



2019 Award Recipient

Illinois Municipal Retirement Fund

The Illinois Municipal Retirement Fund (IMRF) is a public-defined benefit pension plan providing services to the employees of units of local government and school districts throughout the state of Illinois (except for the City of Chicago and Cook County). The main product is money payments to members in response to an event, such as separation from employment, disability, death, or retirement. It has main and satellite offices, respectively, in Oak Brook and Springfield, IL, as well as eight Illinois regional home offices for field representatives.

Senior Leadership

- The Board of Trustees supports responsible governance, assures accountability, and supports IMRF's performance excellence journey. IMRF has achieved 100% in measures of regulatory and legal compliance such as board fiduciary training.
- Senior leaders and supervisors regularly engage with employees and chat about the REAACH (Respect, Empathy, Accountability, Accuracy, Courage, Honesty) values, with 94% of IMRF employees saying that they identify well with IMRF's values.

Financial Results

- IMRF has received a Standard & Poor's "strong" rating since 2017 and is 90% funded; only 16 of the 100 largest U.S. public pension plans are funded at this level. The plan's funded status far exceeds the U.S. average of 73.7% for 124 U.S. public pension funds. Since 2014, IMRF's funding level has been more than double the levels of five Illinois state-funded plans and eight Chicago-funded plans.
- IMRF has grown its assets from \$5,000 in 1941 to \$42.7 billion in 2019, and it is the second-largest pension fund by assets in the state of Illinois. It is the largest in the state by number of members, with over 429,000.

Product and Service Results

- IMRF's 10-year performance of 9.47% gross annualized rate of return for the period ending in 2018 outperforms the actuarial assumption (an estimate of an uncertain variable input into a financial model, normally for the purposes of calculating premiums or benefits) of 7.5% and a total portfolio benchmark of 8.78%. Despite the 2008 financial crisis and the resulting recession, IMRF's 15-year performance of 7.12% is just below its 7.50% actuarial assumption. Investments in eight asset classes exceeded benchmarks in 13 of 24 measured periods of 3, 5, and 10 years.
- IMRF participates in a global benchmarking study that provides detailed comparisons for leading pension systems worldwide, including 44 in IMRF's peer group. IMRF ranks ninth in its peer group for total service score, which measures the performance of



Highlights

- IMRF has received a Standard & Poor's "strong" rating since 2017 and is 90% funded; only 16 of the 100 largest U.S. public pension plans are funded at this level.
- IMRF's 10-year performance of 9.47% gross annualized rate of return for the period ending in 2018 outperforms the actuarial assumption of 7.5% and a total portfolio benchmark of 8.78%.
- Member satisfaction with transactions was 97% in 2018. Employer satisfaction with transactions was 96%.
- IMRF contributes to societal well-being and the Illinois economy through the benefits paid to retired members. The \$1.8 billion in benefits paid in 2018 added \$2.7 billion in total economic activity in Illinois, and it supported the creation of 18,329 jobs.



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its products and services. IMRF's score increased from 86 in 2014 to 89 in 2019, well above the peer average of 77 and approaching the peer max of 94. IMRF is the industry leader, with a service score of 100, for written pension estimates.

Customer Processes with Results

- To ensure timely and actionable feedback, tablet surveys for member walk-ins and toll-free lines are utilized to collect real-time data. Member satisfaction with transactions was 97% in 2018, with 85% of members indicating that they were very satisfied.
- IMRF's net promoter score (measuring how likely someone is to promote IMRF) for member transactions in 2018 was 87.1, and its score for employer transactions was 80.7 (an above-70 net promoter score is considered "world class"). IMRF's workshop ratings were even higher: 92.9 for members and 93.2 for employers.
- IMRF is an industry leader in performance in a third-party survey that measures customer satisfaction using the American Customer Satisfaction Index (ASCI). IMRF's ASCI score of 94 is better than the other funds that participate. It outperforms the benchmark for industries such as Pension Benefit Guaranty Corporation (89), banks (81), and health insurance (73).

People Processes with Results

- The six-step Performance Management System reinforces high performance and leverages compensation, reward, recognition, and incentive practices. Feedback from employee mid-year and year-end performance reviews is aligned with the Leadership Scorecard and action plan performance measures.
- In 2019, IMRF performed at the 89th percentile in an employee engagement survey; IMRF equals or outperforms the top 25% average for all 10 drivers of employee engagement, including empowerment, culture, customer focus, learning and development, rewards and recognition, co-worker relationships, department relationships, company potential, manager relationships, and senior manager relationships.

Strategic Planning

The 12-step Strategic Planning Process involves key internal and external stakeholders in the development of strategic objectives that are aligned with IMRF's key result areas. Innovation and intelligent risk taking are evaluated throughout the strategic planning process. Action plans are developed and executed using a Single Point Accountable (SPA), who is assigned to take the lead role in the planning and deployment of action projects for each key strategy.

Information Systems

- In order to ensure information system security, IMRF incorporated comprehensive security policies into its Code of Conduct; created a centralized security function; built an integrated, multilevel security infrastructure; has security audited by external parties; uses data encryption; and implemented a five-step Cybersecurity

Management Process. In addition, 100% of staff have completed cybersecurity training.

- Over 92% of Spectrum (IMRF's proprietary mainframe computer software pension administration system) transactions since 2014 have been less than one second. A new web-centric customer service delivery model enables members and employers to access information and make transactions online. The number of employer transactions available online has tripled since 2005 and is now 99%.

Work Process Effectiveness Results

- IMRF utilizes a four-step Continuous Improvement Process, IAPI (Identify-Analyze-Prioritize-Implement), for any staff member to identify and submit opportunities for improvement online in the COMPASS intranet site, which has an automated workflow for tracking the status of improvement efforts.
- The Office Services Department error rate has decreased from 0.38% in 2016 to 0.21% in 2018, and the percentage of documents processed the same day is 100%. Call hold time has decreased from 139 seconds in 2014 to 72 seconds in 2018, outperforming the target of 105.

Citizenship with Results

- IMRF contributes to societal well-being and the Illinois economy through the benefits paid to retired members; 86% of IMRF's 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 it supported the creation of 18,329 jobs.
- Investment performance with minority and women-owned businesses exceeds the state's goal of 20% and has earned IMRF the Pacesetter Award from the National Association of Security Professionals; \$10.2 billion of IMRF's assets are managed by minorities, women, and persons with a disability. In addition, \$1 billion of its assets are managed by Illinois-based, minority investment management firms.

For more information:

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Baldrige Performance Excellence Program

The Baldrige Program educates organizations of all sizes and from all sectors in organizational performance management and improvement. We also administer the Malcolm Baldrige National Quality Award. Our key services are to identify and recognize role-model organizations, share best management practices, and help organizations achieve best-in-class performance levels. We are the only public-private partnership and Presidential award program dedicated to improving U.S. organizations.

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