

IBM Retiree Club 2018 Briefing

Claire Smith

Agenda

- 2018 Pension Increases
- Main Plan pre-1997 increases
- Funding Updates
- Project Waltz Update
- Trustee Board
- Pensions Trust
- Website

2018 Pension Increases

Scheme	Basis	2018	2017
Main Plan – C, N & E			
- Pre 1997	50% of RPI to January	2%	1.3%
- Post 1997 and pre 2005	CPI to September	3%	1.0%
- Post 2005	CPI to September	2.5%	1.0%
Main Plan – DSL			
- Pre August 2005	RPI to December	4.1%	2.5%
- Post August 2005	RPI to December	2.5%	2.5%
I Plan	RPI to September	3.9%	2.0%

Full details of your pension increases will be sent to you, along with the booklet 'Information for Our Retirees', at the beginning of April. The details of your pension increases are also available on the Trustee's website.

Main Plan Pre-1997 Increases

- Increases at 50% of RPI have been agreed with IBM up to and including the April 2020 increases
- The Trustee, as part of the work related to the 2018 triennial valuation, will work with IBM to seek agreement to future guaranteed increases related to pre-1997 service
- Should the Trustee and IBM be unable to agree to future guaranteed increases related to pre-1997 service such increases revert to being discretionary in nature

Funding Update

- A formal actuarial valuation is completed every three years. The last actuarial valuation was completed as at 31 December 2015.
- In the years between the formal actuarial valuation the scheme actuary prepares an interim valuation. The interim valuation is prepared using the same underlying assumptions and it updated for changes in investment markets. The last interim valuation was completed as at 31 December 2016.

Funding Update – Main Plan

- Results of the formal valuation as at 31 December 2015 were:

£m	2015	2012	Change
Assets	6,649	5,604	1,045
Liabilities	6,851	6,370	481
Deficit	(202)	(766)	564
Funding level	97%	88%	11%

- IBM paid deficit contributions of £194m in the period
- IBM has agreed to pay deficit contributions of £20m per annum from 1 April 2017 until 30 September 2020
- These deficit contribution, together with anticipated investment returns, should extinguish the deficit by 30 September 2020

Funding Update – Main Plan

- Results of the interim valuation as at 31 December 2016 were:

£m	2016	2015	Change
Assets	7,864	6,649	1,215
Liabilities	7,776	6,851	925
Surplus/(deficit)	86	(202)	288
Funding level	101%	97%	3%

- Further information can be found in the Summary Funding Statements on the Trustee's website.

Funding Update – I Plan

- Results of the formal valuation as at 31 December 2015 were:

£m	2015	2012	Change
Assets	842	574	268
Liabilities	1,032	777	255
Deficit	(190)	(203)	(13)
Funding level	82%	74%	8%

- IBM paid deficit contributions of £62m in the period
- IBM has agreed to pay deficit contributions of £30m per annum from 1 January 2017 until 30 June 2022
- These deficit contribution, together with anticipated investment returns, should extinguish the deficit by 30 June 2022

Funding Update – I Plan

- Results of the interim valuation as at 31 December 2016 were:

£m	2016	2015	Change
Assets	1,123	842	281
Liabilities	1,291	1,032	259
Surplus	(168)	(190)	22
Funding level	87%	82%	5%

- Further information can be found in the Summary Funding Statements on the Trustee's website.

Project Waltz Update

- The Court of Appeal hearing took place during May 2017
- In August 2017 the Court of Appeal upheld IBM's appeal, and rejected the Representative Beneficiaries cross appeal
- In October 2017 the Representative Beneficiaries announced that would not be seeking leave to appeal to the Supreme Court

Trustee Directors

	Appointment
Robert Tickell (co-chair)	MND
Doug Moody	MND
Leigh Salkeld	MND
Chris Wyatt (co-chair)	IBM appointed
Harshal Chaudhari	IBM appointed
Evaristus Mainsah	IBM appointed
Joe Sweeney	IBM appointed
Iain Stark *	IBM appointed
Law Debenture Pension Trust Corporation plc	Independent Director

* Iain Stark is retiring from IBM at the end of March 2018. Gary Kildare has been appointed to backfill Iain with effect from 8 March 2018.

Pensions Trust

Position	Name
Pensions Trust Manager & Company Secretary	Adrian Spann
Investment Manager	Nicolas Chopin
Operations Manager	Claire Smith
Finance Manager	Charlotte Cooper
Systems Manager	James Adams
Services Manager	Julie Edney

Website

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- > ENHANCED M PLAN
- > HYBRID
- > I PLAN

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Website

The screenshot displays the IBM Pensions Trust website interface. At the top, the header includes the logo 'IBM PENSIONS TRUST' and navigation links for 'Accessibility', 'News', 'MyPension', and 'Contact Us'. Below this is a secondary navigation bar with a home icon, 'C/N/DSL Plan' (highlighted), 'Information for Retirees', 'Resources', and 'News', along with a search icon and the text 'Search'. A breadcrumb trail indicates 'You have selected: Retired | C/N/DSL Plan' with a 'Change' button. The main content area features a large heading 'C/N and DSL Plans' and three primary navigation cards: 'Pension Payments' (with a calendar icon), 'Pension Increases' (with a laptop and clock icon), and 'Death in Retirement' (with a flower and laptop icon). Each card has a 'MORE INFO' button. A central prompt 'Scroll down for more' with a downward arrow is positioned between the 'Pension Increases' and 'Death in Retirement' cards.

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You have selected: Retired | C/N/DSL Plan Change

C/N and DSL Plans

Pension Payments Pension Increases Death in Retirement

MORE INFO Scroll down for more MORE INFO

Pensions Trust Contact Information

Contact information

E-mail	pensions@uk.ibm.com
Pensions helpdesk	023 9256 8164
Website	www.smartpensionsuk.co.uk
Write	Pension Services, IBM United Kingdom Pensions Trust Limited, PO Box 41, North Harbour, Portsmouth, PO6 3AU
