

April 2010

Information for our retirees



www.smartpensionsuk.co.uk

 IBMPENSIONSTRUST

Pension payment dates for 2010/11 are shown below:

April – Tuesday 6th

May – Thursday 6th

June – Monday 7th

July – Tuesday 6th

August – Friday 6th

September – Monday 6th

October – Wednesday 6th

November – Monday 8th

December – Monday 6th

January – Thursday 6th

February – Monday 7th

March – Monday 7th

Pension payslips

For many years now, pension payslips have not been issued every month as the net payment doesn't generally vary. However, many retirees – particularly those newly retired – still query the non-receipt of a payslip. Payslips still are only issued in the following circumstances:

- If there is a net change greater than £1 in your monthly payment;
- At the start and end of each tax year, i.e. April and March;
- If your tax code changes; or
- If you change your bank or building society account.

All payslips are sent to your home address.

Pension payments if you are living abroad

During December 2009 and January 2010, all retirees who live abroad and have their pension paid in local currency, were transferred to Citibank's WorldLink payment facility. This was necessary following the Bank of Scotland's withdrawal of their Transcontinental Automated Payment Service (TAPS) at the end of 2009.

The WorldLink facility offers payment in local currency in more countries than TAPS. The charge for using WorldLink is currently £2 per month which is deducted from the net pension amount.

If you are resident abroad and would like more information about WorldLink, you can find the leaflet 'WorldLink Payment Services' on the Pensions Trust website or alternatively, you can call Pensions Services and a copy will be forwarded to you.

If you use WorldLink, your pension will still be paid on the 6th of each month (or next working day) but you should allow up to five working days for the payment to be in your foreign account.

Notifying a change of personal details

Changes to your personal details e.g. address or marital status must be made in writing. You can write, send a fax or email the details to Pensions Services. If you do send an email, please provide the following information about yourself for security:

- ✓ Employee Serial number
- ✓ Date of Birth
- ✓ National Insurance number

Change of bank account details

Any change to your bank account details must be sent in writing so that your signature can be matched against documentation already held on your record. Alternatively, there is a 'Change of Bank Details' form to download on the Pensions Trust website which should be printed, completed and posted to Pensions Services.

You should send the new details to Pensions Services at least ten working days before the next pension payment date to ensure payment is made to your new account.

P60

Your P60 will be issued by Pensions Services during May. Please keep it in a safe place as we can't supply duplicates. If you have any query about your P60, please contact Pensions Services.

Do you have a query about your tax code?

HM Revenue & Customs (HMRC) require Pensions Services to operate any notice of tax coding they issue. If you have any query about your tax code please contact HMRC directly; HMRC won't allow Pensions Services to deal with them on your behalf.

Importance of having a Will

When considering the payment of any benefits to dependants or beneficiaries after the death of a retiree, the Trustee often needs to request a copy of any Will, even if there is a recent Beneficiary Nomination recorded. Whilst many people do have Wills, there are a large number of people who don't. Not having a Will makes the life of those family members that are left after a bereavement so much more difficult. This is always a distressing time so please consider making a Will if you have not already done so.

You should also consider updating your recorded IBM Beneficiary Nomination, not just if there has been a recent change in your circumstances but to ensure that the Trustee has a recent nomination in place. Your nomination may not have changed for many years but the Trustee requires up to date information when making decisions about the payment of any benefits.

You can download a copy of the Beneficiary Nomination form from the Pensions Trust website or just call Pensions Services and a copy will be sent to you.

If you are receiving a dependant's pension it's not necessary to complete a Beneficiary Nomination form.

Divorce

If you are getting divorced, please contact Pensions Services if your pension will be included in the financial settlement.

Pension increases

The amount of any increase to your IBM pension every April is based on the Office for National Statistics' recorded 'All Items UK Retail Price Index' (RPI). The months that the recorded RPI figures are used for increases depend on the pension plan you are a member of and when the pension was earned.

A number of increases across the various pension plans are based on the recorded RPI figure in September each year. In September 2009, RPI was negative for the seventh month in succession and was recorded at -1.4%. Any pension that relies on the recorded RPI figure for September for increases has not been adversely affected by the negative RPI figure and remains unchanged for the 2010/11 fiscal year.

