Expectations	Job description, Standards, Goals
Evaluate Performance	Evaluate performance versus standards, action plans, VOC surveys, etc
Provide Feedback	Coach to improve staff performance
Recognize performance	Provide recognition
Appraise performance	Complete annual performance appraisal
Compensation	Complete annual salary administration

Expectations for *high-performance* are communicated through job descriptions for every position and performance standards for most departments. To *reinforce a customer and business focus*, standards are aligned with customer and business requirements such as accuracy and timeliness. Examples are accuracy ratings, processing time for applications and claims, and call transfer rate.

Evaluation and **feedback** on performance is provided through mid-year and annual reviews. For staff responsible for strategies in Step 7 of Strategic Planning (Fig. 2.1-1), individual goals include accomplishment of related *action plans.* Feedback on action plans is provided through monthly Leadership Scorecard and Action Plan review meetings. Feedback on performance versus standards occurs as often as weekly. VOC surveys provide another source of feedback to coach/train staff and reinforce a *customer focus*. To *reinforce intelligent risk taking,* staff suggest improvements through CPI, participate in SWOT analyses during Strategic Planning, and in design meetings for Modernization and the Horizon Project, which is IMRF's key strategic opportunity. IMRF's goals for each KRA are set to achieve top decile performance, which requires intelligent risk taking and development of innovative approaches.

Recognition is deployed through Step IV.B of the Leadership System, Fig. 1.1-1. Methods include posting "Kudos" (correspondence from members or employers) on COMPASS, Town Hall meetings, Trustee recognition, Service Anniversary celebrations, staff e-mails and newsletters.

All staff receive a written performance **Appraisal** that includes an evaluation of performance for the past year and goals for the next year. New hires receive a written appraisal at three months, mid-year and annually. After year one, all staff receive a written appraisal twice per year at mid-year and annually. Appraisal forms are aligned with the KRAs of the Strategic Plan and Leadership Scorecard. Four different appraisal forms are used and are customized to different levels: Executive Director [per 1.2a(2)], Senior Leaders, Leaders, and Staff.

Appraisals support career development for all employees by including each employee's Individual Learning Plan (ILP). For Senior Leaders and Leaders, the Leadership System is integrated into the appraisal process. Per Fig. 5.2-3 appraisals allow managers to recognize staff for performance that exemplifies IMRF's Values. In 2017-18 action plan OE-07 included a comprehensive evaluation and benchmarking that resulted in multiple improvements to the Performance Appraisal process including:

- Enhanced self-assessment for staff and leaders
- Eliminate one-month appraisal for new hires.
- Complete three-month appraisal for external new hires only
- Integrate ILP and succession development in annual appraisal
- Eliminate unnecessary HR signatures
- Change from a 3-point to a 5-point rating scale to enable more accurate evaluations of performance

Figure 5.2-3 REAACH Values in Performance Appraisal

Values	How addressed in Appraisal Form
Respect	Recognizing the worth, uniqueness and importance of ourselves, our coworkers, and our membership builds collaboration and cooperation
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
Accountability	Accepting responsibility for our actions cultivates the trust of our coworkers, members and employers
Accuracy	Performing our duties in an accurate and timely manner ensures our members receive the service and benefits to which they are entitled
Courage	Recognizing the need for innovation and being willing to change strengthens our ability to meet future challenges and opportunities
Honesty	Acting in a truthful, ethical, and professional manner builds confidence with our membership and the public

The total **compensation** package is designed to provide wages and benefits comparable to other employers in IMRF's recruiting market. Since 2015 IMRF has been using the Comp-a-ratio methodology to assess the compensation level of non-exempt staff based on years in role relative to the mid-point. This evaluation is completed annually to ensure appropriate placement within the salary range and helps to maintain internal equity.

Salary administration for staff and leaders include two components—base salary adjustments and discretionary increases. All employees in good standing receive an annual base salary adjustment, which covers a cost-of-living increase and an award for the overall success of the organization. Discretionary increases provide *incentives* for staff whose performance is evaluated as Exceeding or Significantly Exceeding standards.

Following is a summary of improvements in key approaches for Learning & Development. Details AOS.

Key Approach	Examples of Improvements
Learning & Development (in Fig. 5.2-4 and Fig. 5.2-5)	2012-14 Individual Learning Plans for all staff 2013 Seminar evaluation for external courses 2014 Focused training on Leadership System 2015 Doubled amount for tuition reimbursement 2016 Integrate needs assessment in Budgeting 2017 Establish IMRF Training Budget 2018 Embed ILPs in Appraisal process

5.2c(2) Performance Development

Figure 5.2-4 Learning & Development Process

Steps	Methods
1) Determine Training Needs	OD Lead holds Training needs assessment meetings with each Department head
2) Develop Training Plan	Overall Training Plan defines how needs will be met (Acquire or Develop training as needed)
3) Deliver Training	Delivery of training to meet the training plan occurs at both the Fund and Department-levels
4) Evaluate Results	Evaluate training results using evaluation forms and Engagement survey results for key items

Fig. 5.2-4 summarizes the Learning & Development process. Step one occurs in June-July prior to Budgeting, when the OD Lead holds Training needs assessment meetings with Department Heads. These discussions consider ILPs (*the personal development of workforce members),* Department requests for training, Appraisals, work process changes, training needs to support action plans (*the organization's needs).* The OD Lead also reviews the results of Workforce Planning (Fig. 5.1-1), 9-box assessments for Succession Development participants (Fig. 5.2-6), and the Horizon OCM Training Plan [5.1a(3)]. The result of this assessment is a high-level summary of training needs across the organization. It is used to develop an overall Training Plan (step 2) that summarizes how IMRF will acquire or develop the training required to meet those needs. Depending upon the need, the staff trainer will either work with IMRF subject matter experts to design and develop training, or identify appropriate external resources to provide the training. In step 3 training is delivered per the plan. Various training programs have been implemented for different audiences (staff, SD participants). Fig. 5.2-5 summarizes some of the methods/programs used to address key Learning and Development factors

Figure 5.2-5 Learning and Development System

Factors	How Addressed
To support organization's needs	- Training Needs Assessment prior to Budgeting - Succession Development (Fig. 5.2-6) - Workforce Planning process (Fig. 5.1-1)
To consider staff needs	- Individual Learning Plans (ILPs) for all staff - Tuition reimbursement
Organizational Performance Improvement, Intelligent Risk Taking	- KEEP (Knowledge Exchange Employee Program) - Cross-training within departments - Documented procedures, COMPASS, IS Wiki - Train-the-trainer for Horizon training - Horizon trainers updating Procedure Manuals - CPI and IAPI training for staff and facilitators - Annual training on Engagement (Fig. 5.2-1)
Ethics	- Annual Code of Conduct certification training - Annual Harassment prevention training - Diversity & Inclusion

29

5.2c(3) Learning and Development Effectiveness *How do you evaluate the effectiveness and efficiency of your learning and development system?*
Evaluation is step 4 in the Learning and Development process (Fig. 5.2-4). Standard evaluation forms are used to assess the content, the presenter, and the ability to apply what was learned. Results are reviewed to identify opportunities for improvement prior to the next offering of each program. Other measures are training questions on the annual engagement survey.

5.2c(4) Career Development *How do you manage career development for your workforce and your future leaders?*
Following is a summary of improvements in key approaches for Career Development and Succession Planning. Details AOS.

Key Approach	Examples of Improvements
ILPs and Succession Development (Fig. 5.2-6)	2012-14 Deploy ILPs and establish SD program 2015 Begin 9-box assessment/calibration 2015 Doubled amount for tuition reimbursement 2016 Retain Executive Coach for critical positions 2017-18 Integrate SD with Performance Appraisal

All staff have Individual Learning Plans (ILPs) for personal development and/or achievement of career goals. COMPASS includes all job postings and job descriptions. This ensures staff members are aware of the skills and education needed to move up and across the organization, which is common at IMRF. Support for career development includes tuition reimbursement; membership in professional organizations; continuing education for professional certifications; workshops, seminars, conferences; and the Succession Development process.

How carry out succession planning for management/leadership/other key positions?
IMRF's Succession Development (SD) process (Fig. 5.2-6) is focused on building a leadership pipeline. The process was redesigned in 2015-16 to provide an Executive Coach for critical leadership positions and complete 9-box assessments and calibration sessions for all key leadership positions. In 2018 ILPs were integrated into the Performance Appraisal process to ensure full deployment of career discussions and provide focus for SD participants.

Figure 5.2-6 Succession Development (SD) Program

Steps	Steps
1	**Assess leadership positions** and develop/manage replacement chart for all leadership positions.
2	**Identify key talent** for SD program. This includes: ▪ All leaders from Supervisor through Director ▪ Staff with the desire and capabilities to progress to a Leadership role in the future
3	**Assess key talent** by completing 9-box talent assessment for all SD process participants and conduct a Calibration Session regarding the results
4	**Create Individual Learning Plans** based on the 9-box assessment results
5	**Leaders review SD participants** to ensure ILPs are appropriate and progressing

6   Operations Focus

6.1 WORK PROCESSES: *HOW DO YOU DESIGN, MANAGE, AND IMPROVE YOUR KEY PRODUCTS AND WORK PROCESSES?* RESULTS IN FIG. 7.1-1 TO 7.1-24

6.1a Product and Process Design
Following is a summary of improvements in key approaches for 6.1 Product and Process Design. Details AOS.

Approaches to:	Examples of Improvements
Design of key work processes (6.1a)	2011 Implement Tier 2 Plan [per 3.1b(2)] 2013-14 Defined requirements for Modernization 2015-16 BPO's define core business processes 2016-17 ALM led to addition of new asset class 2017-18 Identified core support processes

6.1a(1) Determination of Product and Process Requirements *How do you determine key product and work process requirements?*
IMRF's key work processes are designed to achieve our Vision to provide the highest quality retirement services to members and employers (Fig. P.1-2). Key requirements are determined through Strategic Planning (Fig. 2.1-1) and VOC surveys (Fig. 3.1-1). For Investment Management, key requirements are determined through the Asset Liability Modeling (ALM) study. Modernization has continued to refine requirements for key work processes of the Employer and Member services work systems.

6.1a(2) Key Work Processes *What are your organization's key work processes? What are the key requirements for these work processes?*
In 2015-16 the BPO's defined end-to-end core business processes and related support processes. Fig. 6.1-1 summarizes the *key work processes* for each key work system and the key measures and aligned results reported in Category 7. Fig. P.1-5 summarizes the *key requirements* for IMRF's two key customer groups (Members and Employers), which are also the requirements for key work processes in the Employer and Member Services work systems. Accuracy and timeliness are requirements that apply to all key processes. Key requirements for Investment Management work processes are to achieve the target rate of investment return with an acceptable level of risk while controlling investment expenses.

Figure 6.1-1 Key Work Processes, Measures, Results

Work Processes (Core Competencies)	Key Measures (Results Figures in Cat. 7)
Investment Management Key Work System	
Asset Allocation (CC1)	Investment returns (7.1-3 to 7.1-6)
Select Managers (CC1)	IL AUM (7.4-6), MWBE AUM (7.4-7, 7.4-8)
Monitor & Report (CC1, CC2)	Asset allocation (7.1-7) Investment expenses (7.1-31)
Employer Service Key Work System	
Employer Reporting (CC2, CC33, CC4)	Compliance (7.4-2 to 7.4-4, 7.1-22) Employer contribution rate (7.5-5, 7.5-6) Cost-effectiveness (7.5-3, 7.5-4) Standards: Finance (7.1-19), Int. Audit (7.1-21) External Financial and SOC Audits (7.4-2) Disaster recovery (7.1-29, 7.1-30) VOC Trans. (7.2-3, 7.2-10, 7.2-12, 7.2-14) GFOA Certification (7.4-4)
Employer Customer Service (CC5, CC6)	Employer Online transactions (7.1-18) VOC Workshops (7.2-4, 7.2-11, 7.2-12, 7.2-14) CEM scores for key services (7.1-2) Standards: Member Services (7.1-11), Field Services (AOS), Office Service (7.1-12)
Member Service Key Work System	
Benefit Processing (CC2, CC3, CC4, CC5)	CEM service scores (Fig. 7.1-2, 7.1-5) Standards: Benefits (7.1-16), Finance (7.1-6) Cybersecurity (7.1-25,26) Productivity (7.5-4) VOC transactions (7.2-1, 7.2-11, 7.2-12, 7.2-13) Pension Inception (7.2-5 thru 7.2-8)

Work Processes (Core Competencies)	Key Measures (Results Figures in Cat. 7)
Investment Management Key Work System	
Member Customer Service (CC3, CC4, CC5)	Online services (7.1-10) CEM scores (Fig. 7.1-2, 7.1-9) Standards: Member Services (7.1-11): IS (7.1-24) VOC workshops (7.2-2, 7.2-5, 7.2-11, 7.2-12) Cobalt survey (7.2-5 thru 7.2-8)

Key Approach for 6.1b/c	Example of Improvements in Approaches used to Manage and Improve Key Processes
Work Process Management Fig. 6.1-1 Fig 6.1-2 Fig. 6.1-3	2009 Launch cross-functional CPI program 2011 Modernization identified as a key strategy 2013 Semi-annual Key Approach review (Fig. P.2-4) 2014 Phase one design of Horizon 2015-16 BPO's define core business processes 2017 Enable/track CPI/IAPI workflow in COMPASS 2017-18 Use IAPI in Horizon for COTS customization

6.1a(3) Design Concepts *How do you design your products and work processes to meet requirements? How do you incorporate new technology, organizational knowledge, product excellence, customer value, consideration of risk, and the potential need for agility into these products and processes?*

IMRF's **product** is benefits paid to members as specified in the Illinois Pension Code. As such, our product can only be changed by legislation signed into law by the governor. When this occurs, the Process for Legislated Plan Changes (Fig. 3.1-2) provides a systematic approach to design and implement the new offering. Design of key **work processes** *to meet requirements* is managed through Strategic Planning (2.1a) and Leadership Scorecard and 7Action Plan reviews (4.1b). To *ensure customer value* and the *need for agility* Department heads design processes to meet performance standards (Fig. 4.1-3) and respond to VOC surveys (Fig. 3.1-1). *Organizational knowledge* is managed through COMPASS, Policy Manuals, cross-training, and KEEP, and incorporated into work processes by staff submitting OFIs through the CPI program.

The Horizon Project provides systematic approaches to improve design of the four core business processes in Fig. 6.1-1 for the Employer and Member work systems. The Executive Steering Committee makes organizational-level design decisions and Business Process Owners (BPOs) make process-level design decisions. BPOs are working with Morneau Shepell and Provaliant (our consulting partner for Horizon) to *incorporate* the *new technology* provided by the COTS solution and adopt the best practices provided by this solution in order to *ensure product excellence, customer value* and the *need for agility. Organizational knowledge* is ensured by engaging staff at all levels in design of the new systems and processes. IAPIs are used to evaluate the cost-benefit of possible customizations to the COTS product and determine whether they are worth pursuing. To *manage the risks* associated with this effort and ensure the design will *meet key requirements,* IMRF has retained Provaliant consultants to provide Independent Verification and Validation to ensure that IMRF and Morneau Shepell follow standards and project management best practices.

For Investments, the triennial Asset Liability Modeling study is used to develop an asset allocation plan that will *meet key requirements* by generating a 7.25% return with an acceptable level of *risk.* The asset allocation plan is updated annually and Investment work processes (asset allocation, manager selection, and monitoring) are designed to achieve the target rate of return with an acceptable level of *risk* while controlling investment expenses. An example of how Investments *incorporates new technology* into process design and *manage risk* is the implementation of risk management solutions that allow staff to perform more detailed analysis of portfolio performance internally (work previously performed exclusively by Callan).

6.1b Process Management RESULTS FIG. 7.1-2, 7.1-7, 7.1-8 TO 7.1-24
Following are examples of improvements in the key approaches used to manage and improve key work processes.

6.1b(1) Process Implementation *How does your day-to-day operation of work processes ensure that they meet key process requirements? What key performance measures or indicators and in-process measures do you use to control and improve your work processes? How do these measures relate to end-product quality and performance measures?*

Fig. 6.1-1 summarizes *key measures* that are *used to control and improve work process* performance. Approaches to ensure work processes *meet key requirements* vary by work system. For Investment Management comprehensive portfolio management processes ensure systematic reviews of performance and compliance for all asset categories and investment managers. For Employer and Member Services, key methods are performance standards, VOC surveys, SOC-1 audits, and the CEM study. Following are descriptions of all key work processes in Fig. 6.1-1 and the approaches used to manage and improve them.

Investment Management Work System – Key work processes are Asset Allocation; Investment Manager Selection; Monitoring.

Asset Allocation - The Investment department staff and Consultant conduct an Asset Liability Modeling (ALM) study every three years to determine a range of suitable allocations between public and private market asset classes. The risk/return profiles of various asset allocations are evaluated to develop a target portfolio and asset allocation plan that over the long-term will generate a 7.25% return within a parameter of prudent risk. The asset allocation plan is updated annually and presented to the Board's Investment Committee. ALM has led to improvements such as adding new asset classes to the portfolio.

Investment Manager Selection - The asset allocation plan is implemented by selecting qualified investment managers and monitoring their performance relative to appropriate benchmarks. Managers are evaluated and selected by staff and the investment consultant based on people, process, performance, pricing, risk/return profile, and fit within the IMRF portfolio. Improvements include deal teams to select new managers; dual coverage to evaluate and monitor managers; and conducting private market manager searches in-house to eliminate the double layer of fees. Investment management is an outsourced function that is managed via detailed contracts and ongoing monitoring of performance and compliance. Improvements have included establishing a pool of transition management service providers to manage the movement of cash and securities from one manager to another at the lowest cost with least market impact.

