Hybrid Deferred Status

Hybrid Deferred status was created on 6 April 2011 following the closure of the Defined Benefit plans to future accrual. All C,N,DSL and certain I Plan members who were employed by IBM on 5 April 2011 automatically became Hybrid Deferred members.
Members are able to opt out at any time, but are unable to re-join at a later date.

Benefit Structure

- Hybrid Deferred benefits are the total of:
  - Your defined benefit plan benefits to 5 April 2011, and
  - The value of your Hybrid M Plan retirement account
- Your defined benefit plan pension is the higher of the two calculations:
  - **Continued Final Pensionable Earnings (FPE)**, and
  - **Deferred Underpin**
- **The continued FPE benefit** is calculated using your Final Pensionable Earnings and State Pension Deduction (where applicable) at the date you left service, with Pensionable Service as at 5 April 2011.

  If you decide to retire before your Normal Retirement Date (NRD), this amount is reduced by the Early Retirement Discount Factors for each month you draw your pension early. If you were a member of the C Plan and are retiring from active service at age 60 or above, your pension will not be reduced.
- **The Deferred Underpin benefit** is calculated using your FPE, State Pension Deduction (where applicable) and Pensionable Service as at 5 April 2011, increased by Statutory Revaluation to your retirement date.

  Your Deferred Underpin benefit is reduced by the ERDF's for each month you draw your pension before NRD, even if you were a member of the C Plan and retiring at age 60 or above.
- If you were a member of the C/N or DSL Plans, the value of your Hybrid M Retirement Account can be used to fund part, or all of your tax-free cash, used to purchase an annuity, or transferred to another provider. If you were a member of the I Plan, you can take 25% of your Hybrid M Plan Retirement Account as tax-free cash and then purchase an annuity with the remainder, or you can transfer to another provider.

Contributions

Smart* pensions

- You elect to reduce your Pre **You*** salary by 3% of your pensionable salary.
- The Company credits your Hybrid M Plan retirement account with this 3% (known as the M Plan **Smart*** contribution) together with an 8% Company contribution.

You can increase the amount paid into your Hybrid M Plan retirement account by making additional contributions. They are:

- Matching Contributions
- Additional **Smart*** Contributions (ASCs)
- Additional Voluntary Contributions (AVCs)

More information on additional contributions can be found under the ‘Saving’ section of the site.

Investing

Pension contributions 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 site.

Benefits

Retirement

Your Normal Retirement Age (NRA) and the earliest age you can take retirement are dependent on the DB Plan you were a member of. We have a separate factsheet for each of the DB Plans and the link to the factsheets is in the ‘Useful Links’ section below. You can also look at the protected pension age table, also linked below, to find out the earliest age that you can retire.

You will have the option to take a pension or a tax-free lump sum with a reduced pension. If you were in the C, N or DSL plan, you may be able to use your Hybrid M Plan Retirement Account to fund the whole of your tax-free cash payment. This is not the case for those who were in the I Plan.

Death

If you die after leaving IBM but before retirement, a pension from your DB plan 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

You can refer to the relevant DB Plan Factsheet for more information.

Your Hybrid M Plan Retirement Account will be paid to your beneficiary or used to purchase an annuity for your spouse, dependants or children.

Benefits

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

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 MyPension) includes an estimate of the benefits payable to you for death in service.

Leaving

For those who leave before retirement, you can:

- Leave your benefit with IBM until you take your pension
- Transfer your benefit 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.

Transferring

Once you are no longer employed by IBM, or you have opted out of your pension plan, you have the statutory right to transfer your pension benefits to another pension provider.

For further information, please contact your Pensions Officer.