C and N Plan members

Pension earned on service	Up to 5 April 1997	Between 6 April 1997 and 5 April 2005	After 6 April 2005
Type of increase	60% of RPI capped at 4%	LPI increases capped at 5%	LPI increases capped at 2.5%
Amount of increase	2.2%	0.0%	0.0%
Increase based on recorded RPI in	January 2010	September 2009	September 2009
Recorded RPI	3.7%	-1.4%	-1.4%

DSL Plan members

Pension earned on service	Up to 5 August 2005	After 5 August 2005
Type of increase	LPI increases capped at 5%	LPI increases capped at 2.5%
Amount of increase	2.4%	2.4%
Increase based on recorded RPI in	December 2009	December 2009
Recorded RPI	2.4%	2.4%

I Plan members

Pension earned on service	All service
Type of increase	Increase in RPI capped at 5%
Amount of increase	0.0%
Increase based on recorded RPI in	September 2009
Recorded RPI	-1.4%

All Plans – Guaranteed Minimum Pension for retirees over State Pension Age

The Government have announced that there will be no increase to Guaranteed Minimum Pension (GMP) in April 2010. Increases to GMP are based on the recorded Retail Price Index (RPI) figure in September each year before any increase is awarded the following April.

In September 2009, the recorded RPI figure was negative. Although the Government have agreed to increase the Basic State Pension, despite the negative RPI figure, this has not been extended to either Pre or Post 1988 GMP.

Employee Purchase Plan – Up to 25% discount on Lenovo products

Retirees are eligible for up to 25% discount on the purchase of new Lenovo products, services and options. The new and updated Employee Purchase Plan (EPP) is open to family and friends as well as for your own personal purchases.

The website is operated by Lenovo and recent improvements to the site include the ability to build products to your own specification.

For the most up to date information about Lenovo products, visit the EPP website or call the EPP hotline between the hours of 09:00 and 17:30, Monday to Friday. You can purchase online or, if you prefer, call the support team and the order will be placed on your behalf.

Telephone: 0844 800 9839

Website: www.lenovo.com/epp/uk

Passcode: save4today

IBM Rewards

IBM is continuing to offer the voluntary benefits scheme, 'IBM Rewards', which is also available to IBM retirees and dependants.

The scheme offers you the opportunity to save money or earn Cashback at more than 1,300 stores when you shop online – including Asda, Sainsbury's, Tesco, Comet, House of Fraser and many more.

If you don't have access to the internet or shop online, you can still save money by ordering discounted gift vouchers through the telephone helpdesk. You can save money with vouchers from leading retailers, including Comet, Argos, Sainsbury's and Marks & Spencer. You can call the Helpdesk on 0845 36 36 186.

All offers are subject to change and any dependants under age 16 will not be able to participate.

For more details and to register visit www.ibmrewards.co.uk.



Pensions Trust website

If you have access to the internet, the Pensions Trust website contains a lot of useful information for retirees. If you haven't already visited the site, you can access it at www.smartpensionsuk.co.uk.

There is a useful 'scrolling news' section that provides details of any changes or news items that may be of interest to you. Please bookmark the website and visit it regularly to keep up to date.



The IBM Club website contains a lot of useful information for eligible retirees. If you haven't already visited the site, you can access it at www.ibmclub.org.uk. The IBM Club is a great way to pursue the activities that you enjoy at advantageous prices. It is also a good way to meet other IBMers, whether they are retired or still employed. If your favourite activity is not catered for why not make a suggestion to your local club?

Eligibility

You are eligible to be a Retiree Member if:

- You have 15 years' or more continuous IBM service and began drawing your IBM pension immediately on retirement; or
- You are now drawing a previously deferred IBM pension having completed more than 15 years' continuous IBM service.