Monitoring and Reporting - Total portfolio performance is monitored by staff and Consultant against the required rate of return of 7.25%. Manager performance is measured against respective asset class benchmarks. Transactions are reviewed daily. Asset class and investment manager performance is reviewed weekly. Staff and the investment consultant review the total portfolio and all investment managers against key benchmarks and guidelines monthly. Staff conducts a portfolio and organizational review with managers at least twice a year. Total portfolio guideline compliance

is monitored on a quarterly basis. The Chief Investment Officer, Consultant, and Executive Director provide reports to the Board on emerging trends and issues of concern to public pension funds in general, and IMRF in particular. They recommend adjustments to the Statement of Investment Policy and asset allocation plan when appropriate. Improvements include implementation of GASB 72 and use of risk management solutions that enable staff to perform more detailed analysis of portfolio performance internally.

Employer Services Work System – Key work processes are Employer Reporting; and Employer Customer Service. Each of the 3,010 employers that participate in IMRF designate an Authorized Agent to perform the key responsibilities required to administer the defined benefit (DB) pension plan for their organization. IMRF has designed an approach to collect data, information and contributions from employers almost entirely through secure online systems. This innovative approach has *reduced variability* and enhanced *customer value* by enabling significant improvement in the accuracy and timeliness of services provided to both employers and members.

Employer Reporting - IMRF provides an efficient online means for employers to perform their duties via Employer Access. This web-based system is a secure, cost effective tool that enables IMRF to receive employer data on a timely basis. The accuracy of key information captured via Employer Access is ensured is through numerous validity checks. Approximately 99.5% of employer contributions are received via electronic funds transfer, which is facilitated through a third party. Improvements include upgrades to Employer Access, the auto-audit program, streamlining the process to collect delinquent contributions, a phase-in program for rate increases, and implementing GASB 68 and GASB 72 reporting.

Employer Customer Service – Employer communication is designed to provide timely and clear information that enables employers to administer IMRF benefits, meet their fiduciary responsibility, and understand the financial impact of the IMRF program. Key approaches are the online Manual for Authorized Agents, educational programs, twice-monthly email newsletters, employer audits, annual rate meetings, support from Field Services Representatives, and 1-800-ASK-IMRF. Improvements include providing employers instructional videos and a separate 800 number with priority queueing. Employer communications have also been improved to enhance inclusivity, graphics, plain language, and to provide review by actuaries.

Member Services Work System – Key work processes are Benefit Processing; and Member Customer Service.

Benefit Processing – Updated member data enables timely and accurate processing of member claims and ensures that 100% of regular payments are paid on time (timeliness) and in the correct amount (accuracy) as required by the Illinois Pension Code. Most benefit calculations are automated. Manual calculations and other manual work require a second level of approval. Quality reviews are completed for all manual and reciprocal calculations and on randomly selected payments. Spectrum and Imaging reports provide the ability to track work in process.

IMRF has completed multiple cycles of improvement in benefits processing. Aligned with Community Support 1.2c(2), a key focus has been service to reciprocal members (those with service credit in other state pension systems). IMRF works closely with the other 11 reciprocal systems in Illinois to ensure that the more than 66,000 common members maximize their pension benefits and receive the

highest quality of service, regardless of the system they are with at the time an application is submitted. To enable this, IMRF has automated the reciprocal certification process, and developed separate VOC surveys and performance standards specifically to evaluate and improve service to reciprocal members.

Member Customer Service - 1-800-ASK-IMRF allows members to talk directly with staff. IMRF provides educational materials to members regarding the value of IMRF, conducts retirement planning workshops throughout the state, and ensures members receive full benefits within the spirit of the Pension Code. IMRF also provides personal services, such as benefits and survivor counseling. Overnight and online pension estimates are key services valued by members. Communications have been improved to better target messages to various member groups and to increase the availability of online videos and tutorials.

A key focus has been to increase the use of Member Access. Enhancements have included emailing a registration key to newly enrolled members in their welcome packet and on all Annuitant and Member Statements. Other improvements have expanded web-based self-service, increased the frequency of NCOA processing to improve data quality, and implemented proactive calling for disability claims including total and permanent disability.

6.1b(2) Support Processes
IMRF has identified two types of *support processes*. Five Departments (HR, Internal Audit, Legal, Communications, and Information Systems) provide **Functional support** to the other six Departments that operate the key work processes in Fig. 6.1-1. In addition, the Horizon Project has identified eight **Operational support** processes that support the core business processes of the Member and Employer work systems. Fig. 6.1-2 summarizes both types of support processes and the measures used to ensure they meet requirements. The same methods used for key work processes in 6.1a(3) and 6.1b(1) are used to design, manage, and improve support processes. The Horizon Project provides a systematic approach to improve the design of Operational Support processes.

Figure 6.1-2 Key Support Processes and Measures

Functional Support	Key Measures (Results Figures in Category 7)
HR	New Hire (7.3-3), Engagement (7.3-8, 7.3-10) Turnover (7.3-1, 7.3-2)
Internal Audit	Employer Audits completed (7.1-21), Accuracy of Benefits Calculations (7.4-2)
Legal	Turnaround time on FOIA, Power of Attorney, Contract Review (Fig. 7.1-22)
Communications	E-newsletter open rates (Fig. 7.1-23)
Information Systems	Transactions in one second or less (7.1-24) Technology Audits (7.1-24, 7.1-25)
Operational Support	**Key Measures (Results Figures in Category 7)**
Cash Receipts	Employer Contribution Rate (Fig. 7.5-5, 7.5-6)
QILDRO	QILDRO Turnaround time (Fig. 7.1-22)
Benefit Payments	CEM for pension payments (Fig. 7.1-25)
IRS/Tax Reporting	Audit findings (Fig. 7.4-2)
Reciprocal Data	VOC reciprocal survey (Fig. 7.2-13)
Annual Closing	SOC-1 Type 2 findings, GASB 68 attestations, and GASB 72 footnotes (Fig. 7.4-2)
Financial Reporting	
Document Handling/ECM	Office Service standards (Fig. 7.1-12)

6.1b(3) Product and Process Improvement

Fig. 6.1-3 summarizes improvements in key work/support processes. Significant improvements have been driven by Voice of Customer surveys (Fig. 3.1-1). Results are analyzed in each department to identify opportunities that are addressed through staff coaching and training, technology enhancements or work process redesign. IMRF also relies on benchmarking to drive improvement. The annual CEM study provides a systematic approach to compare IMRF to the "perfect service" model and identify opportunities for improvement of processes in the Member and Employer work systems. Significant improvement in processes of the Investment Management work system have resulted from asset liability studies, risk analyses, manager reviews, and benchmarking of investment performance.

Figure 6.1-3 Improvements in Key Processes

Work Systems	Examples of Improvements in Key Processes
Investment Management	▪ Deal team to monitor investment managers ▪ Weekly review of assets and investment managers ▪ Bring investment manager searches in-house ▪ Automated monthly Manager Compliance Reviews ▪ Dual coverage model for each Manager ▪ RFP process to search for transition managers ▪ ALM led to addition of new asset class in portfolio ▪ Establish pool of transition management providers ▪ Implement GASB 72 ▪ Implement risk management solutions
Employer Services	▪ Phase-in program for rate increases ▪ Establish actuarially sound contribution rates ▪ Timeliness of pension disclosure ▪ MAR charge split between multiple employers ▪ Upgrade Employer and Member Access ▪ Auto-audit program ▪ Streamline process to collect late contributions
Member Services	▪ Establish reciprocal surveys and measures ▪ Weekly death match to reduce pre-payments ▪ Automated reciprocal certification process ▪ Reduction in days to enter benefits ▪ Call recording for Member Services (QA) ▪ Weekly NCOA processing to improve data quality ▪ Increased # and ease of self-service applications ▪ Expanded use of proactive calling

IMRF's history of process improvement has enabled us to reach our current status as an industry leading service provider. Fig. P.2-2 illustrates IAPI, which is IMRF's 4-step approach for Continuous Process Improvement (CPI). The IAPI approach and CPI program were implemented in 2009 and formalized the approach to process improvement. The CPI program provides all staff the means to submit opportunities for improvement, which are then evaluated using the IAPI process (Identify, Analyze, Prioritize, Implement). To date, 187 OFIs have been submitted and 101 implemented. One key improvement in the CPI program has been implementation of the CPI tool on COMPASS. This allows staff to submit OFIs online, where they are assigned to an appropriate individual to complete the IAPI process using the tool. This provides an automated workflow that has enhanced the management and tracking of OFIs. Use of the CPI tool has been expanded further to evaluate COTS customization opportunities identified in the Horizon project, and to evaluate Key Approach OFIs that are not addressed via existing Action Plans.

Many of the process improvement examples for Employer and Member Services in Fig. 6.1-3 have been achieved through information system enhancements that have reduced errors, cycle time and variability, and improved productivity. Modernization and the Horizon Project will upgrade the IMRF technology platform and ensure that IMRF's history of technology-driven process improvement will be sustained and continued for the next 20 years. Business Process Owners (BPOs) for the Horizon Project are responsible to own the core business processes in Fig. 6.1-1. Fig. 6.1-3 gives examples of improvements in work processes.

6.1c. Supply-Network Management RESULTS FIG. 7.1-31 TO 7.1-33

Following is a summary of improvements in key approaches for 6.1c Supply Chain Management. Details AOS.

Supply Chain Management - Examples of Improvements
2014 Implement Vendor Evaluation and Management program
2015 MWBE goals were applied to all levels of Procurement
2016 Proof-of-Concept process to evaluate Horizon vendors
2016 Use IAPI with vendor to complete post-mortem after each audit
2017 Implement contract management software and standardized RFP
2017 Report quarterly vendor satisfaction results with leaders
2018 Procurement IAPI to work with underperforming suppliers

How do you manage your supply network?

IMRF is subject to state laws for governmental bodies, including the awarding of contracts and has a systematic process to obtain bids, select, contract, evaluate performance, and deal with poorly performing suppliers or partners. Fig. 6.1-4 summarizes the process used to manage key suppliers/partners. Per step 2 of this process, methods vary for each work system as shown in Fig. 6.1-5.

Figure 6.1-4 Process to Manage Key Suppliers/Partners

Steps	Key Activities
1	Identify key suppliers/partners by work system (Fig. P.1-6)
2	Determine methods (Fig. 6.1-5) to manage key suppliers and partners within each work system, including methods to: ▪ Select key suppliers/partners ▪ Evaluate performance and provide feedback ▪ Deal with poorly performing suppliers
3	Implement methods to manage key suppliers/partners
4	Evaluate and improve supply chain management methods

Figure 6.1-5 Methods to Manage Key Suppliers/*Partners*

Work System	Approaches to Manage Key Suppliers/*Partners*
Investment Management Key suppliers: Master Trustee *Key partners:* *Investment Consultant,* *Money managers*	▪ Evaluation of RFP to select *Money managers* consistent with MWBE goals [per 1.2c(2)] ▪ *Key partners* require annual Board approval ▪ *Investment Consultant (Callan)* rebid every 5 years with a 30-day termination provision ▪ Master Trustee (Northern Trust) contract every 3 to 5 years with a 30-day termination provision ▪ *Money Managers* reviewed weekly, monthly, quarterly with at least two formal reviews per year ▪ Issues tracked and reviewed with Master Trustee to provide feedback and deal with issues that arise ▪ Master Trustee - Annual securities lending review
Employer Services Key suppliers: Financial, SOC & IS auditors, IS vendors *Key partners:* *Actuaries,* *Morneau Shepell,* *Provaliant*	▪ Select based on evaluation, consistent with MWBE ▪ Contracts with *consultants that report to Board* require annual Board approval ▪ Evaluation throughout the year of work products, findings, and responsiveness to special requests ▪ *Modernization/Horizon* - Monthly Executive Steering Committee meetings ▪ Periodic rebid for Financial, SOC-1 Type 2 auditors

Work System	Approaches to Manage Key Suppliers/*Partners*
Member Services **Key suppliers:** Medical Consultants, Doyle Rowe and Gallagher, IS vendors **Key partners:** *Morneau Shepell, Provaliant*	▪ Selection based on evaluation ▪ Contracts with consultants that report to the Board require annual Board approval ▪ Medical consultants - Feedback by Benefit Review Committee and annual evaluation ▪ For *Modernization and Horizon* Project - Monthly Executive Steering Committee meeting, Leadership Scorecard and Action Plan reviews ▪ For IS: Minimum annual performance evaluation ▪ Vendor Management Process – Quarterly review provided to Procurement by managers ▪ Evaluation of *Horizon vendors* included innovative POC (Proof-of-Concept) process

Key improvements to supply chain management have included implementation of a Vendor Evaluation and Management program that includes a Vendor Onboarding program and quarterly vendor satisfaction reviews. Implementation of Contract Management software for Procurement led to: a standardized RFP process; a formal process for disclosing MWBE within the RFP process; enhancements to the criteria for selection and rating of potential vendors; inclusion of Legal in vendor contract review; a standardized vendor package and onboarding process; and additional meetings to qualify and onboard vendors. In 2018, Procurement initiated a formal IAPI for working with underperforming suppliers. Aligned with the KA for 1.2c(2) Community Support, the Board of Trustees adopted the GA's aspirational goal to use emerging and minority investment managers for not less than 20% of assets under management (AUM). In 2016 this MWBE goal was applied to procurement of all goods and services, resulting in modified procurement policies and updates to Job Descriptions of all Directors and Procurement managers. The evaluation of vendors for the Horizon project included an innovative Proof-of-Concept (POC) process. Two finalists led a six-week, onsite design-and-build process that culminated in the presentation of working software. Based on the results of this evaluation, IMRF's cross-functional team of evaluators voted unanimously for Morneau Shepell to complete the Horizon Project. Work began in April 2017 and is managed using well-defined structures and detailed plans as described in 6.1d.

To *promote alignment and collaboration and ensure agility within its supply network,* IMRF's Investment Department manages the relationships and coordinates interactions between all of the Fund's investment service providers. This includes management of the portfolio and joint projects such as such as the asset liability modeling study. For Modernization, the Executive Steering Committee provides a systematic approach for IMRF Directors, Morneau Shepell and Provaliant align all key suppliers/partners for the Horizon project.

6.1d. Innovation Management RESULTS IN FIG. 7.4-9, 7.5-8
Following is a summary of improvements in key approaches for 6.1d Innovation Management. Details AOS.

Innovation Management Approach - Examples of Improvements
2011 Identify Modernization as key strategy
2012 Establish Steering Committee
2014-15 Technology infrastructure upgrade
2015 Deploy BPR approach. Assign BPOs to core processes
2016 RFP process including POC to evaluate/select Horizon vendor.
2017-18 Use IAPIs to evaluate cost-benefit of customization to COTS
2019 Establish Innovation Management to integrate several processes
2019 Adoption of the web-centric customer service delivery model

How do you pursue your opportunities for innovation??

While Horizon is IMRF's key strategic opportunity, other opportunities for innovation are identified and managed using the Innovation Management process in Fig. 6.1-6. This process was established in 2019 to integrate multiple processes based upon a cycle of improvement using Baldrige feedback. In Step 1, multiple methods are used to generate ideas and *identify opportunities.* Key approaches are Steps 2-4 of Strategic Planning, benchmarking through CEM, NASRA, NPEA, review of feedback, and OFIs identified within the Horizon project. In Step 2, these ideas are analyzed to determine which are potential innovation opportunities. Innovative ideas proceed to Leadership Review; other ideas are assigned an owner for IAPI on COMPASS. In Step 3 leaders use a 3x3 matrix to evaluate innovative ideas, determine which to pursue, and how each one will be managed.
▪ Projects are managed using Portfolio and Project Management
▪ Strategies are managed using Action Plans
▪ Horizon OFIs are managed through the Horizon project

Figure 6.1-6 Innovation Management Approach (Detailed innovation process workflows AOS)

Step	Processes
1 Idea Generation	Ideas are generated via multiple processes including: ▪ SWOT/STEP analyses in Strategic Planning, ▪ Benchmarking/best practices (CEM, NASRA, etc.) ▪ ILPEx/Baldrige Feedback OFIs ▪ Horizon OFIs ▪ Other
2 Innovation Analysis	Ideas are analyzed to determine which are innovative. ▪ If NO, assign the idea to an OFI/ IAPI in COMPASS. ▪ If YES, attach innovation icon and proceed to Leadership Review.
3 Leadership Review	For potential innovation *opportunities,* Senior Leaders complete a 3x3 analysis to *determine which are worth pursuing* and how it will be managed.
4 Manage Innovations	Based on Senior Leadership Review, prioritized opportunities are managed via the appropriate process. ▪ If a project, manage via PPM ▪ If for Horizon, manage via Horizon project ▪ If strategic, manage via Action Plans Each includes methods to allocate *resources,* monitor progress and decide whether to continue or *discontinue*

As described in 2.1a(2), *identification* of Horizon as IMRF's *key strategic opportunity* occurred over several strategic planning cycles. This began with identification of Modernization as a key strategy in the 2011-2013 Strategic Plan. At this time a decision was made to complete Modernization in phases. During the first phase, several key projects were completed including:
▪ Web-site replacement to enhance online services and tools. Includes the public web site and intranet (COMPASS), both delivered through the Sitecore Content Management system.
▪ Technology Infrastructure upgrades to enhance data security, redundancy, performance, availability, and disaster recovery.
▪ First phase of Horizon to replace the Imaging system and implement a Customer Relationship Management system.

