

2021 Summary Funding Statement

IBM I.T. Solutions Pension Scheme

At least once every three years the Trustee is required to complete a formal valuation, known as the Actuarial Valuation, of the assets and liabilities of the IBM IT Solutions Pension Scheme (the Scheme). The most recent valuation was completed this year based on the values as at 31 December 2021.

The results of the 2021 report show that the funding position has improved from a surplus of £31 million at the 2018 valuation, to a surplus of £76 million, and the funding level is 105%.

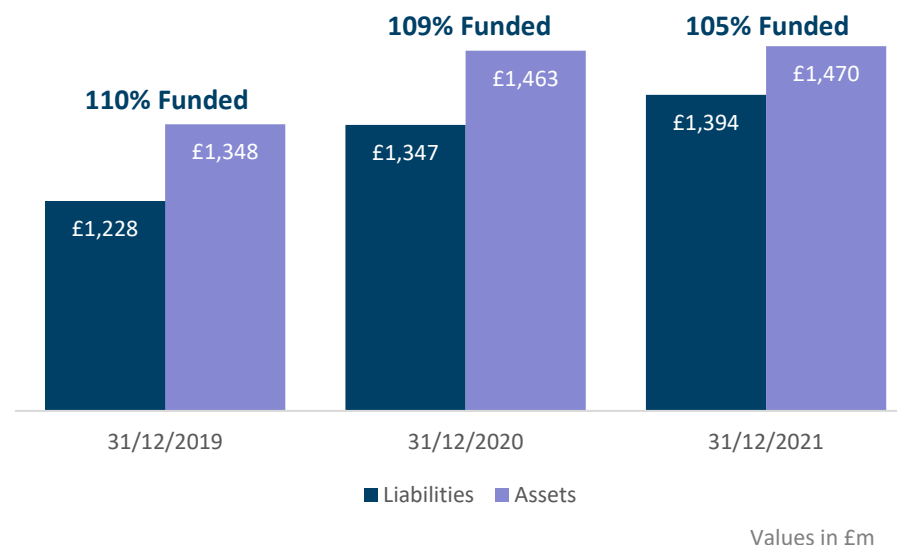
This table compares the Scheme's liabilities with the market value of the Scheme's assets in the 2021 Valuation to the corresponding figures from the 2018 Valuation:

	2021 £m	2018 £m
Amount of Plan's Liabilities	1,411	1,169
Market Value of Plan's Assets	1,487	1,200
Surplus / (Deficit)	76	31
Funding Level	105%	103%

The main factors contributing to the increase in funding level since 31 December 2018 were:

	£m
Surplus as at 31/12/2018	31
Asset outperformance	+ 72
Change in financial Assumptions	- 15
Other	- 12
Surplus as at 31/12/2021	76

How has the funding position changed over the last three years?



Contributions

The Trustee and the Company are required to review and agree the contributions payable to the Scheme at each formal Valuation.

The Scheme continues to be fully funded and as such, the Trustee and IBM have agreed that IBM, at this time, will not make further contributions to the Scheme.

How are the Scheme's liabilities assessed?

The Scheme is subject to a formal financial assessment (an Actuarial Valuation) at least once every three years. As part of the Actuarial Valuation, the Trustee and the Company agree a Statement of Funding Principles (called the SFP). This documents how the accrued liabilities of the Scheme should be calculated including the method and assumptions e.g. expectations of future asset return and life expectancies. A copy of the SFP is available to members on request.

What is the Scheme invested in?

The Scheme has invested in a diversified range of assets including equities, property, corporate bonds, government bonds and derivatives. The Trustee regularly reviews the investment performance to ensure appropriate allocation to the various asset classes, considering the financial position of the Scheme and the risk tolerance of both the Trustee and the Company. The Trustee's longer term objective is to reduce the allocation to return seeking assets, such as equities, whilst increasing the allocation to less risky government and corporate bonds. The Trustee's investment principles are documented in a "Statement of Investment Principles", which is available under the 'Governance Documentation' section of our website, www.smartpensionsuk.co.uk.

How secure is my pension?

The Trustee's long-term funding objective is for the Scheme to have sufficient assets to pay the benefits due, both now and in the future, without the need for further Company contributions.

In the highly unlikely event that the Company becomes insolvent and unable to pay further contributions, the full amount of your accrued pension may not be paid. In this event, the assets of the Scheme would be used to buy insurance policies to fund your future benefits. Insurers would take a more cautious view of the future than that included in the Actuarial Valuation, whilst also requiring a profit. On this basis, as at 31 December 2021, it was estimated that the assets of the Scheme would cover 86% of its liabilities on this basis.

Should the Company become insolvent, the Scheme may qualify for entry into the Pension Protection Fund (PPF), ensuring that compensation is paid to members of defined benefit pension schemes up to a certain level. However, given the current funding position, the benefits provided by the PPF would, in almost all cases, be lower than those payable from the Scheme. Information about the PPF is available online at www.ppf.co.uk.

How is your pension paid for?

The cash required by the Trustee to pay the members' benefits comes from the sale of the Scheme assets. The cash is held in a common fund and not in separate funds for each individual member.

Other information

We are required to notify you whether there have been any payments made from the Scheme to IBM over the last 12 months, and can confirm that no such payments have been made.

It is also a legal requirement to inform members whether the Scheme has been modified by The Pensions Regulator or if any directions or schedule of contributions have been imposed on the Scheme by The Pensions Regulator. There has not been any such involvement from The Pensions Regulator with the Scheme.

Transferring your benefits out of the Scheme

If you are thinking of leaving the Scheme for any reason, you should consider obtaining professional financial advice before taking this step. You can find a list of advisers on the MoneyHelper website at:

www.moneyhelper.org.uk

Please note, financial advisers will usually charge a fee for their services.

The Financial Conduct Authority (FCA) has also produced information to help you understand the value of a DB pension if you are considering transferring out of a DB pension plan into a DC scheme.

Further information can be found at: www.fca.org.uk

Further information

If you are interested in reviewing any of the formal documents that relate to the Scheme and its funding, please visit www.smartpensionsuk.co.uk and select the Governance page. The formal Scheme documents include:

- **Trust Deed and Rules;**
- **Annual Report & Accounts;**
- **Statement of Investment Principles;**
- **Investment Policy Implementation document (IPID);**
- **Implementation Statement;**
- **Actuarial Valuation and Actuarial Reports;**
- **Members Reports;**

Climate Change-related Disclosures Report

This report is sometimes referred to as TCFD (Taskforce on Climate-related Financial Disclosures) in government guidance. The report explains how the Trustee has established oversight and processes to ensure that the IBM IT Solutions Pension Scheme's relevant climate-related risks and opportunities are considered appropriately in the day-to-day management of the Scheme. The report and helpful infographics can be found on our Governance page.

Any questions about this statement?

We hope you have found this information useful. If you have any questions, feedback or would like more information about this statement, please contact IBM Pensions Trust at **PTComms@uk.ibm.com**.

Don't forget to visit our website www.smartpensionsuk.co.uk for the latest Plan news.

Any questions about your IBM Pension?

If you have any queries or requests relating to your IBM Pension, please contact the scheme administrators:

XPS Pensions Group, IBM Plans
Office 48, Pure Offices
One Port Way
Port Solent
Portsmouth
Hampshire, PO6 4TY

Email XPSadmin.IBM@xpsgroup.com

Phone 0118 214 3056

Website: www.mypension.com/ibm/ibmhome

If you change your email address or home address, please ensure that you let XPS know by either submitting an update via **MyPension** or contacting them by email.