

2022 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 funding position. The most recent Report was carried out as at 31 December 2022.

The results of the 2022 Report show that the Plan's surplus is now £603m and the funding level has increased to 111% as at 31 December 2022.

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.

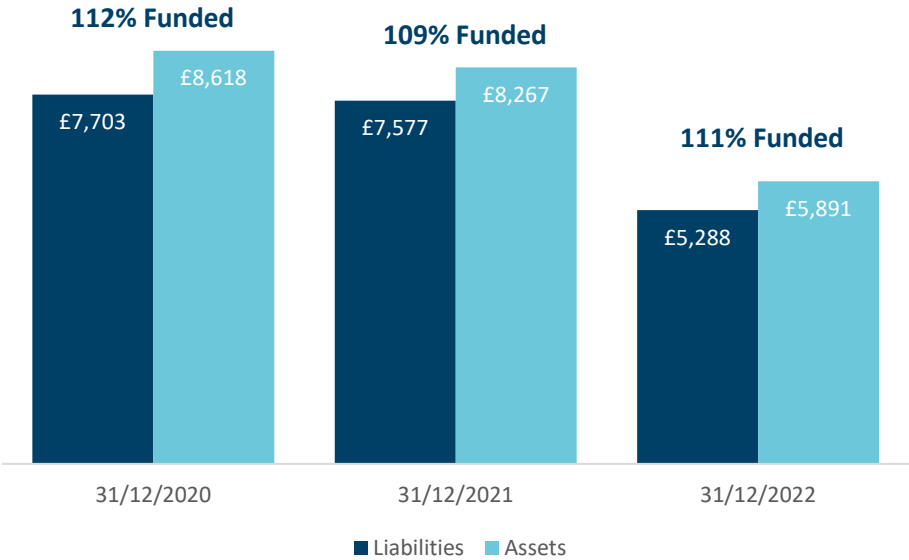
This table compares the Plan’s liabilities with the market value of the Plan’s assets in the 2022 Report to the corresponding figures from the 2021 Valuation:

	2022 £m	2021 £m
Amount of Plan’s Liabilities	5,288	7,577
Market Value of Plan’s Assets	5,891	8,267
Surplus / (Deficit)	603	690
Funding Level	111%	109%

The primary reason for the shift in funding levels since the 2021 Valuation is the relationship between assets and liabilities. Both have seen a substantial reduction over the past year, primarily due to significant rises in fixed interest gilt yields.

However, as the liabilities have reduced, proportionately, by more than the assets, there has been a positive impact on the overall funding level, despite a reduction in the surplus in monetary terms.

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.

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 2022, it was estimated that the assets of the Plan would cover 108% 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.

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:

<https://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:

<https://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:

<https://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 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 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:

XPS Pensions Group

IBM Plans
PO Box 562
Middlesbrough
TS1 9JA

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.