In November 2016 the Board approved the budget for the Horizon Project. It involves a multi-year approximately $47 million investment to implement a new, state of the art, commercial off-the-shelf (COTS) pension administration system that will replace the current proprietary (Spectrum) system. It involves full integration

of various technology systems to support Customer Engagement and Operational Excellence strategic objectives and will both leverage and enhance several core competencies.

The 2017-2019 Strategic Plan identified several key strategies and action plans that are part of Modernization, including action plan OE-02 for the Horizon Project. Since the selection of Morneau Shepell as IMRF's partner for the Horizon Project, detailed project plans have been developed. The project is overseen by IMRF's Executive Steering Committee who ensures appropriate *resources* are *allocated* to the project. In addition to providing the COTS solution, Morneau Shepell serves as project manager. Provaliant is another partner providing V&V (Verification and Validation) to ensure both IMRF and the vendor follow IEEE standards and project management best practices. IMRF resources include Business Process Owners (BPOs) allocated 50%; Subject Matter Experts (SMEs) 40-75%; IS technical architects 75%; and Business Solution Leads (BSLs) 100%.

Project activities include workshop participation, review and approval of deliverables, and IAPIs to determine if potential changes to the COTS product are cost-effective and justified. BPOs serve as the linchpin between Horizon (our key strategic opportunity) and continual improvement of core business processes in Fig. 6.1-1. The Horizon project provides a well-defined governance structure that includes:

- Monthly Executive Steering Committee (ESC) meetings
- Weekly Project Manager meetings
- Weekly Director meetings
- Weekly Core Team meetings

IMRF's Executive Steering Committee reviews progress and addresses issues for the Horizon Project through a well-defined governance structure that includes monthly updates with Morneau Shepell, Provaliant and IMRF leaders assigned to the project. In addition, weekly meetings of the project team and key partners are used for detailed reviews of status, work plans, key issues and risks. Leadership Scorecard and Action Plan reviews provide senior leaders with systematic processes to consider whether to *continue or discontinue* any element of the Modernization program, including Horizon. The Board receives updates on the Horizon project at each of its meetings. After Phase One of Modernization, an evaluation identified numerous improvements to the structure and processes used in steps 2-4 of Fig. 6.1-6. This included a revised governance structure; identification of Business Process Owners (BPO) with end-to-end responsibility for core business processes; identification of turnaround time and touchpoints for straight through processing as post-implementation measures of each core business process; and development of a comprehensive proof-of-concept as part of the RFP process used to select the vendor for Horizon.

6.2 OPERATIONAL EFFECTIVENESS: *HOW DO YOU ENSURE EFFECTIVE MANAGEMENT OF YOUR OPERATIONS?* Results in Fig. 7.1-10, 7.1-18, 7.5-3, 7.5-4

6.2a Process Efficiency & Effectiveness

Following is a summary of improvements for 6.2a Cost Control.

Cost Control - Examples of Improvements
2012 Smart edits for enrollment to reduce online forms inspection
2013 Increase employer audits to meet GASB 68 requirements
2013 Develop ability to conduct some investment manager searches
2014 Restructure Investments to reduce fees via direct investments
2015 Enhanced budget process-GFOA Distinguished Budgeting Award
2016 Enabled multi-year wage adjustments to be submitted online
2016 HR work with CBIZ to redesign employee benefits [5.1b(2)]

2017 Member Services reduced mailings to inactive members
2017 Investments developed partnership to create a zero fee structure
2018 Increased the number of electronic audits of employers

6.2a. Process Efficiency and Effectiveness *How do you manage the cost, efficiency, and effectiveness of your operations? How do you incorporate cycle time, productivity, and other efficiency and effectiveness factors into your work processes; prevent defects, service errors, and rework; minimize warranty costs or customers' productivity losses, as appropriate; minimize the costs of inspections, tests, and process or performance audits, as appropriate; and balance the need for cost control and efficiency with the needs of your customers?*

IMRF information systems allow cost-effective and efficient administration of the IMRF benefit program as required by the Illinois Pension Code. Operational improvements have enabled IMRF to process more transactions, with the same or fewer staff *(productivity* Fig. 7.5-4) while delivering the same or better service (Fig. 7.1-1). The key requirements of accuracy *(defects, errors, rework)* and timeliness *(cycle time)* are the focus of department performance standards and most key work process improvements (Fig. 6.1-3). Key methods to manage cost and efficiency are:

- Annual budgeting (Step 9 of Strategic Planning) covers administrative and direct investment expenses and capital expenditures. Monthly variance analyses (4.1b) are used to monitor actual expenditures versus budget.

- Investment Department staff aggressively negotiates all fees, tracks activity and investigates discrepancies. With $38.8 billion in assets, even small savings in investment fees are significant. Savings have been achieved through:
  - Department restructuring to enable increased analysis of private markets and reduce fees through direct investments.
  - Conduct more in-house money manager searches to eliminate the double layer of fees.
  - Partner with Money Manager to create a zero fee structure.
  - Establish a pool of transition management service providers to manage the need for movement of cash and securities from one manager to another at the lowest cost.

- The *cost of audits has been minimized* through reductions in Member account audits, increases in Employer audits to meet GASB 68 and GASB 72 requirements, implementation of auto-audit software for Employer audits and remote audits for Internal Audit. Implementation of SOC-1 Type 2 audits has eliminated the need for employers to conduct their own independent audits of IMRF financial statements. [See 1.2b]

- Technology-driven improvements in the online systems used to manage key work processes for Employer and Member Services have *improved productivity and reduced errors and cycle time.* Highlights of these are described below.

Employers - Numerous upgrades in Employer Access (Fig. 7.1-18) have provided secure, online systems to support the timely and accurate collection of employer data and contributions. Errors are minimized by system checks that ensure the accuracy of data received. Online wage reporting systems detect and correct data input errors and prevent rework. Approximately 99.9% of employers submit data and adjustments online with 100% accuracy. IMRF audits the few employers who still submit data on paper. The Employer Audit program identifies situations where employers are not compliant with the Pension Code to minimize costly rework.

Members - Electronic processing of monthly payments for over 97% of all annuitants/beneficiaries has significantly decreased the cost to print and mail paper checks. Increased use of online data submission for termination information has virtually eliminated

input errors and rework of mismatched data. Automation of key processes (Fig. 7.1-10) has reduced costly rework and enabled IMRF to maintain flat headcount while the volume of claims processed has increased significantly. The majority of benefit calculations are automated. Quality reviews are conducted for all manual calculations and randomly selected system payments. Automated audits have reduced the number of manual member data audits.

6.2b. Security and Cybersecurity *How do you ensure the security and cybersecurity of sensitive or privileged data and information and of key assets? How do you manage physical and electronic data, information, and key operational systems to ensure confidentiality and only appropriate physical and electronic access? How do you maintain your awareness of emerging security and cybersecurity threats; ensure that your workforce, customers, partners, and suppliers understand and fulfill their security and cybersecurity roles and responsibilities; identify and prioritize key information technology and operational systems to secure; and protect these systems from potential cybersecurity events, detect cybersecurity events, and respond to and recover from cybersecurity incidents?* RESULTS FIG. 7.1-24, 7.1-25, 7.1-26

Following are some improvements in key approaches for 6.2b .

Key Approach	Examples of Improvements
Manage Information Systems (Fig. 6.2-1) Cyber security (Fig. 6.2-2)	2012 Modernization approved 2012 Upgrade fiber channel switches and SAN 2013 Upgrade core network, remote access, desktops 2014 Update desktops and servers (golden images) 2015 Implement Customer Relationship Mgmt. tool 2015 Replace Imaging and Workflow system 2016 New firewall, Network Access Control (NAC) 2016 Cyber insurance to protect vs data breaches 2016-17 Implement Sitecore CMS 2017 Establish Cybersecurity as Key Approach 2017 Check sum and compliance review processes 2018 New data line for Springfield office 2018 Expand SAN, upgrade servers 2018 Schedule cyber training during onboarding

Deployment of secure information systems for administering the Illinois Pension Code is a core competency and critical to achieving IMRF's Mission. The current technology core of IMRF's program is the Spectrum system – a highly integrated, custom-developed, and proprietary system that centralizes and standardizes all enterprise data and calculations.

As an information technology-driven organization, IMRF deploys a comprehensive framework of processes and procedures to ensure the reliability and security of its information systems (IS). These have evolved over many years through evaluation, improvement, and implementation of best practices. Since 2012 the Modernization Program (aligned with IMRF's Strategic Planning process) has served as the key driver for continuous improvement of IS approaches. In addition, IMRF has entered into a multi-year program with an IS audit firm to perform comprehensive IS best practice audits and identify opportunities.

Fig. 6.2-1 summarizes the comprehensive system of methods used to ensure the security of information systems. Recent improvements in application development processes include implementation of a check sum process to ensure no malicious code is added between development and production rollout, and a compliance review process to ensure no fraudulent application changes were made.

Fig. 6.2-1 Methods to Manage IS Security

Methods to Ensure IS Reliability
Modernization Program governance structure
Comprehensive security policies incorporated in Code of Conduct
Centralized security function headed by certified security professional
Integrated, multi-level security infrastructure
Intruder protection, active monitoring of traffic
Security audited/verified by multiple external parties
Data encrypted in SAN and access limited to business need only
Highly integrated applications
Desktop/server compliance
Formal SDLC processes for applications and infrastructure
Problem management processes support problem identification and business-driven prioritization
Standard enterprise-wide change management for applications, databases, tables, hardware, system software and networks: ▪ Formalized procedures and checklists ▪ Check sum and compliance review processes ▪ Limited change windows—off hours ▪ Common change control calendar ▪ Weekly meetings to review planned changes ▪ Standardized pre-and post-implementation emails ▪ Standardized planned outage emails to users
Cybersecurity Approaches ▪ Vulnerability management ▪ Monitoring of email threats ▪ Firewall and intrusion attempts ▪ Role-based access and read-only access for removable devices ▪ Network access control (NAC) to block unapproved devices ▪ Automatic monitoring to block outgoing emails with SSNs and alert security for emails with possible medical or banking information.

IMRF has a centralized security function headed by a certified professional reporting to the Executive Director. IMRF has followed systematic approaches for risk assessment and planning for many years. Fig. 6.2-1 summarized many key processes for security and cybersecurity including a standardized enterprise-wide change management process. Other methods include vulnerability management; monitoring of email threats, firewall and intrusion attempts; role-based access; read-only access for removable devices; and network access control (NAC) to block unapproved devices from accessing the network. IMRF's email appliance automatically blocks outgoing emails with SSNs and alerts security to outgoing emails with possible medical or banking information.

Strategic Planning in 2016 developed a key strategy and action plan OE-03 for Cybersecurity. Assessment relative to the 2017-18 Criteria led to establishment of Cybersecurity as a separate Key Approach (Fig. P.2-4). This resulted in implementation of an assessment tool and improvement process aligned with the NIST Framework for Improving Critical Infrastructure Cybersecurity. Fig. 6.2-2 summarizes this key approach. Key measures are results from Anti-Phishing campaigns performed monthly since late 2014 and Cybersecurity training begun in 2017.

Fig. 6.2-2 Cybersecurity Management Process

1. Conduct a risk assessment, at least annually relative to the full Cybersecurity framework. (Assessment tool AOS) 2. Identify and prioritize gaps (Target state – Current state) 3. Develop plans to address gaps 4. Implement plans 5. Evaluate and improve effectiveness of key approach

6.2c(1) Safety FIG. 7.1-27, 7.1-28 Fig. 5.1-6 summarized key processes, measures and goals for workforce safety. Following is a summary of improvements in key approaches for 6.2c(1) Safety. Details AOS.

Safety Approach - Examples of Improvements
Implement alert messaging system; Implement AEDs and First Aid kits; Develop and implement Drug/Alcohol protocols; Standard Incident documentation; Laminated procedure cards, role cards and checklists

IMRF is not subject to OSHA rules and regulations. All locations consist of white-collar positions in an office setting. First aid kits and AED machines are strategically located on each floor. Key safety approaches are managed at both IMRF offices by two groups. The Fire Safety team (56 staff) is trained to respond to fire alarms or drills; the Medical Response team (36 staff) is trained in CPR and the use of AED and First Aid kits. Fig. 6.2-4 summarizes the process used by both teams to *ensure a safe operating environment.*

Fig. 6.2-4 Safety Management Processes

1. Train staff (Fire team and Medical Response team)
2. Conduct drills
3. Debrief drills and incidents
4. Identify opportunities and implement improvements

Each team has well-defined roles with documented procedures and checklists. Drills are performed to test processes. Standard Incident Documentation was developed in 2016 and is used to debrief all drills and incidents following a standard process. This has led to improvements in the operating environment such as enhancements to the overhead public address system; the addition of see-through glass for doors that access a locked workspace; mounting First Aid kits adjacent to AEDs on each floor; development of laminated procedure and role cards for members of the Medical Response Team; redesign of the Intranet to update all changes in Medical Response procedures; eliminate unnecessary roles and clarify the roles of other members of the Medical Response Team.

6.2c(2) Business Continuity RESULTS FIG. 7.1-29. 7.1-30
IMRF ensures emergency preparedness through development and maintenance of a Business Continuity Plan (BCP) that outlines actions to safeguard employees and to continue operations. The Disaster Recovery Plan (DRP) focuses on preventing the loss of critical data and systems and restoring availability at the warm site and is integrated with IMRF's BCP. Following is a summary of improvements in Business Continuity and Disaster Recovery Planning approaches.

Examples of Improvements – BCP and DRP
2013 Implement staff alert system (pages, calls, voice mails)
2015 DR reengineering project to develop Horizon recovery strategy
2015-16-17 Add IMRF-owned equipment at DR site to speed recovery
2016 Implement SOC-1 Type 2 Audit process
2018 Enhance communications between mainframe, warm site, and emergency workspace

A high-level summary of the process to manage the coordinated Business Continuity and Disaster Recovery Plans is shown below.

Fig. 6.2-5 BCP and DRP Management Process

1. Assess key risks for business continuity and disaster recovery
2. Update BCP (min. every 2 years) and DRP (min. semi-annual) to identify key methods for prevention, continuity, recovery (Fig. 6.2-6)
3. Implement Business Continuity and Disaster Recovery plans
4. Assess results of key approaches (drills, audits, etc.)
5. Evaluate and improve BCP and DRP approaches

BCP and DRP provide formal processes to ensure *prevention, continuity and recovery* from disasters or emergencies as summarized in Fig. 6.2-6. Plans are tested following a defined schedule. The BCP team meets semi-annually to review components of the plan and identify action items. Table top drills with specific objectives are conducted at least every two years. An annual live drill at the warm site tests restoration of critical systems capability and includes re-routing of the toll-free number, imaging and other key systems. Tests and drills are used to identify gaps and lead to improvements. The focus is to identify and eliminate single points of failure. The Disaster Recovery Plan includes:

- Prioritized recovery plans for all applications and platforms.
- Roles of multiple recovery teams.
- Measurable objectives for back-up and restoration.
- Contract with a third-party recovery firm for systems, software, office space, telephone and internet access.
- Annual testing of 24-hour recovery drills for all platforms.
- Other drills during the year to test process changes.

Fig. 6.2-6 Methods for Prevention, Continuity, Recovery

Key Approaches for Prevention
▪ Risk analysis to identify and eliminate risks (environment, security)
▪ Data security/availability
▪ Daily tape backups and off-site transfer to third-party location
▪ Backup (UPS) power systems
▪ Installation and management of comprehensive security systems
▪ Protection of physical space and software operating systems
▪ Upgrades in the UPS and gas fire suppression systems
▪ Partnership with building management, local utilities, etc.
▪ Testing and validation of systems by external security auditors
▪ Multiple cycles of formal risk and threat assessments

Key Approaches for Continuity and Recovery
▪ BCP/DRP procedures to ensure work system and workplace preparedness and recovery for disasters or emergencies.
▪ BCP includes processing and maintenance of purchase orders during disaster (to address reliance on supplier/partners)
▪ IMRF tests the BCP every two years through desk top drills and the DRP annually through live drills. Improvements follow all drills
▪ IMRF owns/maintains equipment at third party off-site recovery site
▪ Third party contracts ensure continuity of technology and offices

IMRF has not incurred a disaster event since before the Oak Brook office was established in 1993. IMRF's success in this area is due in part to prevention and mitigation activities, including installation and management of comprehensive security systems and procedures protecting physical space and software operating systems. SOC-1 Type 2 and Crowe Horwath IS audits provide external assessments of BCP and DRP processes and procedures

Multiple cycles of risk and threat assessments have resulted in improvements such as increasing capacity of the UPS system, gas fire suppression systems to mitigate risk of sprinkler damage to equipment, redundant ISPs, firewalls, disk storage, and enhanced physical security. Emergencies due to loss of internet connectivity have been virtually eliminated through implementation of a fully redundant end-to-end web infrastructure including dual hardware components and separate ISP's. Improvements included implementation of IMRF-owned and maintained hardware, software and tape systems at the third-party DR site, and enhancements in communications between the three key points: IMRF's mainframe, the warm site, and the metro center that would serve as an emergency workspace for staff if needed.

