

# 2023 Summary Funding Statement

## IBM I.T. Solutions Pension Scheme

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). For the two years in between, an Actuarial Report is carried out to obtain an approximate update on funding position. The most recent Report was carried out as at 31 December 2023.

The results of the 2023 report show that the funding position has improved from a surplus of £108 million at the 2022 report, to a surplus of £127 million, and the funding level is 115%.

## Introduction

Welcome to the latest Summary Funding Statement for the IBM I.T. Solutions Pension Scheme (the Scheme). The aim of the Statement is to explain how the money building up in the Scheme compares with the funds needed to provide the benefits due to our members.

This table compares the Scheme's liabilities with the market value of the Scheme's assets in the 2023 Report to the corresponding figures from the 2022 Report:

|                                 | 2023<br>£m | 2022<br>£m |
|---------------------------------|------------|------------|
| Amount of Scheme's Liabilities  | 823        | 855        |
| Market Value of Scheme's Assets | 950        | 963        |
| Surplus / (Deficit)             | 127        | 108        |
| Funding Level                   | 115%       | 112%       |

Both asset and liability values have reduced since 31 December 2022, driven by substantial increases in gilt yields. The technical provisions have decreased slightly due to a higher discount rate margin. However, liabilities have reduced proportionately more than assets, and stronger-than-expected investment performance relative to the Scheme's liabilities has been the key factor contributing to the improvement in the funding level.

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



## 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 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 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' section of our website [www.smartpensionsuk.co.uk](http://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 2023, it was estimated that the assets of the Scheme would cover 115% 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](http://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, please read the Trustee's Transfer Guide which can be accessed here:

[www.mypension.com/ibm/resources/factsheets](http://www.mypension.com/ibm/resources/factsheets)

You should also consider obtaining professional financial advice before transferring and in some circumstances, this is a mandatory requirement. You can find a list of advisers on the MoneyHelper website at:

[www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser](http://www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser)

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/consumers/pension-transfer-defined-benefit](http://www.fca.org.uk/consumers/pension-transfer-defined-benefit)

## 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](http://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](mailto:PTComms@uk.ibm.com).

Don't forget to visit our website [www.smartpensionsuk.co.uk](http://www.smartpensionsuk.co.uk) for the latest Scheme news.

## Any questions about your IBM Pension?

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

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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.