

# 2023 Summary Funding Statement

## IBM Pension Plan // Defined Benefit Section

Every three years the Trustee is required to complete a formal valuation, known as the Actuarial Valuation, of the assets and liabilities of the Defined Benefit (DB) Section of the IBM Pension Plan (the Plan). For the two years in between, an Actuarial Report is carried out to obtain an approximate update on the funding position. The most recent Report was carried out as at 31 December 2023.

The results of the 2023 Report show that the Plan's surplus is now £481m and the scheme remains over funded at 109% as at 31 December 2023.

# Introduction

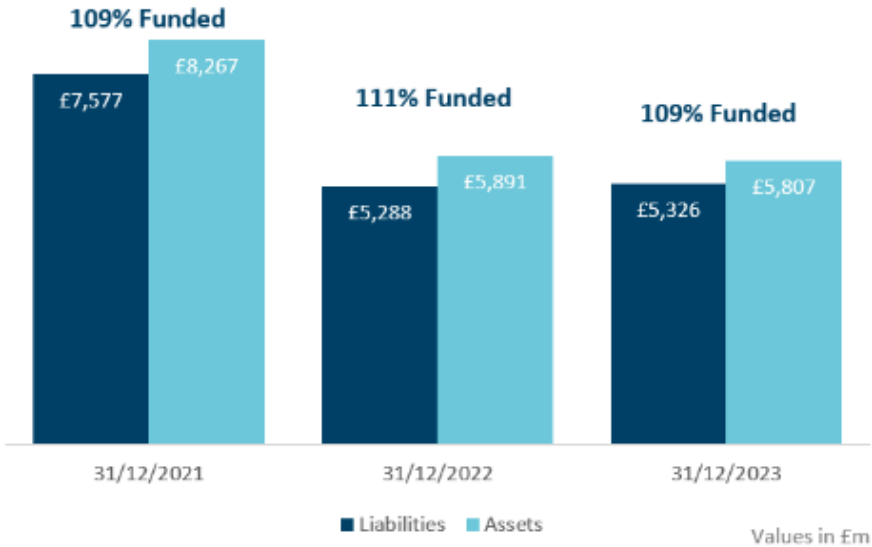
Welcome to the latest Summary Funding Statement for the IBM Pension Plan (the Plan). The aim of the Statement is to explain how the money building up in the Plan compares with the funds needed to provide the benefits due to our members.

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

	2023 £m	2022 £m
Amount of Plan’s Liabilities	5,326	5,288
Market Value of Plan’s Assets	5,807	5,891
Surplus / (Deficit)	481	603
Funding Level	109%	111%

The change in the funding level since the last actuarial update as at 31 December 2022 can be attributed to the investment return over the period being slightly below that required to keep pace with changes in the liability value.

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



### How are the Plan's liabilities assessed?

The Plan 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 Plan 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 Plan invested in?

The Plan 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 Plan 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 and property, 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 Plan 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 Plan 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. However, on this basis, as at 31 December 2023, it was estimated that the assets of the Plan would cover 106% of its liabilities on this basis.

Should the Company become insolvent, the Plan 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 Plan. 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 Plan assets. The cash is held in a common fund and not in separate funds for each individual member.

## Discretionary Increases

As part of the 2021 valuation, IBM has agreed for an additional 2 years of C and N Plan discretionary increases on the same terms as was previously implemented, up to and including April 2024.

## Other information

We are required to notify you whether there have been any payments made from the Plan 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 Plan has been modified by The Pensions Regulator or if any directions or schedule of contributions have been imposed on the Plan by The Pensions Regulator. There has not been any such involvement from The Pensions Regulator with the Plan.

## Transferring your benefits out of the plan

If you are thinking of leaving the Plan 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 Plan and its funding, please visit [www.smartpensionsuk.co.uk](http://www.smartpensionsuk.co.uk) and select the Governance page. The formal Plan 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 Pension Plan's relevant climate-related risks and opportunities are considered appropriately in the day-to-day management of the Plan. 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](http://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 plan 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.