In most cases, Figures in Category 7 report key results for overall and multiple requirements through July 2019. For each chart the graphics at right are used to indicate the desired direction of performance. Green indicates up is desired/good; red indicates down is desired/good. External comparisons are provided for most results reported. For every Item some key results are reported relative to industry benchmarks – for 7.1 CEM peer max; for 7.2 Cobalt ACSI and NPS industry leaders; for 7.3 and 7.4 McLean top decile; for 7.5 the 100 largest pension funds in the U.S..

7.1 PRODUCT AND PROCESS RESULTS: *WHAT ARE YOUR PRODUCT PERFORMANCE AND PROCESS EFFECTIVENESS RESULTS?*

7.1a. Customer-Focused Product and Service Results *What are your results for your products and your customer service processes??*

Employer and Member Service Work System Key Outcomes

To benchmark performance for key retirement services, IMRF participates in CEM benchmarking studies, which provide detailed comparisons for leading pension systems worldwide, including 42 in IMRFs peer group. Key outcomes from this study are reported in Fig. 7.1-1 and 7.1-2 for *performance of products* in the employer and member service work systems. The CEM Total Service Score is the key outcome for employer and member services. Fig. 7.1-1 shows IMRF is consistently above the average score and very near the maximum (best performer in the study). Only six of 42 funds in CEM's peer group had a higher total service score in 2018, the most recent year for which study results are reported. This places IMRF very near the top decile.

Figure 7.1-1 CEM Total Service Score (0-100)

	2014	2015	2016	2017	2018
IMRF	86	87	87	88	89
Peer Avg	77	78	77	79	77
Peer Max	93	93	94	94	94
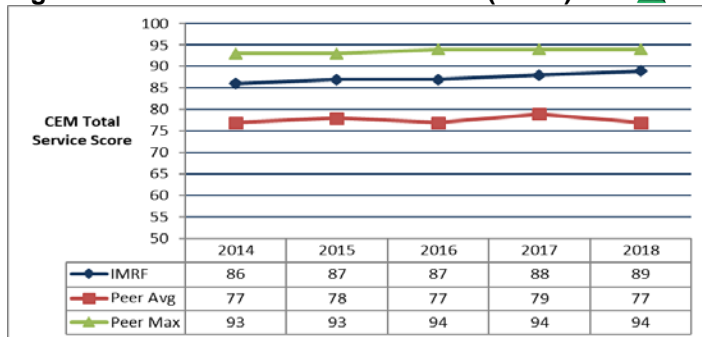
Fig. 7.1-2 reports CEM results for the *performance of key services that are important to and directly serve customers*. These include pension payments, the call center and website. The one area where IMRF is below peer average is the Call Center. Action Plan OE-08 is researching best practices to improve Call Center results.

Figure 7.1-2 CEM Scores for Key Services

Activity	Results for:	2012	2013	2014	2015	2016	2017	2018	Trend
Member Transactions									
Pension payments	IMRF	100	100	100	100	100	100	100	
	Peer Avg	100	99	100	100	100	100	100	
	Peer Max	100	100	100	100	100	100	100	
Member Communications									
Call Center	IMRF	65	60	59	60	62	65	72	
	Peer Avg	65	62	65	66	64	67	68	
	Peer Max	96	95	95	96	96	95	96	
Mass Communications									
Website	IMRF	86	86	86	86	86	86	86	
	Peer Avg	66	67	68	70	71	74	75	
	Peer Max	97	98	92	95	95	95	95	

Investment Management Work System Key Outcomes

As indicated in Figures 2.1-3 and 6.1-1, key outcomes of the Investment Management work system are investment returns.

Results for 2015 through July 2019 reported in Figures 7.1-3 thru 7.1-6 include gross and net returns for 3, 5, 10, 15 year periods. Comparisons include the total portfolio benchmark (B), which is reported as Gross returns. Because market returns vary each year, outcomes that best demonstrate effectiveness of investment management are long-term results relative to the actuarially assumed rate of return (which was 7.5% for the periods reported).

Fig. 7.1-3 reports gross and net investment returns for 3-year periods, i.e., results reported for 2015 are returns for the three-year period 2013-2015. The comparison is gross returns for the total portfolio benchmark (B). IMRF outperformed the benchmark for every period other than 2016.

Figure 7.1-3 Investment Returns for 3-Year Periods

Results	2015	2016	2017	2018	2019 YTD	Trend
IMRF 3 year Gross	8.61%	4.84%	7.98%	6.26%	8.84%	
Difference: 3 year - B	0.57%	-0.69%	0.22%	0.14%	0.77%	
IMRF 3 year Net	8.37%	4.60%	7.75%	6.05%	8.63%	
Difference: 3 year - B	0.33%	-0.93%	-0.01%	-0.07%	0.56%	
Benchmark (B)	8.04%	5.53%	7.76%	6.12%	8.07%	

Fig. 7.1-4 reports gross and net annual returns for 5-year periods, i.e., results reported for 2015 are returns for the five-year period 2011-2015. Comparisons include gross returns for the total portfolio benchmark (B) and IMRF's actuarial assumption, which was 7.5% during the periods reported. Differences indicate IMRF has outperformed both for most of the 5-year periods reported. IMRF's trend is consistent with the benchmark's trend.

Figure 7.1-4 Investment Returns for 5-year periods

Results	2015	2016	2017	2018	2019 YTD	Trend
5 Year Annualized Rate of Return						
IMRF 5 year Gross	7.78%	9.54%	9.94%	5.07%	6.87%	
Difference: 5 year -7.25%	0.28%	2.04%	2.44%	-2.43%	-0.38%	
Difference: 5 year - B	0.28%	0.71%	0.70%	-0.35%	-0.02%	
IMRF 5 year Net	7.54%	9.29%	9.70%	4.84%	6.65%	
Difference: 5 year -7.25%	0.04%	1.79%	2.20%	-2.66%	-0.60%	
Difference: 5 year - B	0.04%	0.46%	0.46%	-0.58%	-0.24%	
Comparisons						
Actuarial Assumption	7.50%	7.50%	7.50%	7.50%	7.25%	
Benchmark (B)	7.50%	8.83%	9.24%	5.42%	6.89%	

Fig. 7.1-5 reports gross and net annual returns for 10-year periods compared to the actuarial assumption of 7.5% and total portfolio benchmark (B). Differences indicate IMRF's gross returns outperformed the benchmark for each 10-year period reported. IMRF's trend is consistent with the benchmark trend. As another comparison, IMRF's 10-year performance of 9.47% for the period ending 2018 places us at the 19th percentile for the universe of pension plans reported by our investment consultant Callan.

Figure 7.1-5 Investment Returns for 10-year periods

Results	2015	2016	2017	2018	2019 YTD	Trend
10 Year Annualized Rate of Return						
IMRF 10 year Gross	6.69%	6.14%	6.85%	9.47%	9.45%	
Difference: 10 year -7.5%	-0.81%	-1.36%	-0.65%	1.97%	2.20%	
Difference: 10 year - B	0.25%	0.15%	0.31%	0.69%	0.50%	
IMRF 10 year Net	6.46%	5.90%	6.62%	9.24%	9.22%	
Difference: 10 year -7.5%	-1.04%	-1.60%	-0.88%	1.74%	1.97%	
Difference: 10 year - B	0.02%	-0.09%	0.08%	0.46%	0.27%	
Comparisons						
Actuarial Assumption	7.50%	7.50%	7.50%	7.50%	7.25%	
Benchmark (B)	6.44%	5.99%	6.54%	8.78%	8.95%	

Fig. 7.1-6 reports gross annual returns for 15-year periods compared to the actuarial assumption of 7.5%. IMRF demonstrates improvement with 2017 performance exceeding the target actuarial rate of return. Note that these 15-year periods include the recession caused by the financial crisis of 2008, which was the worst recession since the Great Depression of the 1930s.

Figure 7.1-6 Investment Returns for 15-year periods ▲

Results	2015	2016	2017	2018	2019 YTD	Trend
IMRF 15 year Gross	6.18%	7.17%	8.89%	7.12%	7.87%	⌇
Difference: 15 year - 7.5%	-1.32%	-0.33%	1.39%	-0.38%	0.62%	⌇
Acturial Assumption	7.50%	7.50%	7.50%	7.50%	7.25%	⌇

7.1b(1) Process Effectiveness and Efficiency *What are your process effectiveness and efficiency results?*

Results for Key Work Processes of Investment Management

As described in Fig. 6.1-1, key work processes for the Investment Management department are asset allocation, investment manager selection, and performance monitoring. Asset allocation is designed for IMRF to achieve the assumed rate of return with an acceptable level of risk. Results for performance of individual asset classes within the portfolio demonstrate effectiveness of processes to select investment managers and monitor performance. Diversification of the total portfolio among different asset classes mitigates investment risk. The key result to evaluate effectiveness of the work processes to select and monitor investment managers is IMRF's performance for each asset class relative to the appropriate benchmark (B). Figure 7.1-7 reports gross annual investment returns for the past 3/5/10 years for nine individual asset classes within the IMRF portfolio and for the fund as a whole. Comparisons are the selected benchmark (B) for each asset class. IMRF outperformed the benchmark for 57% of (17/30) results reported.

Figure 7.1-7 Gross Annual Returns of Individual Asset Classes for 3|5|10 Years vs Selected Benchmarks ▲

Asset Class	Last 3 Yrs	Last 5 Yrs	Last 10 Yrs
IMRF Domestic Equity	13.05%	10.26%	13.81%
(B) Blended Benchmark	13.11%	10.94%	14.01%
Difference	-0.06%	-0.68%	-0.20%
IMRF International Equity	7.56%	3.27%	7.00%
(B) MSCI ACWI x US (Net)	7.21%	2.12%	5.42%
Difference	0.35%	1.15%	1.58%
IMRF Domestic Fixed income	3.18%	3.63%	5.05%
(B) Bloomberg Barclays Capital Aggreg. Index	2.17%	3.05%	3.75%
Difference	1.01%	0.58%	1.30%
IMRF Real Estate	9.19%	10.15%	9.15%
(B) Blended Benchmark	6.48%	8.61%	9.83%
Difference	2.71%	1.54%	-0.68%
IMRF Alternative Investments	12.69%	9.98%	9.54%
(B) Alternatives Custom Benchmark	9.00%	9.00%	9.27%
Difference	3.69%	0.98%	0.27%
IMRF Absolute Return	N/A	N/A	N/A
(B) HFR Fund-of-Funds	N/A	N/A	N/A
Difference	N/A	N/A	N/A
IMRF Private Equity	16.06%	12.42%	12.57%
(B) Alternatives Custom Benchmark	9.00%	9.00%	9.27%
Difference	7.06%	3.42%	3.30%
IMRF Agriculture	-2.52%	5.75%	8.40%
(B) Blended Benchmark	6.48%	8.61%	9.83%
Difference	-9.00%	-2.86%	-1.43%
IMRF Timberland	1.20%	1.54%	2.74%
(B) Blended Benchmark	6.48%	8.61%	9.83%
Difference	-5.28%	-7.07%	-7.09%
IMRF Total Fund	8.84%	6.87%	9.45%
(B) Total Fund Benchmark	8.07%	6.89%	8.95%
Difference	0.77%	-0.02%	0.50%

As in Fig. 6.1-1, results for other Investment Management work processes are reported elsewhere in Category 7. Results for the Select Managers work process include Illinois and MWBE AUM in Figures 7.4-6, 7.4-7, 7.4-8. Results for the Monitor and Report work process include Investment savings in Figure 7.1-31.

Results for Key Work Processes in Member Service Work System

Fig. 6.1-1 summarized the key measures/results for the operational effectiveness of the work processes in the Member Service work system. These include results from CEM, Member and Employer surveys, Department Standards and others as summarized below.

Fig. 7.1-8 Results for Member Service Work System

Work Process	Key Measure/Result	Figure
Member Customer Service	CEM Total Service Score	7.1-1
	CEM Scores for Key Services	7.1-2
	CEM for Member Communications	7.1-9
	Online Member service transactions	7.1-10
	Standards for Member Services Unit	7.1-11
	Standards for Information Services	7.1-24
	Call Hold Times	7.1-13
	Undesirable Call Outcomes	7.1-14
	VOC surveys - Member Workshops	7.2-2
Benefit Processing	CEM Total Service Score	7.1-1
	CEM Scores for Key Services	7.1-2
	CEM for Member Transactions	7.1-15
	Standards for Benefits	7.1-16
	VOC surveys -Member Transactions	7.2-1, 7.2-9

Fig. 7.1-9 reports CEM results for 2014 to 2018 for key activities specific to Member Service key work processes. 2018 is the most recent year for which CEM results are available. Comparisons include the average and maximum for the IMRF peer group. IMRF is the industry leader for written pension estimates, and is well above average and approaching peer max for all other key process activities.

Figure 7.1-9 CEM Scores for Key Process Activities ▲

Activity	Results	2014	2015	2016	2017	2018	Trend
Member Communications							
1-1 Counseling	IMRF	93	93	93	96	96	⌇
	Peer Avg	76	77	78	78	79	⌇
	Peer Max	99	99	99	99	99	⌇
Member Presentations	IMRF	90	97	92	92	100	⌇
	Peer Avg	83	84	82	85	94	⌇
	Peer Max	100	100	100	100	100	⌇
Written Pension Estimates	IMRF	100	100	100	100	100	⌇
	Peer Avg	80	81	80	82	81	⌇
	Peer Max	100	100	100	100	100	⌇
Mass Communications							
Newsletters	IMRF	95	94	92	94	94	⌇
	Peer Avg	71	74	72	74	73	⌇
	Peer Max	99	99	99	99	99	⌇
Member Statements	IMRF	88	88	88	88	88	⌇
	Peer Avg	80	80	78	79	77	⌇
	Peer Max	100	99	97	98	96	⌇

Figure 7.1-10 Online Member Services ▲

Member Services	2011	2013	2015	2017	2018	2019 YTD	Trend
# Member Access users	28,414	46,111	72,351	76,976	79,995	122,360	⌇
# Pension estimates	106,764	150,815	207,191	267,891	301,550	220,366	⌇
# Document archive views	33,711	65,404	94,466	82,264	85,806	58,664	⌇
# Secure messages received	2,488	3,746	3,444	5,526	6,459	4,637	⌇

Fig. 7.1-10 shows significant improvement in the number of online transactions for key member services. IMRF has significantly increased the availability and use of online member services.

Figure 7.1-11 Standards for Member Services Unit

Standards	2012	2014	2016	2018	Trend	
ACD Log-on adherence	95.9%	97.8%	98.0%	98.2%		▲
Call documentation	92.1%	93.4%	97.1%	94.2%		▲
Call transfer rate	3.48%	3.56%	5.82%	4.21%		▼

Member Services Unit (MSU) key work processes are primarily managed through the call center. Fig. 7.1-11 shows positive trends 2010-2018 for availability of member service representatives to answer customer questions (ACD log-on adherence) and call documentation to prevent rework if members should call back.

Figure 7.1-12 Standards for Office Services Dept.

Standards	2014	2015	2016	2017	2018	Trend	
Accuracy: Error rate	0.08%	0.07%	0.38%	0.22%	0.21%		▼
Timeliness: % Same day	100%	100%	100%	100%	100%		▲

Office Services Department key work processes are focused on the requirements of accuracy (error rate) and timeliness (percent of documents processed in the same day they are received). Timeliness is consistently at the highest possible level.

Figure 7.1-13 Call Hold Times ▼

Results	2015	2016	2017	2018	Trend
Call Hold Time (secs)	154	112	79	72	
Target	< 120	< 120	<120	<105	

Of all areas measured by the CEM study, the Call Center is the only one where IMRF is below the average (Fig. 7.1-2). This is the result of strategic decisions about resource allocation. To maintain costs near the median, IMRF has determined it is more important to provide excellent service in terms of processing payments and claims than to reduce call wait times. Two key measures of this effort are Call Hold Times (Fig. 7.1-13) and Undesired Call Outcomes (Fig. 7.1-14). In 2016 IMRF achieved its target for hold times and has surpassed this in 2017-18.

Figure 7.1-14 Undesired Call Outcomes ▼

Results	2015	2016	2017	2018	Trend
Undesired Calls	77,491	58,972	47,174	36,531	
% Undesired Calls	35.08%	29.15%	23.60%	19.32%	

For the key work process of Benefits Processing, CEM results for Member transactions are reported in Fig. 7.1-15. IMRF is the industry leader for withdrawals and disability claims, and very near peer group max for pension inceptions and purchases of past service.

Figure 7.1-15 CEM Scores for Key Process Activities ▲

Activity	Results	2014	2015	2016	2017	2018	Trend
Member Transactions							
Pension inceptions	IMRF	96	96	97	97	92	
	Peer Avg	78	81	84	84	83	
	Peer Max	100	100	100	100	100	
Withdrawals (refunds)	IMRF	100	100	**100**	**100**	**100**	
	Peer Avg	67	68	71	73	74	
	Peer Max	100	100	100	100	100	
Purchases	IMRF	96	96	96	96	96	
	Peer Avg	66	70	67	75	71	
	Peer Max	100	100	100	100	100	
Disability	IMRF	100	100	**100**	**100**	**100**	
	Peer Avg	82	85	85	84	82	
	Peer Max	100	100	100	100	100	

Benefits Department key work processes include processing of pension inception, refunds, past service applications and disability claims. Fig. 7.1-16 demonstrates that the Benefits Department has reduced the time to process claims since 2014 and maintained high levels of financial and procedural accuracy.

