I Plan

The IBM IT Solutions Pensions Scheme (I Plan) is a Defined Benefit scheme. The I Plan is closed to future accrual for most current employees from 5 April 2011, unless otherwise advised by the Company. Some members have a protected right to remain in the I Plan and accrue pension benefits, due to the terms and conditions of the pension plan they were a member of prior to joining IBM under an outsource or acquisition

Benefit Structure

- Your I Plan pension is calculated using your service and Final Pensionable Earnings (FPE) at the date you left the Plan. The formula that is used is: FPE x 1/60 x pensionable service.
- When you retire your pension is increased by statutory revaluation for the period between leaving the Plan and your retirement date. If you decide to retire before your Normal Retirement Date (NRD) any applicable Early Retirement Discount Factors (ERDFs) will then be applied.
- The value of any ASC/AVC fund you have can be used to fund part, or all, of your tax-free cash.

Contributions

Smart* pensions (started 6 January 2006).

- You elect to reduce your Pre **You*** salary by 5% of your pensionable salary (prior to 6 April 2005 the contribution rate was 4%).
- You have the option of paying additional contributions whilst an employee:
  - Additional **Smart*** Contributions (ASCs)
  - Additional Voluntary Contributions (AVCs)

Investing

- Any ASCs/AVCs are invested in a range of funds with Legal and General, with the default option being Lifecycle to Annuity.
- There are two investment methods – *Lifecycle* strategies (a set selection of investment funds) or *Freestyle* (where you select your own).
- More information can be found under the 'Investing' section of the website.

Benefits

Retirement

- The normal retirement age is 60.
- If you were an active member of the Plan on 5 April 2006 the earliest age you can retire is 50. If you were not an active member at that date the earliest age you can retire is 55.
- If you take early retirement your pension will be reduced on a cost neutral basis from the age of 60 down, this will then be compared against a reduction of 5% per year (compound) and the highest amount will be paid. For those that joined on or after 20 September 2012, the calculation is based on a cost neutral reduction only.
- Retirement from active service before age 60 is permitted providing you give 12 months' notice of your intention to leave IBM's employment and commence receipt of your pension.

Death

- **If you die in retirement**, a pension may be payable to:

  - Your spouse/ civil partner/dependant (in the case of separation, the Trustee has absolute discretion over who may receive a pension)
  - Up to a maximum of three children

- **If you die after leaving IBM but before retirement**, a pension may be payable to:

  - Your spouse/ civil partner/dependant (in the case of separation, the Trustee has absolute discretion over who may receive a pension)
  - In some instances the Trustee will consider payment of a pension to a dependant.
  - Up to a maximum of three children.

  Irrespective of whether any pensions are payable to a spouse, dependant or child, any I Plan contributions and an amount equivalent to I Plan **Smart*** contributions, including interest, would be payable to your beneficiary.
  The value of any ASC/AVC fund would be payable to your beneficiary.

- **If you die whilst employed by IBM** your family or chosen beneficiary will receive a tax-free sum of money paid under the IBM Group Life Assurance (GLA) Plan. The amount that would be paid is dependent on whether you are participating in the **You*** scheme, and the multiple of salary you have elected at the annual **You*** enrolment. If you are not participating in the **You*** scheme, the multiple of salary as detailed in your terms and conditions of employment would be paid.

  A pension may also be payable to:

  - Your spouse/ civil partner/dependant (in the case of separation, the Trustee has absolute discretion over who may receive a pension)
  - Up to a maximum of three children

Benefits

In addition, a refund of any I Plan contributions and a payment equivalent to any I Plan **Smart*** contributions, including interest along with the value of any Matched Contributions elected by you, and any ASC/AVC fund is payable to your beneficiary as a tax-free lump sum.

Your latest benefit statement (available on My Pension) includes an estimate of the benefits payable to you for death in service.

Leaving

For those that leave before retirement, you can:

- Leave your pension with the IBM IT Solutions Pension Scheme until you take your pension.

- Transfer your pension to another pension provider.

Please note once you have left the company you will no longer receive annual benefit statements. If you would like a projection of your pension benefits you will need to contact us.