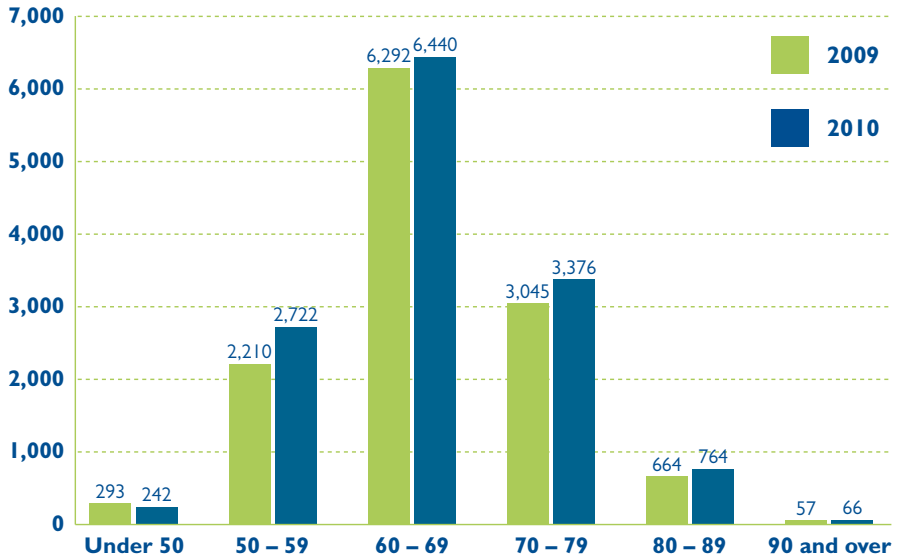


Depending on where you live there may be more than one local club whose events you may wish to take part in. You may only affiliate with one local club, but all clubs operate a policy whereby any member can apply for events run by any club. In making up your mind with which club to affiliate, you should review the events of the candidate clubs and decide between them on the basis of which club's events you are most likely to attend. If your attendance pattern changes, or you move location, you can easily change your affiliation.

Please bookmark the website and visit it regularly to keep up to date. If you have any queries about the IBM Club, please contact the Club Administrator using the details found on the back page.

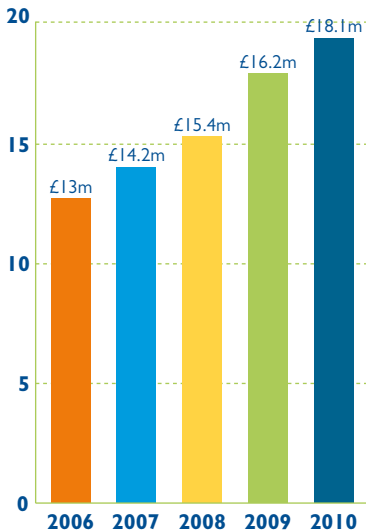
Interesting statistics about our retirees

How old are our retirees and dependants?



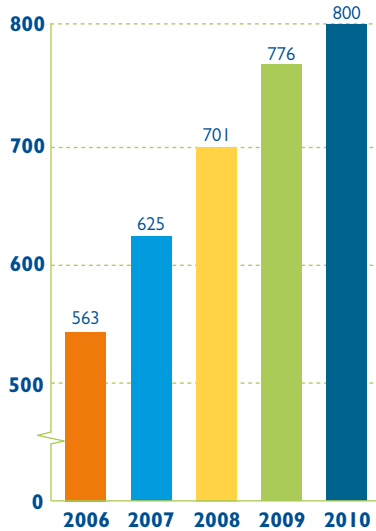
Monthly payroll cost

The chart below shows the increase in the total cost of the monthly retiree payroll over the last five years.



Retirees and dependants living abroad

The chart below shows the increase in the number of retirees and dependants who are living abroad over the last five years.



Useful contacts

Change or query

- Bank or Building Society details
- Beneficiary nomination
- Confirmation of pension entitlement (e.g. for mortgages or student grants)
- Death in retirement
- Divorce
- General queries
- Guaranteed Minimum Pension
- Medical cover changes
- Name, address or marital status
- P60
- Pension payments or deductions
- Starting payments abroad

Who to contact

Pensions Services – IBM UK Pensions Trust Limited

Mailpoint CIA, PO Box 41, North Harbour, Portsmouth PO6 3AU
Tel: 023 9256 8164 Fax: 023 9256 0962
Email: pensions@uk.ibm.com Internet: www.smartpensionsuk.co.uk

IBM Club

Club Administrator – IBM UK Limited

Mailpoint 07a, PO Box 30, Inverkip Road, Inverclyde,
Spango Valley, Greenock PA16 0AH
Tel: 01475 895475 Fax: 01475 895542
Email: RetireeClubMembership@uk.ibm.com

Tax queries

HM Revenue & Customs (Reference 663/i300)

West Hampshire Area, Trinity Bridge House,
2 Dearmans Place, Salford M3 5BS
Tel: 0845 3021 400 Tel from abroad: +44 2392 401 194

Medical insurance queries

Standard Life – IBM Health Insurance Unit

PO Box 1158, Richmond Hill, Bournemouth BH2 6YH
Tel: 0845 279 8888 Fax: 01202 553247
Email: ibm_mip@standardlifehealthcare.com

IBM shares – all transactions
ESPP only

IBM Share Plan Team – Computershare

Computershare Trust Co., Inc., Attn: IBM Plan Services,
250 Royall Street, Canton MA 02021, USA
Tel: +1 781 575 2727 Email: ibm@computershare.com

IBM shares – all transactions
ESPP+ only

IBM Share Plan Team – Computershare

The Pavilions, PO Box 82, Bridgwater Road, Bristol BS99 6AP
Tel: 0870 889 3105 Email: ibm@computershare.co.uk