Figure 7.1-16 Standards for Benefits Department

Standards	2013	2014	2015	2016	2017	2018	Trend	
Processing time	6.69	8.26	7.87	7.43	7.89	7.62		▼
Financial accuracy (M)	98.7%	97.8%	97.8%	99.9%	90.0%	96.7%		▲
Financial accuracy (A)	100.0%	98.3%	99.8%	99.1%	94.7%	96.0%		▲
Procedural accuracy (M)	97.5%	97.2%	98.1%	99.1%	78.3%	87.4%		▲
Procedural accuracy (A)	99.0%	97.6%	98.4%	98.8%	88.6%	92.7%		▲

M = manual; A = automated

Results for Key Work Processes in Employer Service Work System
Fig. 6.1-1 summarized the key measures of operational effectiveness for key work processes in the Employer Service work system. Results for these measures are summarized below.

Fig. 7.1-17 Results for Employer Service Work Processes

Work Process	Key Measure/Result	Figure
Employer Customer Service	Employer Online Transactions	7.1-18
	CEM Total Service Score	7.1-1
	CEM Scores for web site services	7.1-2
	VOC surveys -Employer Workshops	7.2-4, 7.2-14
	Standards-MSU, Office Services	7.1-11, 7.1-12
Employer Reporting	Standards-Finance, Audit, Legal	7.1-19, 7.1-21, 7.1-22
	Funding level	7.5-1, 7.5-2, 7.5-7
	Employer contribution rate	7.5-5, 7.5-6
	Cost-effectiveness	7.5-3, 7.5-4
	Governance, Compliance	7.4-2, 7.4-3
	GFOA Certification	7.4-3
	Disaster recovery	7.1-29, 7.1-30
	VOC surveys - Employer Transactions	7.2-3, 7.2-10, 7.2-14

Figure 7.1-18 Employer Transactions Online ▲

Online Transactions	2005	2007	2009	2015	2017	2018	Trend
% Key transactions available online	33%	55%	92%	99%	99%	99%	
# Wage reports	11,209	33,178	33,893	35,399	35,595	35,979	
# Enrollments	0	28	19,904	23,664	25,612	27,115	
# Terminations	12,780	17,542	20,973	29,965	30,889	31,890	
# Adjustments	4,127	5,244	9,314	17,120	37,323	23,650	

Fig. 7.1-18 reports select years to demonstrate the significant improvements in accuracy, timeliness and efficiency of employer work processes by increasing the volume of employer transactions completed online. The number of transactions available online has tripled since 2005 and the volume has followed suit. All years AOS.

Figure 7.1-19 Standards for Finance Department ▼

Standards	2013	2014	2015	2016	2017	2018	Trend
Outstanding wage reports	0	0	0	0	0	0	———

Finance Department work processes include wage reporting. Fig. 7.1-19 shows the level of outstanding wage reports has been maintained at zero since 2013.

Results for Key Support Processes

Fig. 6.1-2 summarized key support processes of two types. **Functional support** is provided by the HR, Internal Audit, Legal, Communications and Information System departments. **Operational support** includes the eight processes that support core processes of Member and Employer Services work systems. Fig. 7.1-20 summarizes where results for each type are found.

Fig. 7.1-20 Results for Key Support Processes

Functional	Key Measure/Result	Figure
Human Resources	Workforce results	7.3-1 to 7.3-12
Internal Audit	Employer Audits completed	7.1-21
Legal	Review of FOIA, Contracts	7.1-22
Communications	E-mail open rates	7.1-23
Information Systems	Standards	7.1-24
Operational	**Key Measure/Result**	**Figure**
Cash Receipts	Employer Contribution Rate	7.5-5, 7.5-6
QILDRO	QILDRO Turnaround time	7.1-22
Benefit Payments	CEM for pension payments	7.1-25
IRS/Tax Reporting	Audit findings	7.4-2
Reciprocal Exchange	VOC reciprocal survey	7.2-13
Annual Closing	SOC-1 Type 2 findings, GASB 68	7.4-2
Financial Reporting		
Document Handling	Office Service standards	7.1-12

Figure 7.1-21 Standards for Internal Audit

Measures	2014	2015	2016	2017	2018
# Employer Audits	172	179	174	205	213
% of Active Membership Audited	20%	20%	20%	20%	20.1%

For **Internal Audit** Fig. 7.1-21 reports the number of employer audits completed annually. Since 2014 they have achieved the goal of auditing 20% of the active membership each year.

Figure 7.1-22 Standards for Legal Department

Turnaround of: (Standard)	2009	2011	2013	2015	2017	2018
FOIA requests (5 days)	31	181	204	179	172	191
	100%	100%	100%	100%	100%	100%
Contract review (3 days)	30	29	20	37	70	154
	100%	100%	100%	100%	100%	100%
QILDROs (45 days)	140	164	159	212	256	257
	100%	100%	100%	100%	100%	100%

Per Fig. 7.1-22 **Legal** measures turnaround time versus standards for FOIA requests, Contract reviews and QILDROs, which is also an operational support process. The standard of 100% has been met in all years since 2009 despite significant variability in volumes.

Figure 7.1-23 Communications e-mail Open Rate

Open Rate	2013	2014	2015	2016	2017	2018	Trend
Employer Digest	35.0%	40.95%	45.7%	43.04%	46.9%	46.5%	
Legislative Update	51.6%	56.90%	57.1%	58.50%	61.1%	60.7%	
IMRF Update	34.0%	41.10%	77.0%	80.10%	81.7%	82.2%	
Benchmark: Average open rate for public entities:					24.5%	23.0%	

Communications Department processes include development, publication and distribution of many key communication vehicles for members, employers, staff and other key stakeholders. A key measure of effectiveness of electronic communications is the open rate, i.e., how many people "open" communications sent via e-mail. Fig. 7.1-23 reports open rate as the percent of e-newsletters opened by recipients (excluding those that bounce.) For all three e-newsletters, results demonstrate an improvement trend and IMRF significantly outperforms the benchmark for public entities as reported by Constant Contact.

Figure 7.1-24 Standards for IS Department

IS Standards	2014	2015	2016	2017	2018	Trend	
Spectrum Transactions < 1 sec.	94.0%	94.2%	93.9%	92.7%	93.0%		▲
Technology Audit							
High Risk Findings	2	3	1	1	0		▼
Moderate Risk	4	4	5	8	3		
Low Risk Findings	19	19	23	28	31		▲

Information System (IS) measures are shown in Fig. 7.1-24. Results include the percent of Spectrum transactions completed in one second or less. Since storm-related power outages impacted availability in 2010-11, mainframe enhancements have improved these results to consistently high levels of 93-95%. Technology audit findings demonstrate improvement in meeting requirements for *information systems reliability*

Results for *security and cybersecurity* [per 6.2b(2)] include IS Audit findings (Fig. 7.1-25) and Anti-phishing program (Fig. 7.1-26). Crowe Horwath are external IS auditors who perform comprehensive internal control reviews and identify improvement opportunities and findings.

Figure 7.1-25 Crowe Horwath IS Audit Findings

Results	# Findings	2014	2015	2016	2017	2018	Trend	
Crowe IS Audits	High	2	3	1	1	0		▼
	Medium	4	4	5	8	3		
	Low	19	19	24	28	31		▲

Fig. 7.1-26 reports results for *cybersecurity.* The priority is the Anti-phishing program begun in 2015. Emails with links are sent to staff. IMRF results are significantly better than the comparisons reported by Wombat Security, both for clicks and training completion.

Figure 7.1-26 Anti-Phishing Program Results

Cybersecurity Results	2015	2016	2017	2018	Trend	
% Staff Clicks on Phishing emails	4.1%	2.27%	7.6%	3.1%		▼
Wombat Security benchmark	NA	NA	20.5%	16.7%		
Cybersecurity training completion	NA	NA	99.3%	100.0%		▲
Wombat Security benchmark	NA	NA	60.0%	60.0%		

7.1b(2) Safety and Emergency Preparedness *What are your safety and emergency preparedness results?*
Fig. 5.1-6 identified key measures of workforce safety. Results reported in Fig. 7.1-27 indicate levels are consistently 100%.

Figure 7.1-27 Safety Results ▲

Safety Results	2014	2015	2016	2017	2018	Trend
% Medical Response Team Certified	100%	100%	100%	100%	100%	
% Fire Safety team trained	100%	100%	100%	100%	100%	

The McLean engagement survey asks employees their perception of workplace safety. Results in Fig. 7.1-28 for the question "I am physically safe while at work" demonstrate IMRF has consistently above or very near the top quartile benchmark.

Figure 7.1-28 Engagement Survey Results

I am physically safe while at work	2015	2016	2017	2018	2019	Trend
IMRF Total	91%	93%	92%	90%	86%	
McLean TQ avg (the average of the top 25% of companies in McLean database)	89%	92%	93%	94%	94%	

7.1b(2) Emergency Preparedness *Current levels and trends in key indicators of the organization's preparedness for disasters or emergencies*

IMRF's Disaster Recovery Plan (DRP) described in 6.2c(2) focuses on preventing the loss of critical data and systems, and restoring availability at the warm site. Fig. 7.1-29 demonstrates sustained excellence in this area. CEM results show IMRF has been the leader among pension funds for 7 of the past 9 years.

Figure 7.1-29 CEM Results for Disaster Recovery

CEM Scores	2010	2011	2012	2013	2014	2015	2016	2017	2018	Trend
IMRF	100	100	100	100	100	100	93	93	93	
Peer Avg	84	86	87	88	89	90	89	89	90	
Peer Max	100	100	100	100	100	100	100	100	100	

DRP is integrated with the Business Continuity Plan (BCP) described in 6.2c(2). Both DRP and BCP are tested through desktop drills and a live drill at the warm site. Fig. 7.1-30 summarizes results, which include restoring the toll free number and critical systems. Significant improvement in the restoration of critical system capability is evident since 2015.

Figure 7.1-30 BCP and DRP Results

BCP and DRP Drills	2013	2014	2015	2016	2017	2018	Trend
Restore Toll free #	Yes	Yes	Yes	Yes	Yes	Yes	
Critical Systems Capability	40%	40%	90%	90%	100%	91%	

7.1c. Supply-Network Management Results *What are your supply-network management results?* Figure 6.1-5 summarized supply chain management approaches for each work system. Key partners for Investment Management are investment managers and the focus is to ensure managers achieve targeted returns (Fig. 7.1-5) and reduce investment expenses. Fig. 7.1-31 summarizes fee savings realized through effective approaches for supply chain management (6.1c) and cost control (6.2a). Total cumulative fee savings negotiated and realized from 2012 to 2017 is over $43 million. This result is over $52 million when performance fee savings are included.

Figure 7.1-31 Investment Management Fee Savings

Actual Savings ($ Millions)	2012	2013	2014	2015	2016	2017	2018	Cumulative Fee Savings 2012-18
Recurring	$2.6	$27.8	$9.8	$1.7	$8.8	$5.5	$4.1	$60,218,827
Non Recurring	$0	$0.9	$0.3	$1.3	$0.0	$2.4	$0	$4,737,316
Total	$2.6	$28.6	$10.0	$3.0	$8.8	$7.9	$4.1	$64,956,143

Aligned with IMRF's approach to community support in 1.2c(2), one focus of supply chain management has been to increase support for MWBE managers, brokers and vendors. **Figure 7.4-9** demonstrates improvement from 2014 to 2018 in the results for procurement of goods and services from MWBE vendors. Results for selection of investment managers to increase MWBE AUM are reported in **Figure 7.4-7 and 7.4-8**.

An improvement in supply chain management was to implement a Vendor Evaluation and Management program in 2015. IMRF leaders complete a survey to assess satisfaction with vendor performance and make decisions whether to continue, discontinue or monitor vendor performance. Results are shown in Fig. 7.1-32.

Figure 7.1-32 Vendor Evaluation Survey Results

Vendor Survey Results	2015	2016	2017	2018	Trend	
% Satisfied	84%	85%	87%	86%		
% Dissatisfied	7%	6%	7%	7%		
% Vendors Continue	85%	84%	85%	88%		
% Vendors Discontinue	8%	11%	7%	6%		
% Vendors Monitor	7%	5%	8%	7%		

7.2 CUSTOMER RESULTS: *WHAT ARE YOUR CUSTOMER-FOCUSED PERFORMANCE RESULTS?*

7.2a(1) Customer Satisfaction *What are your customer satisfaction and dissatisfaction results?*

Key measures of customer satisfaction and dissatisfaction are the results from 10 member and 4 employer VOC surveys in Fig. P.2-3. Aggregate results for 2014-2018 are reported for the standard question related to "Overall satisfaction with IMRF' for the service being measured on that survey. As described in Item 3.1b(1), this Overall satisfaction question is used to measure:

- Very satisfied: % rating 1 (Very Satisfied)
- Satisfied: % rating 1-2 (Very Satisfied, Satisfied)
- Dissatisfied: % rating 4-5 (Dissatisfied, Very Dissatisfied)

Detailed results for each of the individual VOC surveys are AOS.

Because IMRF is at the forefront of the pension industry in the measurement of customer satisfaction and dissatisfaction, limited comparisons are available with other pension funds. The one exception is Cobalt survey results in Fig. 7.2-5 to 7.2-8. For other VOC measures IMRF must be creative to compare performance with world class organizations regardless of industry. The measures of very satisfied, satisfied and dissatisfied are based on loyalty models benchmarked from prior Baldrige Award recipients in. Comparisons provided by Baldrige Recipient A 2016-17 (Fig. 7.2-0) provide comparisons for the member and employer satisfaction.

Figure 7.2-0 Baldrige Recipient A Benchmarks

		2016	2017
	Very Satisfied (% 1s)	77.0%	75.0%
	Satisfied (% 1-2)	88.0%	89.0%
	Dissatisfied (% 4-5)	6.0%	5.0%
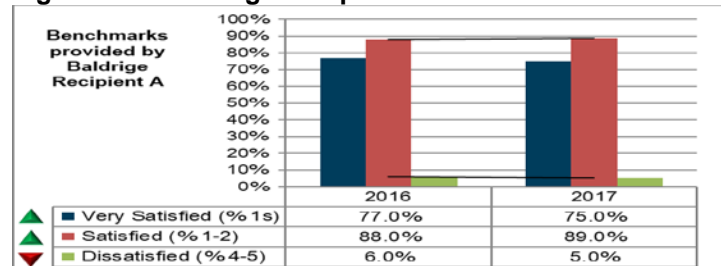
For measures of very satisfied, satisfied and dissatisfied in Figures 7.2-1 to 7.2-4, 7.2-9, and 7.2-10 IMRF outperforms Baldrige Recipient A benchmarks for a majority of the results reported. Three results where IMRF is less than benchmark are % very satisfied for Employer Transactions (Fig. 7.2-3), Easy Member Transactions (Fig. 7.2-9), and Easy Employer Transactions (Fig. 7.2-10). IMRF has adopted 80% as a benchmark for measures based on top box ratings (Very satisfied). In Fig. 7.2-1 thru 7.2-4 IMRF has exceeded 80% top box ratings every year for three of four segments: Member Transactions, Member Workshops, and Employer Workshops. IMRF has equaled or surpassed this for 12 of 20 results reported for % Dissatisfied in Figures 7.2-1 thru 7.2-4.

Figure 7.2-1 Member Transactions: *Overall Satisfaction*

	2014	2015	2016	2017	2018
▲ Very Satisfied (% 1s)	82.3%	82.1%	83.5%	85.4%	84.5%
▲ Satisfied (% 1-2)	96.8%	97.3%	97.6%	97.4%	97.3%
▼ Dissatisfied (% 4-5)	1.7%	1.4%	1.3%	1.1%	1.4%

Fig. 7.2-1 reports results for **Member transactions** (including (surveys in Fig. P.2-3 for Retirement Application, Reciprocal Retirement, Disability Application, Personal Benefit Reviews, Purchase of Past Service, Member Services Calls, Pension Estimate, and Member Counseling Sessions). An improvement trend is evident for very satisfied, satisfied and dissatisfied. All results reported are better than the Baldrige Recipient A benchmarks.

Figure 7.2-2 Member Workshops: *Overall Satisfaction*

	2014	2015	2016	2017	2018
▲ Very Satisfied (%1s)	89.9%	88.9%	92.8%	88.8%	93.0%
▲ Satisfied (% 1-2)	99.6%	99.3%	99.2%	99.8%	99.6%
▼ Dissatisfied (% 4-5)	0.0%	0.3%	0.3%	0.0%	0.1%

Fig. 7.2-2 reports results for **Member workshops** (including (Pre-Retirement workshop surveys in Fig. P.2-3). Very high levels have been sustained for 2014-2018 and all results reported are better than the Baldrige Recipient A benchmarks.

Fig. 7.2-3 Employer Transactions: *Overall Satisfaction*

	2014	2015	2016	2017	2018
▲ Very Satisfied (% 1s)	69.0%	65.0%	62.4%	67.9%	67.4%
▲ Satisfied (% 1-2)	96.0%	96.1%	93.9%	95.8%	96.0%
▼ Dissatisfied (% 4-5)	1.0%	1.2%	1.1%	0.9%	0.8%
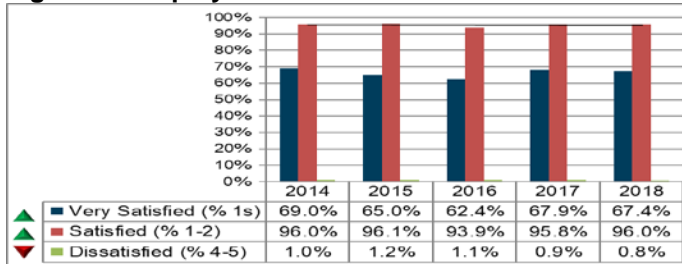
Figure 7.2-3 reports results for **Employer transactions** (including Employer Services and Employer Audit surveys in Fig. P.2-3). Levels for percent satisfied demonstrate sustained excellence. IMRF significantly outperforms the Baldrige Recipient A benchmarks for percent satisfied and dissatisfied in both 2016-18.

Figure 7.2-4 Employer Workshops: *Overall Satisfaction*

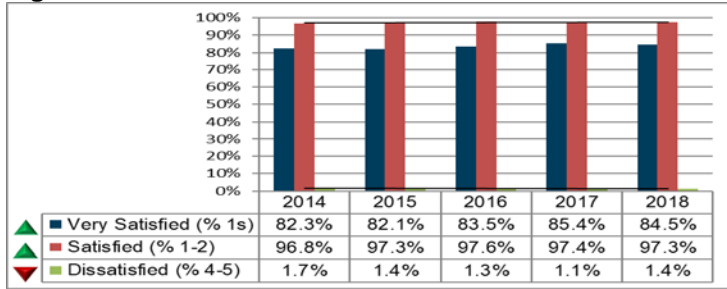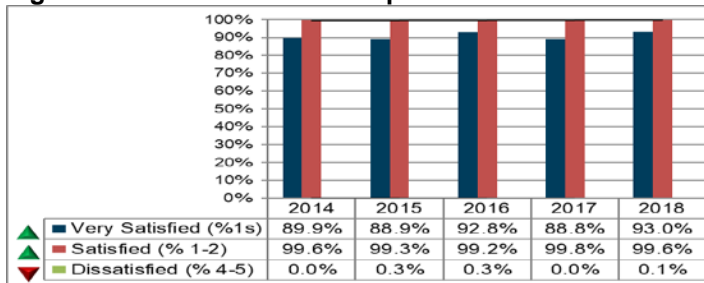|	2014	2015	2016	2017	2018
▲ Very Satisfied (% 1s)	84.2%	92.2%	90.3%	87.6%	83.1%
▲ Satisfied (% 1-2)	99.8%	99.7%	99.7%	98.9%	98.6%
▼ Dissatisfied (% 4-5)	0.0%	0.3%	0.0%	0.3%	0.2%
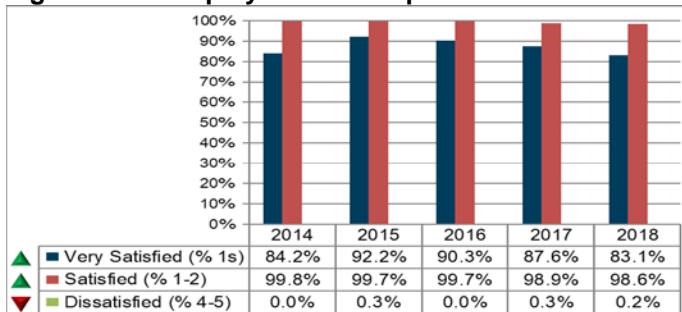
Figure 7.2-4 reports results for **Employer workshops** (Fig. P.2-3). Levels for satisfied and dissatisfied demonstrate sustained excellence. Improvement is evident for very satisfied. All results are better than the Baldrige Recipient A benchmarks.

Figure 7.2-5 Cobalt ACSI Scores of Leading Funds ▲

Industry Leading Retirement Funds	2015 Q4	2016 Q4	2017 Q4	2018 Q4	2019 Q2	Trend
IMRF	**93**	**94**	**94**	**94**	**94**	
Miss. PERS	91	91	91	91	91	
MOSERS	84	91	90	91	90	
NYSTRS	90	88	91	94	94	
MoDOT/Patrol/ERS	86	86	86	86	86	
OhSERS	91	88	86	93	90	
MSRS	84	89	90	91	90	
OPERS	84	84	84	84	84	
MI ORS	77	77	77	77	77	

In 2012 IMRF began using the Cobalt survey which is administered quarterly to leading organizations in the pension fund industry. Cobalt provides valid comparisons based on the American Customer Satisfaction Index (ACSI). Results demonstrate IMRF is the leader in its industry and outperforms many benchmarks outside the industry. Results include ACSI trends from 2012-18 versus leading public pension funds (Fig. 7.2-5, 7.2-8), similar industries (7.2-6), and benchmarks outside the industry (7.2-7). Fig. 7.2-5 reports ACSI Scores for IMRF and eight other leading pension funds that participate in the Cobalt survey. Very few pension funds participate in surveys of this type and those that do are industry leaders from Michigan, Minnesota, Mississippi, Missouri, New York, Ohio. Results demonstrate IMRF's sustained excellence and industry leadership from 2015-2019.

Figure 7.2-6 ACSI Scores for Similar Industries ▲

Similar Industries	2015	2016	2017	2018	2019 YTD	Trend
IMRF	**93**	**94**	**94**	**94**	**94**	
PBGC	83	90	91	89	89	
Credit Unions	81	82	82	NA	NA	
Banks	76	80	81	81	81	
Investment services	76	80	79	NA	NA	
Life Insurance	77	79	78	NA	NA	
ACSI Overall	74	75	77	77	76	
Health Insurance	69	72	73	73	73	
Federal Gov	64	68	70	69	69	
Social Security	66	68	69	70	70	
Community	62	62	63	61	61	
School	61	61	62	62	62	
County Government	56	56	57	57	57	
State Government	48	48	49	48	48	

In addition to being the leader among retirement funds, Fig. 7.2-6 demonstrates that IMRF outperforms benchmarks from the public sector (PBGC, Social Security, Federal Government) and private sector (Credit Unions, Banks, Investment services, Insurance).

Figure 7.2-7 ACSI Scores for Benchmarks 2018 ▲
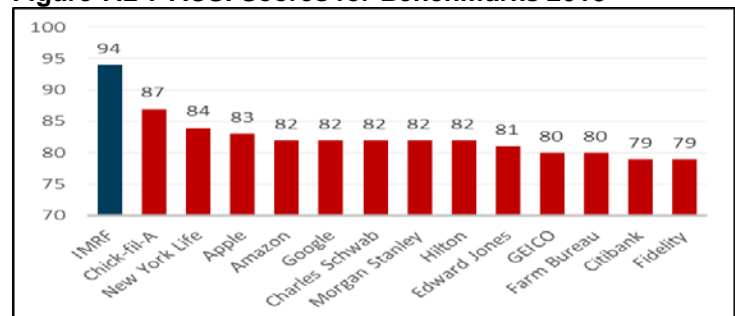
To put IMRF's performance into a broader context, Fig. 7.2-7 demonstrates IMRF 2018 ACSI results outperform many benchmark organizations from outside its industry including well-known companies such as Amazon, Apple, Google and others.

Fig. 7.2-8 Delta Between IMRF and Next Best Score ▲

Cobalt Survey Results	IMRF score minus Next Best Score			
	Q2 2016	Q4 2016	Q4 2017	Q4 2018
ACSI Score	4.0	1.0	3.0	0.0
Overall Satisfaction	0.2	0.2	0.1	0.1
Compared to Expectations	0.4	0.1	0.3	0.1
Comparison to Ideal	0.4	0.1	0.3	0.1
Staff knowledge	0	0	0.1	-0.1
Staff organized	0	0.1	0.1	0.0
Staff answers	0.1	0	0.1	0.0
Staff responsive	0	0	0.1	-0.2
Staff courtesy	0	-0.1	0.1	-0.1
Process clear	0.3	-0.1	0.2	0.1
Ease of reaching person	0.1	0.2	0.3	0.0
Accuracy	0.1	-0.1	0.2	0.1
Response speed	0.2	0	0.1	0.1
Follow up	0.2	0.1	0.0	-0.1
Info clarity	0.3	0.2	0.2	0.1
Info relevance	0.1	0	0.2	0.1
Ease of getting info	0.2	0.1	0.2	0.1
Forms	0.3	0.2	0.3	0.1
Online info timely	0.3	-0.1	0.1	0.1
Online info clarity	0.3	0.1	0.1	0.0
Online info relevance	0.3	0.2	0.3	0.0
Navigation	0.4	0.2	0.2	0.0
Finding forms	0.2	0.1	0.0	0.1
Online satisfaction	0.2	0	0.1	- 0.0

Fig. 7.2-8 reports differences between IMRF and the score of the next highest scoring retirement fund in the Cobalt survey for each survey item measured. IMRF is better than the next best fund for 71% (68 of 96) results reported in Fig. 7.2-8 and is only .1 percentage point below the best for 7 of the 8 items in red. Bold-faced items in Fig. 7.2-8 demonstrate strong performance relative to comparisons/benchmarks for key Member r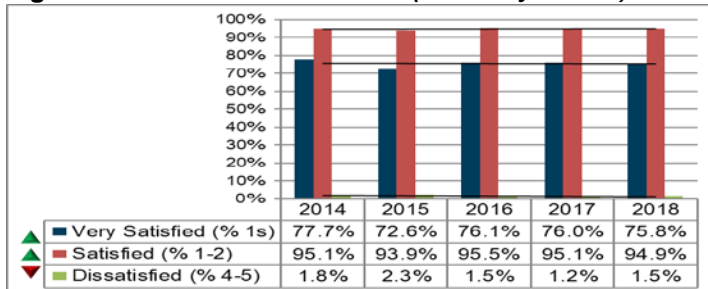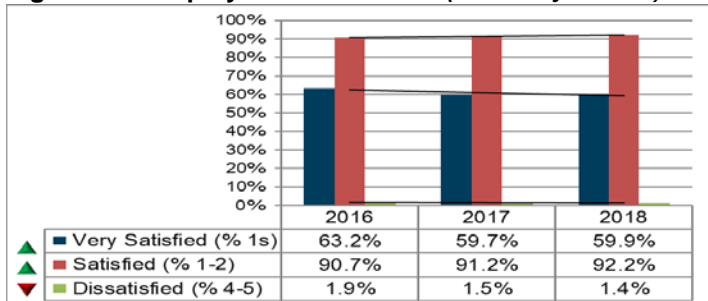equirements of **accuracy, timeliness, easy** (Fig. P.1-5). Other VOC surveys also ask questions specific to the transaction or event to measure key requirements of accuracy and timeliness.

Fig. 7.2-9 Member Transactions *(How easy was it?)*

	2014	2015	2016	2017	2018
▲ Very Satisfied (% 1s)	77.7%	72.6%	76.1%	76.0%	75.8%
▲ Satisfied (% 1-2)	95.1%	93.9%	95.5%	95.1%	94.9%
▼ Dissatisfied (% 4-5)	1.8%	2.3%	1.5%	1.2%	1.5%

In 2014 the question *"How easy was it for you to access or use the service?"* was added to Member surveys to assess performance for the requirement of **easy**. Results in Fig. 7.2-9 for the *Easy* question on Member Transaction surveys demonstrate consistently excellent levels for % satisfied and dissatisfied with an improvement trend for dissatisfaction. Both outperform the Baldrige Recipient A benchmark (Fig. 7.1-0). Results for 2016-2018 in Figure 7.2-10 for the ease of Employer Transactions demonstrate excellent levels and an improvement trend and outperform Baldrige Recipient A.

Fig. 7.2-10 Employer Transactions *(How easy was it?)*

	2016	2017	2018
▲ Very Satisfied (% 1s)	63.2%	59.7%	59.9%
▲ Satisfied (% 1-2)	90.7%	91.2%	92.2%
▼ Dissatisfied (% 4-5)	1.9%	1.5%	1.4%

7.2a(2) Customer Engagement *Customer engagement results*

Based on ILPEx feedback in 2014, IMRF added a new question to VOC surveys to enhance its measures of engagement. Fig. 7.2-11 reports top box engagement scores for "*How likely are you to promote IMRF to others as a great organization?*" Results for this key measure of engagement are segmented by customer group (members and employers) and type of service (transactions and workshops). Engagement results for each VOC survey are AOS. Results demonstrate improvement from 2014 to 2017 for Member transactions, Employer transactions, and Employer workshops. Results for Member workshops are consistently strong and three of four results are exceeding the goal of 90%. Results are not reported for 2018 as this measure was further enhanced in Fig. 7.2-12.

Fig. 7.2-11 Engagement Measure-*Likely to Promote* ▲

Survey Type	2014	2015	2016	2017	Trend
Member Transactions	82.7%	86.6%	89.8%	90.8%	
Member Workshop	94.5%	96.0%	96.3%	94.7%	
Employer Transaction	84.1%	82.7%	80.7%	86.0%	
Employer Workshop	94.0%	97.2%	95.3%	96.0%	
Target	90.0%	90.0%	90.0%	90.0%	

In 2018 IMRF completed another cycle of improvement to enhance comparisons and officially adopted Net Promoter Score (NPS) as our measure of customer engagement. NPS industry benchmarks available within our survey tool (Survey Monkey) were purchased. IMRF selected benchmarks with the Government, Finance, and Business Support industries as they provide similar services to IMRF. Survey Monkey benchmarks are refreshed on a quarterly basis. To enable the NPS measure, IMRF modified our "promote" question from a 5-point scale to the NPS standard 11-point scale:

- Promoters (9-10) are loyal enthusiasts who will refer others.
- Passives (7-8) are satisfied but unenthusiastic customers.
- Detractors (0-6) are unhappy customers.

Using this scale, IMRF calculates its Net Promoter Score for "Likely to Promote by subtracting the percent of Detractors from Promoters. NPS can range from a low of -100 (if every customer is a Detractor) to a high of 100 (if every customer is a Promoter). These results are shown in Fig. 7.2-12.

Fig. 7.2-12 Net Promoter Score for Engagement ▲

Survey Type	2014	2015	2016	2017	2018	Trend
Member Transactions	80.8	85.8	86.3	87.1	87.1	
Member Workshop	93.7	94.6	95.8	93.8	92.9	
Employer Transaction	80.8	78.0	75.6	82.0	80.7	
Employer Workshop	92.3	97.2	94.1	95.2	93.2	
Elevations CU - best result for Transactions	70.0					
Elevations CU - best result for Relationships	50.0					
Industry leader for Banking - USAA	73.0					
Highest scoring B2C company - Nordstrom	80.0					
NPS Government Industry Benchmark (TQ)					73.2	
NPS Finance Industry Benchmark (TQ)					77.6	
NPS Business Support Industry Benchmark (TQ)					57.2	

The 11 point NPS scale was adopted in June 2018, so 2018 results include data for the months of June through December. Fig. 7.2-12 shows 2018 performance better than all industry leading benchmarks reported. To translate 2014-17 results from the 5-point scale, IMRF treats top box responses as Promoters, the second box as Passives, and the bottom three boxes as Detractors. This is a more challenging definition of Promoters and Detractors than NPS and should negatively skew IMRF's results. Despite this, IMRFs 2014-17 results are better than the top scores reported by Baldrige

recipient Elevations Credit Union for both transactions and relationships.

How do these results compare over the course of your customer life cycle, as appropriate? Each member and employer survey corresponds to one or more stages in the customer life cycle (per Fig. 3.2-1). Fig. 7.2-13 and 7.2-14 report 2014-2017 results for approaches to build relationships and increase engagement at each stage of the life cycle. Results are reported for engagement (% top box responses for "*Likely to Promote*" question) at each stage of the life cycle.

Fig. 7.2-13 reports Member engagement results for each life cycle stage as measured by the nine Member surveys in Fig. P.2-3. For eight of nine member surveys, improvement trends and/or consistently high performance are evident from 2014 to 2018, with performance for all but Disability applications in 2018 significantly outperforming the three industry NPS benchmarks in Fig. 7.2-12.

Fig. 7.2-13 Member Engagement by Stage

Member Surveys	Life Cycle Stages	2014	2015	2016	2017	2018 NPS	Trend
Personal Benefit Reviews	New/Returning Vested Annuitant	88.6%	91.9%	94%	94.8%	92.9	
Member Service Calls	New/Returning Active/Inactive Vested Annuitant	81.9%	86.9%	84.9%	88.7%	83	
Member Counseling	Annuitant	84.3%	91.3%	95.3%	93.1%	90.8	
MS Pension Estimate	Active/Inactive Vested	89.4%	94.2%	93.8%	90.6%	88	
Purchase Past Service	New/Returning	79.8%	85.3%	83%	85.7%	81.4	
Retirement Planning Workshop	Active/Inactive Vested Annuitant	94.5%	96%	96.3%	94.7%	92.8	
Disability Application	Active/Inactive	60.1%	66.3%	67.7%	74.2%	39.7	
Retirement Application	Annuitant	89%	90.4%	92.6%	92.5%	88	
Reciprocal Retirement	Annuitant	88.5%	86.5%	84.5%	89.2%	88.5	

Fig. 7.2-14 reports Employer engagement results for each life cycle stage from 2014-2018. For all three surveys IMRF significantly outperforms the three industry NPS benchmarks in Fig. 7.2-12.

Fig. 7.2-14 Employer Engagement by Stage

Employer Surveys	Life Cycle Stages	2014	2015	2016	2017	2018 NPS	Trend
Employer Workshops	Pending Continuing	94.0%	97.2%	95.3%	96.0%	94.4	
Employer Services	New and Continuing Employers	84.1%	82.7%	80.8%	86.1%	80.7	
Employer Audits	New and Continuing Employers	87.5%	85.7%	78.9%	84.0%	76.6	

7.3 WORKFORCE RESULTS: *WHAT ARE YOUR WORKFORCE RESULTS?*

Aligned with the Strategic Objective for the Workforce KRA in Fig. 2.1-3, the key comparison for McLean survey results in 7.3 is IMRF's percentile rank for overall engagement (Fig. 7.3-8). IMRF's goal is top decile for overall engagement and top quartile for individual survey results and key drivers. For this reason, the most appropriate comparisons are top decile average (TD avg) for overall results and top quartile average (TQ avg) for individual survey items. TD avg is the average percentage score of the top 10% of companies in the McLean database. TQ avg is the average percentage score of the top 25% of companies. By definition, the TD avg and TQ avg will be more challenging than traditional top decile and top quartile benchmarks. Other comparisons are reported for turnover and absenteeism. Segmented results are AOS.

7.3a(1) Workforce Capability and Capacity

What are workforce capability and capacity results? For **workforce capacity** turnover is the key result. Fig. 7.3-1 reports 2014-18 results for IMRF overall and for key workforce groups. IMRF outperforms the CompData average for Illinois for 44 of 49 results reported.

Figure 7.3-1 Workforce Turnover

% Turnover	2014	2015	2016	2017	2018	Trend
IMRF Total	11.35%	10.36%	7.89%	5.91%	10.66%	
CompData IL avg	15.40%	16.80%	18.20%	20.80%	TBD	
Turnover segmented for 11 Key Workforce Groups						
Administration	13%	6%	0%	10%	0%	
Benefits	21%	3%	10%	6%	25%	
Communications	N/A	N/A	N/A	N/A	14%	
Field Services	N/A	N/A	N/A	N/A	0%	
Finance	8%	7%	8%	8%	4%	
IS	5%	10%	8%	7%	2%	
Internal Audit	N/A	N/A	25%	0%	25%	
Investments	22%	36%	0%	0%	14%	
Legal	8%	7%	14%	13%	0%	
Member Services	14%	17%	11%	0%	15%	
Office Services	5%	0%	0%	11%	5%	

Results for first year turnover in Fig. 7.3-2 shows significant improvement from 2014-18, with performance better than the 2017 comparison reported from IPMA-HR organization.

Figure 7.3-2 First year Turnover

Result	2014	2015	2016	2017	2018	Trend
First Year Turnover %	33.3%	26.0%	14.3%	8.7%	0.0%	
IPMA-HR avg	N/A	N/A	N/A	9.3%	TBD	

Figure 7.3-3 reports results of 45-day and 6-month McLean new hire surveys that were implemented in 2015. For 85 of 96 results reported IMRF is better than the McLean Benchmark (MB), which is the average for all McLean clients who run the new hire survey.

Figure 7.3-3 McLean New Hire Survey Results

Question	Result for:	45-Day survey results					6-Month survey results				
		2015	2016	2017	2018	Trend	2015	2016	2017	2018	Trend
Taking everything into account, I like my job	IMRF	100%	100%	92%	100%		83%	86%	82%	100%	
	MB	87%	87%	88%	87%		87%	87%	88%	87%	
Taking everything into account, I like working at IMRF	IMRF	100%	100%	92%	100%		100%	100%	100%	90%	
	MB	87%	87%	89%	88%		87%	87%	87%	89%	
I am very committed to this organization	IMRF	100%	100%	92%	100%		100%	100%	91%	100%	
	MB	87%	87%	87%	87%		87%	87%	86%	87%	
I talk about my job in a positive light with family and friends	IMRF	100%	100%	92%	92%		100%	100%	91%	90%	
	MB	84%	84%	91%	86%		84%	84%	84%	86%	
I regularly offer to help my coworkers	IMRF	100%	100%	83%	89%		100%	100%	73%	78%	
	MB	91%	91%	91%	90%		91%	91%	91%	90%	
My contributions are important to IMRF success	IMRF	100%	100%	92%	92%		100%	100%	91%	100%	
	MB	89%	89%	89%	88%		89%	89%	89%	88%	
My contributions are important to success of my team/dept	IMRF	100%	100%	92%	100%		100%	100%	91%	100%	
	MB	91%	91%	89%	90%		91%	91%	91%	90%	
I often look forward to coming to work	IMRF	100%	100%	92%	92%		100%	100%	91%	90%	
	MB	82%	82%	92%	81%		82%	82%	82%	81%	
I am very proud of the work I do	IMRF	100%	100%	92%	100%		100%	100%	91%	90%	
	MB	92%	92%	90%	90%		92%	92%	90%	90%	
I am very proud of the products and services IMRF produces	IMRF	100%	100%	92%	100%		100%	100%	91%	90%	
	MB	86%	86%	87%	86%		86%	86%	87%	86%	
I am part of a team working towards a shared goal	IMRF	100%	88%	83%	91%		100%	100%	91%	100%	
	MB	87%	87%	87%	87%		87%	87%	87%	87%	
I regularly chose to put in extra time to improve my results	IMRF	60%	71%	83%	75%		75%	80%	82%	67%	
	MB	72%	72%	71%	73%		72%	72%	71%	73%	

Figure 7.3-4 reports additional results for **workforce capability** and **work accomplishment**. IMRF is better than McLean's TQ average benchmark for all 30 results reported.

Fig. 7.3-4 Capability, Organization, Relationships ▲

Question	Result for:	2015	2016	2017	2018	2019	Trend
I have all the tools to do a great job [5.1a(1)]	IMRF	73%	65%	69%	68%	64%	
	TQ avg	66%	65%	61%	62%	64%	
IMRF has a collaborative work environment	IMRF	71%	67%	67%	67%	68%	
	TQ avg	63%	63%	63%	63%	67%	
Departments work well together to get things done	IMRF	64%	69%	65%	63%	69%	
	TQ avg	56%	54%	54%	54%	58%	
I have good working relationships with employees in other depts.	IMRF	87%	90%	89%	90%	91%	
	TQ avg	83%	85%	86%	86%	87%	
The contributions of my dept. are recognized by other departments	IMRF	63%	65%	61%	61%	61%	
	TQ avg	56%	56%	55%	55%	56%	
I am part of a team working towards a shared goal	IMRF	83%	84%	90%	81%	81%	
	TQ avg	77%	80%	79%	79%	81%	

7.3a(2) Workforce Climate *What are your workforce climate results??*

Fig. 5.1-6 identified measures of health, security, accessibility. Results in Fig. 7.3-5 for 2014-18 show improvement. IMRF has consistently outperformed the BLS benchmark for Absenteeism (% Sick and Unpaid Hours, excluding FMLA). New hire ergonomic assessments were implemented as an improvement during 2015. Though no comparisons are reported for security and accessibility, results are consistently at the highest possible level.

Figure 7.3-5 Health, Security, Accessibility

HSA Results	2014	2015	2016	2017	2018	Trend
Health						
Absenteeism IMRF	1.94%	1.68%	1.60%	1.75%	1.71%	▼
Absenteeism BLS	2.90%	2.90%	2.90%	2.80%	TBD	
Security						
% Staff with key cards	100%	100%	100%	100%	100%	▲
% Background Checks						
- For New Hires	100%	100%	100%	100%	100%	▲
- For Key Roles	100%	100%	100%	100%	100%	▲
Accessibility						
% New Hire ergonomic	NA	100%	100%	100%	100%	▲

Fig. 7.3-6 reports additional Health, Security, Accessibility results based on McLean engagement survey results for questions related to the key drivers of the Wellness Plan (Social, Physical, Financial and Community) and questions related to security and accessibility. IMRF is better than the benchmark for 21 of 30 results reported.

Figure 7.3-6 McLean Survey results for HSA ▲

Question	Result for	2015	2016	2017	2018	2019	Trend
Social							
I have good working relationships with employees in other departments	IMRF	87%	90%	89%	90%	91%	
	TQ avg	83%	85%	86%	86%	87%	
I am able to maintain a balance between my work and personal life.	IMRF	80%	74%	76%	72%	73%	
	TQ avg	71%	73%	73%	74%	74%	
Financial							
I am satisfied with the compensation I receive	IMRF	47%	49%	54%	54%	47%	
	TQ avg	47%	54%	51%	52%	54%	
Community							
I identify with IMRF's values	IMRF	93%	97%	97%	96%	94%	
	TQ avg	80%	85%	83%	83%	85%	
Physical							
I find my stress levels at work manageable.	IMRF	70%	60%	71%	64%	64%	
	TQ avg	66%	67%	63%	65%	66%	
Security and Accessibility							
I am physically safe while at work.	IMRF	91%	93%	92%	90%	86%	
	TQ avg	89%	92%	93%	94%	94%	

Results for key indicators of workforce services and benefits. In 2015 IMRF added several questions to the Engagement survey as to means of evaluating staff perception of benefits. Results in Fig. 7.3-7 show IMRF is better than benchmark for 9 of 12 results.

Figure 7.3-7 McLean Survey results for Benefits ▲

Question	Result for:	2016	2017	2018	2019	Trend
My benefits are competitive with similar jobs I might find	IMRF	71%	74%	63%	62%	
	TQ avg	65%	66%	64%	67%	
I am satisfied with my benefit package	IMRF	79%	78%	76%	72%	
	TQ avg	67%	68%	67%	70%	
We have unique perks at this organization	IMRF	55%	62%	58%	54%	
	TQ avg	55%	54%	54%	59%	

7.3a(3) Workforce Engagement *What are your workforce engagement results?*

Fig. 7.3-8 reports overall engagement results from the McLean engagement survey for 2015-2019. IMRF's percentile rank for overall engagement places IMRF in the top decile of all performers for the past five years. McLean also reports the percent Engaged, Almost Engaged, Indifferent and Disengaged, both for IMRF overall and for 11 key workforce groups (AOS).

Figure 7.3-8 Overall Engagement results ▲

McLean Engagement Survey	2014	2015	2016	2017	2018	2019	Trend
IMRF Percentile Rank	97	96	94	95	95	89	
Results for % Engaged							
IMRF Overall	72%	70%	69%	73%	72%	71%	
Average of the Top Decile	65%	69%	72%	74%	72%	75%	
Average of the Top Quartile	54%	62%	66%	68%	67%	70%	

Fig. 7.3-9: McLean measures overall engagement based on an index of **10 measures of engagement questions.** One also serves as the key measure of satisfaction: *"Taking everything into account, I like my job."* Results in Fig. 7.3-9 demonstrate IMRF outperforms McLean's Top Decile benchmark for 25 of 50 results reported.

Figure 7.3-9 Measures of Engagement questions ▲

Engagement Measures Questions	Results for	2015	2016	2017	2018	2019	Trend
I would recommend IMRF as great place to work	IMRF	79%	79%	83%	77%	70%	
	TD avg	81%	82%	79%	80%	81%	
I am very committed to IMRF	IMRF	90%	93%	95%	91%	88%	
	TD avg	86%	89%	89%	90%	91%	
Taking everything into account, I like my job	IMRF	86%	83%	87%	83%	85%	
	TD avg	84%	85%	85%	85%	85%	
I am part of a team working towards a shared goal	IMRF	83%	84%	90%	81%	81%	
	TD avg	83%	83%	83%	83%	85%	
My contributions are important to IMRF success	IMRF	91%	91%	91%	90%	87%	
	TD avg	86%	88%	89%	88%	89%	
I look forward to coming to work each day	IMRF	71%	69%	70%	68%	70%	
	TD avg	75%	74%	75%	74%	76%	
I am very proud of the work I do	IMRF	95%	96%	95%	93%	95%	
	TD avg	92%	93%	94%	94%	95%	
In last year, I made have made recommendations for improvement of IMRF	IMRF	78%	80%	78%	76%	64%	
	TD avg	64%	66%	74%	74%	74%	
I regularly offer to help my coworkers	IMRF	92%	90%	93%	92%	92%	
	TD avg	93%	94%	94%	94%	94%	
I regularly accomplish more than what's expected of me	IMRF	86%	83%	80%	80%	84%	
	TD avg	84%	85%	86%	86%	87%	

McLean has identified **10 key drivers of engagement** (Fig. P.1-4). Figure 7.3-10 reports results for these key drivers and IMRF outperforms the Top Quartile benchmark for 46 of 50 results reported from 2015-2019. Regression analysis of results identified

two *priority drivers* with the most potential to improve engagement. These are the focus of action plans WE-01 and WE-02.

Figure 7.3-10 Engagement Drivers and Satisfaction ▲

Key Drivers	Results for	2015	2016	2017	2018	2019	Trend
Employee empowerment	IMRF	81%	76%	78%	76%	76%	
	TQ avg	72%	73%	73%	74%	75%	
Culture	IMRF	82%	80%	83%	80%	80%	
	TQ avg	75%	78%	74%	75%	77%	
Customer focus	IMRF	88%	85%	90%	88%	82%	
	TQ avg	76%	74%	74%	74%	77%	
Learning and development	IMRF	66%	69%	71%	68%	68%	
	TQ avg	58%	56%	56%	57%	60%	
Rewards and recognition	IMRF	54%	58%	61%	57%	62%	
	TQ avg	54%	53%	52%	53%	55%	
Co-worker relationships	IMRF	82%	78%	83%	79%	84%	
	TQ avg	75%	79%	81%	82%	83%	
Department relationships	IMRF	71%	75%	72%	71%	74%	
	TQ avg	65%	65%	65%	65%	67%	
Company potential	IMRF	79%	72%	77%	75%	73%	
	TQ avg	69%	71%	69%	70%	73%	
Manager relationships	IMRF	76%	71%	74%	71%	75%	
	TQ avg	72%	71%	71%	73%	74%	
Senior Mgr relationships	IMRF	66%	58%	64%	57%	57%	
	TQ avg	60%	60%	54%	55%	57%	

7.3a(4) Workforce Development *What are your workforce and leader development results?*

The McLean survey also measures the effectiveness of learning and development approaches. Results in Fig. 7.3-11 demonstrate IMRF significantly outperforms TQ benchmark for all results 2015-19.

Figure 7.3-11 McLean Results for Learning ▲

Questions	Results	2015	2016	2017	2018	2019	Trend
In the last year, I have received adequate amount of training	IMRF	67%	67%	69%	68%	68%	
	TQ avg	61%	55%	54%	55%	59%	
In the last year, training I received has helped me do a better job	IMRF	67%	67%	73%	71%	69%	
	TQ avg	61%	55%	55%	57%	59%	

Results for career progression in Fig. 7.3-12 demonstrate IMRF outperforms the Top Quartile benchmark for 9 of 10 results.

Figure 7.3-12 McLean Results Career Progression ▲

Questions	Results	2015	2016	2017	2018	2019	Trend
I am encouraged to pursue career development activities	IMRF	66%	71%	71%	64%	66%	
	TQ avg	56%	60%	58%	60%	62%	
Promotions in my department go to those who deserve them most	IMRF	50%	55%	66%	59%	65%	
	TQ avg	55%	53%	52%	53%	56%	

Fig. 7.3-13 reports measures of career progression and succession development. These are internal promotion rate and the percent of leader openings filled internally. Improvement is evident for both.

Figure 7.3-13 Internal Promotion Rate ▲

Internal Promotions	Goal	2015	2016	2017	2018	Trend
Internal Promotion Rate Promotions / Headcount (excluding lateral moves)	7.0%	6.7%	6.9%	8.4%	7.1%	
% of Leader Openings Filled Internally	50%	NA	75%	67%	83%	

7.4 LEADERSHIP AND GOVERNANCE RESULTS: *WHAT ARE YOUR SENIOR LEADERSHIP AND GOVERNANCE RESULTS?*

7.4a(1) Leadership *What are your results for senior leaders' communication and engagement with the workforce, partners, and customers?*

The McLean engagement survey provides results for the effectiveness of senior leaders' approaches in Item 1.1 to communicate and engage the workforce to deploy vision and values and create a focus on action. Fig. 7.4-1 demonstrates that IMRF outperforms the 2019 McLean top quartile benchmark (TQ avg) for 30 of 35 results reported from 2015-2019.

Figure 7.4-1 McLean Results for Senior Leadership ▲

Questions	McLean 2019 TQ avg	IMRF Results					Trend
		2015	2016	2017	2018	2019	
The vision, mission, values of IMRF are well-aligned with customer needs	81%	92%	89%	93%	93%	84%	
I identify well with IMRF's values	85%	93%	97%	97%	96%	94%	
I understand the rationale behind most business decisions made by the senior leadership team	58%	65%	59%	66%	61%	58%	
The senior leadership team acts on employee feedback	54%	69%	61%	68%	61%	61%	
My leader keeps me well informed about decisions that affect me	71%	74%	70%	74%	73%	74%	
I trust the members of the senior leadership team	65%	70%	64%	70%	60%	58%	
The senior leadership team inspires me	52%	59%	47%	54%	48%	49%	

Fig. 1.2-5 summarized IMRF's key compliance processes, measures and goals for governance and fiscal accountability, legal and regulatory requirements, ethical behavior, stakeholder trust and breaches of ethical behavior. Results for 7.4a(2) through 7.4a(4) are reported in Figures 7.4-2 through 7.4-4. Meaningful comparisons are not available, nor are they needed to evaluate the results as IMRF's has consistently performed at/very near the best possible result (e.g., 0 or 100%) for the majority of results.

7.4a(2) Governance *What are your results for governance accountability?*
Fig. 7.4-2 reports key results for governance and fiscal accountability for 2011-2018, unless otherwise noted. Note that many of the processes in Fig. 7.4-2, 7.4-3 and 7.4-4 surpass (S) legal or regulatory requirements.

Figure 7.4-2 Governance and Fiscal Accountability

Measure	Goals	Results 2011-18
External financial audit findings	Unqualified Opinion	Yes
# of Employer Audits completed annually (since 2014)	20% of active members/year (S)	Fig. 7.1-21
Accuracy of Benefits Calculations	100%	2015 98% 2016 100% 2017 99% 2018 99%
SOC-1 Type 2 # Findings by Financial Auditor (since 2015)	0 findings	0
GASB 68 attestations by External Financial Auditor (since 2015)	Attestations received	Yes
GASB 72 required footnotes by External Financial Auditor (since 2016)	Footnotes added	Yes
Semi-annual Fraud review to identify risks and controls	0 instances of fraud (S)	0

7.4a(3) Law and Regulation *What are your legal and regulatory results?*

Fig. 7.4-3 reports results for regulatory and legal requirements for 2011-2018. Meaningful comparisons are not available or necessary to evaluate these results, as IMRF has consistently performed at/very near the best possible level (e.g., 0 or 100%).

Figure 7.4-3 Regulatory and Legal Compliance

Regulation or Requirement	Process and Measure	Goals	Results 2011-18
Illinois Dept. of Insurance.	Complete 8hrs/year Board Fiduciary training	100% Complete	100%
Internal Revenue Code	Qualified Plan letter (S)	Letter in effect	Yes
Open Meetings Act	% meetings compliant with Open Meetings Act	100%	100%
	# complaints to Illinois Public Access Counselor	0	0
FOIA (Freedom of Information Act)	# FOIA responses ruled invalid by AG or Court	0	0
GFOA Certificate	CAFR received (began in 2014)	Certificate received	Yes
Public sector statutes	# Adverse findings	0	0
Anticipate public concerns	% of key-interest groups invited to triennial SWOT	100%	100%

7.4a(4) Ethics *What are your results for ethical behavior?*

Fig. 7.4-4 reports key results for key indicators of ethical behavior and stakeholder trust for 2011-2018. These are managed through the Code of Conduct and Compliance Program.

Figure 7.4-4 Ethical Behavior and Stakeholder Trust

Measures for Code of Conduct and Compliance Program	Goals (S)	Results 2011-18	
% staff complete Code of Conduct Training	100%	100%	
% Board compliance forms signed/returned	100%	100%	
# ethics complaints to Board ethics commission	0	0	
# Hotline calls (including suppliers) that result in an actionable complaint	0 actionable complaints	2013	1
		2014	3
		2015	1
		2016	0
		2017	2
		2018	0
# findings in Senior Leader compliance certifications	0	2014	5
		2015	6
		2016	1
		2017	0
		2018	0
# findings in Board certifications (since 2014)	0	0	
% suppliers (other than Investments) that agree to comply with Code of Conduct	100%	100%	
% suppliers to Investments that complete and return Investment Management Agreement	100%	100%	

7.4a(5) Society *results for support of your key communities?*

As described in 1.2c, IMRF's key communities include the Illinois economy (Fig. 7.4-5); Minority and women-owned business enterprises (Fig. 7.4-6 to 7.5-8), and reciprocal pension funds (Fig. 7.2-13 reports engagement of reciprocal retirees.)

IMRF benefits society at large through fulfillment of its mission. Our key societal impact includes providing financial support to members and their families during crisis (death or disability), and payment of benefits to retired members. Improvement trends are evident for all results reported. Fig. 7.4-5 summarizes IMRF's

impact in terms of the number of benefit recipients and amount of benefits paid.

Figure 7.4-5 Benefits Paid ▲

Results	2013	2014	2015	2016	2017	2018
Benefit recipients	101,164	112,762	118,038	123,206	128,264	133,261
Benefits paid (millions)	$1,268	$1,666	$1,794	$1,939	$2,086	$2,242

To support the economy in the state of Illinois, IMRF investment processes allocate 40% of the Fund's $38.8 billion in assets to Illinois-based investment managers. Figure 7.4-6 reports the amount of assets under management (AUM) with Illinois investment firms in dollars and as a percent of fund assets.

Figure 7.4-6 Illinois AUM (Assets Under Management) ▲

Results	2013	2014	2015	2016	2017	2018
IL AUM ($ billions)	$13.2	$14.2	$13.8	$14.8	$16.3	$13.9
IL AUM (as % of total)	40%	41%	40%	41%	40%	36%

An important element of IMRF's support for key communities is its leadership in support of minorities, females or persons with a disability (MWBE). Fig. 7.4-7 reports results for the amount of fund assets under management (AUM) with MWBE firms in dollars and as a percent of fund assets, plus the number of MWBE managers.

Figure 7.4-7 MWBE Assets Under Management (AUM) ▲

Results	2013	2014	2015	2016	2017	2018
MWBE AUM ($ billions)	$5.30	$6	$6.30	$6.50	$7	$7.60
MWBE AUM (as % of total)	19%	18%	18%	19%	19%	18%
# of MWBE Managers	43	49	59	61	57	51

Fig. 7.4-8 reports 2014-2018 results for the percent of IMRF's investment recommendations that are committed to MWBE investment managers. The commitment to MWBE managers has increased significantly from 2014 to 2018.

Figure 7.4-8 MWBE Annual Commitments ▲

Results	2014	2015	2016	2017	2018
MWBE Annual Commitments ($ millions)	$535	$560	$725	$905	$2,190
Total Annual Commitments ($ millions)	$1,881	$2,314	$1,553	$2,865	$3,331
% of MWBE Commitments	28%	24%	47%	32%	66%

In 2015-16 the MWBE goals were broadened to apply the 20% goal to procured goods and services. Fig. 7.4-9 reports results.

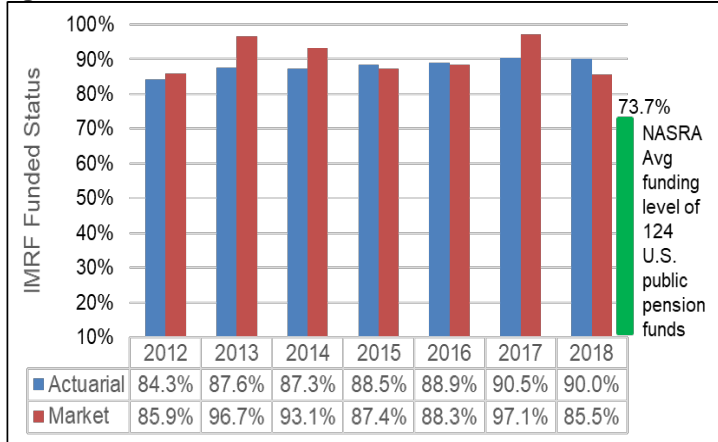**Figure 7.4-9 MWBE Procurement** ▲

Results	2013	2014	2015	2016	2017	2018
# of MWBE Vendors	16	18	20	26	22	29
Total Spent with MWBE ($ millions)	$0.69	$1.57	$1.40	$2.49	$1.03	$3.09
% Spent using MWBE	7.0%	18.3%	16.0%	32.9%	12.6%	22.1%

7.5a(1) Financial Performance *What are your financial performance results?*

The Financial Health key result area of the Leadership Scorecard reports measures of *financial viability*. The key measure is funded status, i.e., the level of funding available to pay benefits when due. Fig. 7.5-1 reports IMRF funded status based upon both actuarial estimates and market results for 2012-2018.

Figure 7.5-1 Funded Status – Actuarial and Market ▲

	2012	2013	2014	2015	2016	2017	2018
Actuarial	84.3%	87.6%	87.3%	88.5%	88.9%	90.5%	90.0%
Market	85.9%	96.7%	93.1%	87.4%	88.3%	97.1%	85.5%

73.7% NASRA Avg funding level of 124 U.S. public pension funds

IMRF is significantly better than the comparison of 73.7% reported based on the NASRA average of 124 U.S. public pension funds. In the pension industry, 80% is considered the threshold for a "healthy" fund. Standard & Poor's assigns ratings of "Strong" for funding levels above 90 percent; "Above average" for levels between 80 and 90 percent; "Below average" for levels 60 to 80 percent; and "Weak" below 60 percent. Fig. 7.5-1 demonstrates that IMRF has improved from "above average" to "strong" since 2012.

Fig. 7.5-2 reports IMRF's funded status on an actuarial basis from 2014-2018 relative to the 100 largest public pension plans in the United States. The comparison is the Milliman Public Pension Funding study of the 100 largest U.S. public plan. IMRF's funded status has been significantly better than the comparison for the past five years. In addition, the Milliman study reported that only 16 of the 100 largest public pension funds in the U.S. had a funded status above 90%.

Fig. 7.5-2 Funded Status vs largest US Public plans ▲
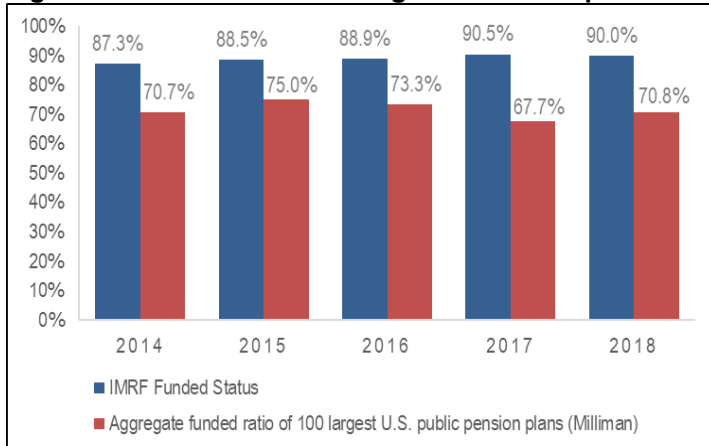
Comparison Source: Milliman Public Pension Funding Study

The key measure of *financial and budgetary performance* is administrative cost per member. The strategic objective for Operational Excellence is to provide world class customer service at a reasonable cost. The goal for "a reasonable cost" is to achieve a per-member-cost at or below the median reported in the CEM study. The result and comparison reported in Figure 7.5-3 is the median cost per member for public pension systems in the CEM study.

Figure 7.5-3 Administrative Cost Per Member ▼

Results	2013	2014	2015	2016	2017	2018	Trend
IMRF Administrative Cost Per Member	$84	$86	$91	$95	$95	$95	
CEM Median	$85	$90	$91	$94	$88	$95	

As a non-profit service provider, IMRF does not measure margins or return on investment. Instead a key measure of *financial performance* is productivity, shown in Fig. 7.5-4 as the ratio of pension claims processed per full time equivalent (FTE) employees. Productivity results continue to improve as IMRF has processed an increasing volume of claims with only a small increase in headcount.

Figure 7.5-4 Productivity as Claims per FTE ▲

Results	2013	2014	2015	2016	2017	2018	Trend
# Pension claims	7,791	7,959	8,347	8,222	8,372	8,267	
# FTEs	182	185	194	190	202	196	
Claims per FTE	43	43	43	43	41	42	

7.5a(2) Marketplace Performance *What are your marketplace performance results? What are your results for key measures or indicators of marketplace performance, including market share or position, market and market share growth, and new markets entered, as appropriate? How do these results differ by market segments and customer groups, as appropriate?*

The number of employers who participate in IMRF programs has remained virtually unchanged in the past several years, with 3,010 active employers at year-end 2018. The key factor determining marketplace success with the employers who participate in IMRF is effective management of employer contribution rates.

Fig. 7.5-5 reports the average employer contribution rate for 2014-2018 and demonstrates a reduction in rates over the period. The comparisons reported for state and local plans are from the Public Plans database and show IMRF better (lower) than average for both.

Figure 7.5-5 Employer Contribution Rate

Results	2014	2015	2016	2017	2018	Trend
Employer Contribution Rate (Regular Plan)	12.58%	11.69%	11.72%	11.84%	11.24%	▲
State plans - Employer's avg annual contribution as percent of payroll	15.60%	15.90%	NA	NA	NA	
Local plans - Employer's avg annual contribution as percent of payroll	30.80%	NA	NA	NA	NA	

Fig. 7.5-6 shows the percent change (increase or decrease) in the average employer contribution rate for the Regular Plan from 2008-2018. Note that there is a two-year delay in the rate making process.

For example, IMRF sent 2016 financial results to actuaries in early 2017 for them to calculate the employer contribution rates for 2018, which is the last result shown below.

Employers prefer a declining rate or no change so they budget to manage pension costs. Improvement is evident as IMRF has rebounded from the market downturn in 2008 which precipitated a 16.07% increase in rates for 2010 to a decrease in contribution rates of 24.06% in 2018.

Figure 7.5-6 Change in Employer Contribution Rate ▼

Figure 7.5-6 Change in Employer Contribution Rate
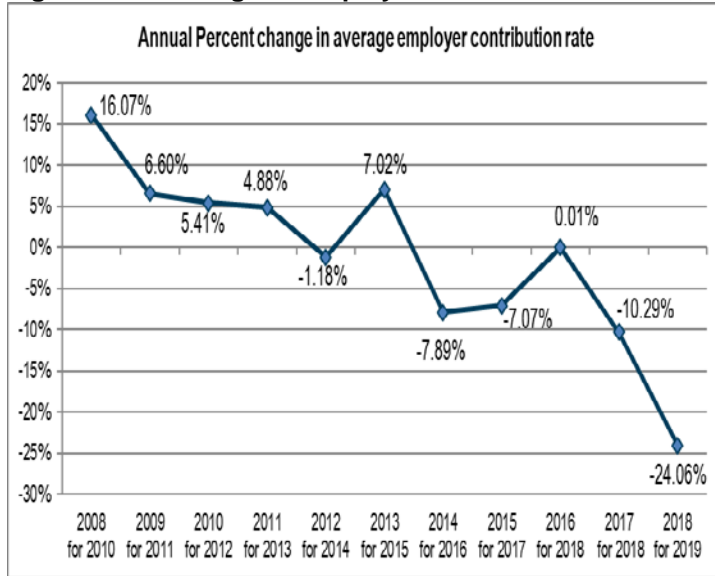
While IMRF has no direct competitors, there are many comparable organizations. Fig. 7.5-7 compares the 2014-18 funded status of IMRF with other public pension plans in the state of Illinois. The five state-funded public pension plans (the retirement systems for the state's teachers, state employees, university employees, judges, and members of the General Assembly) are around 40% funded in aggregate on a market basis. IMRF significantly outperforms the five state-funded plans, as well as the eight Chicago-funded systems, and the two Cook County-funded systems.

Figure 7.5-7 Funded Status vs. others in Illinois ▲

Funded Status	2014	2015	2016	2017	2018	Trend
IMRF Funded Status (Actuarial)	87.3%	88.5%	88.9%	90.5%	90.0%	
Five state-funded public pension funds (Market-basis)*	39.3%	40.9%	39.2%	39.8%	40.2%	
Eight Chicago-funded systems (Actuarial)	42.7%	40.6%	38.6%	37.0%	NA	

7.5b. Strategy Implementation Results *What are your results for the achievement of your organizational strategy and action plans? What are your results for key measures or indicators of the achievement of your organizational strategy and action plans? What are your results for taking intelligent risks?*

Fig. 2.1-3 summarizes strategic objectives, key measures and goals. Top decile goals for each key result area are used to evaluate progress in achievement of strategic objectives. Fig. 7.5-8 summarizes results for key measures of strategic objectives. IMRF has achieved top decile goals for three of four KRAs, and is only slight below top decile for the CEM overall service score.

Figure 7.5-8 Strategy Implementation Results

KRA Strategic Objective	Key Goal (Figure)	Result	Achievement relative to key benchmarks
Financial Health To achieve and maintain a funding level that sustains the Plan	Percent funded status on market value basis (Fig. 7.5-2)	90.1%	IMRF's funded status is among the top 10% of plans based on Milliman study of 100 largest plans that found only 9 with funded status above 90% Achieved top decile
Customer Engagement To foster and maintain engaged members and employers	ACSI score for Cobalt Survey (Fig. 7.2-5)	94	Achieved top decile IMRF ranks first among the nine leading pension funds in Cobalt survey and outperforms benchmarks from similar industries and other benchmarks
Operational Excellence To provide world class customer service at a reasonable cost	CEM Overall Service Score (Fig. 7.1-1)	89	Slightly below top decile IMRF ranks 6th of 42 funds in peer group (~ 86th percentile)
	Per member cost (Fig. 7.5-3)	$95	Lower cost than median IMRF cost better than median by $0.52 per member
Workforce Engagement To foster and maintain an engaged workforce	Percentile rank for workforce engagement (Fig. 7.3-8)	89th per-centile	Slightly below top decile IMRF falls within the 89th percentile amongst performers in McLean database

The McLean engagement survey provides additional results for the effectiveness of approaches to achieve organizational strategy and action plans [2.1, 2.2] and pursue innovation [6.1d]. Results in Fig. 7.5-9 demonstrate IMRF is above McLean's top quartile benchmark for 16 of 20 results reported for 2015-2019.

Figure 7.5-9 McLean Results: Strategy & Innovation ▲

McLean Survey questions	TQ Avg	2015	2016	2017	2018	2019	Trend
I believe in IMRF's overall business strategy	76%	90%	83%	87%	86%	80%	
My contributions are important to the success of IMRF	86%	91%	91%	91%	90%	87%	
This organization encourages innovation	66%	66%	61%	63%	60%	64%	
If I make a suggestion to improve something in my department I believe it will be taken seriously	67%	75%	70%	74%	67%	72%	