



# M Plan members! Trouble saving?

All you need to know about Matched Contributions

**Think** outside the



Take advantage of Matched Contributions

“ Saving is hard work, but now IBM is making it easier to save for your future by introducing Matched Contributions for M Plan members. ”

## What are Matched Contributions?

Currently under **Smart\*** Pensions, your gross salary is reduced by an amount equal to 3% of your Pensionable Salary and IBM then credits your Retirement Account with this amount. IBM also credits 8% of your Pensionable Salary, which means a total of 11% is credited to your Retirement Account.

Matched Contributions are an easy way to increase the total investment in your Retirement Account without a large cost to you. All you have to do is elect to reduce your salary by an additional 1% or 2% and the Company will match the contribution you elect.

This table shows how you can increase the investment in your Retirement Account to a maximum of 15%:

	Current contributions	1% Matched Contributions	2% Matched Contributions
<b>Smart*</b> contributions	3%	3%	3%
Basic M Plan contributions (IBM contribution)	8%	8%	8%
Matched Contributions		Elect to reduce your Pre <b>You*</b> salary by 1% + 1% credited by IBM	Elect to reduce your Pre <b>You*</b> salary by 2% + 2% credited by IBM
The 'cost' to you (as a reduction in your Pre <b>You*</b> salary)	3%	4%	5%
<b>Total invested in your Retirement Account</b>	<b>11%</b>	<b>13%</b>	<b>15%</b>

*All figures are percentages of your Pensionable Salary*

“ You could increase the total credits to your Retirement Account to 15% and would only see a 5% reduction in your Pre **You\*** salary, plus you will pay less tax and NI. ”



## Why should I elect Matched Contributions?

Under the **You\*** scheme, you can increase your retirement savings through Matched Contributions and Additional **Smart\*** Contributions (ASCs). Take a look at these examples that show just how much more £100 of your salary is worth in your Retirement Account than in your pocket:

### For each £100 you...

#### ...take as salary:

A 20% tax payer would receive salary net of tax and NI:	£69
A 40% tax payer would receive salary net of tax and NI:	£59
A 50% tax payer would receive salary net of tax and NI:	£49

*The figures calculated for net salary are for illustrative purposes only and actual figures may vary for different individuals depending on circumstances.*

#### ...elect as Matched Contributions:

Your salary is reduced by £100 and IBM credits that amount to your Retirement Account:	£100
IBM matches your £100 and credits your Retirement Account with:	£100

**So for a £100 salary reduction, your Retirement Account is credited with a total of:**

**£200**

*Plus you will pay less tax and NI!*

#### ...elect as ASCs:

Your salary is reduced by £100 and IBM credits that amount to your Retirement Account:	£100
IBM uplifts your £100 election to your Retirement Account by 6%:	£6

*So for a £100 salary reduction, your Retirement Account is credited with a total of:*

**£106**

*Plus you will pay less tax and NI!*

## How do I elect Matched Contributions?

Matched Contributions are one of the options available under the **You\*** scheme. You will be able to elect your monthly salary reduction (1% or 2%) and this amount will remain fixed for the whole of the **You\*** scheme year.

“ Under the **You\*** scheme you can also elect ASCs – to find out more, ask for a copy of the ASC information leaflet or visit the **You\*** website. ”

Matched Contributions and ASCs are a year long commitment, so if you want to increase your retirement savings but need more flexibility around how much you pay and when, you can pay Additional Voluntary Contributions (AVCs) but these don't benefit from any NI savings, Matched Contributions or uplift from the Company.

	Matched Contributions	ASCs	AVCs
Tax savings	✓	✓	✓
NI savings	✓	✓	✗
Company Matched Contributions of 1% or 2%	✓	✗	✗
Company uplift (currently 6%)	✗	✓	✗
Variable monthly amounts (start, stop or amend at any month)	✗	✗	✓

## Investment

If you elect Matched Contributions but have never elected ASCs or AVCs, you will need to submit investment instructions on how they should be invested. You can do this by using the ASCs/AVCs section of the Pensions Lotus Notes online application. You can find details of how to place this on your workspace on the Pensions Trust website [www.smartpensionsuk.co.uk](http://www.smartpensionsuk.co.uk); you will need to be logged in using your IBM intranet details and go to the ASCs/AVCs page.



The Matched Contributions that you elect will be invested in line with your ASC/AVC election, whilst the Company Matched Contributions will be invested in accordance with your Main M Plan investment instructions. The contributions are invested differently because in the event of your death, the value of your additional contributions fund(s) (Matched Contributions, ASCs and AVCs) are paid to your beneficiary as a tax-free lump sum. The Company's Matched Contributions are used to provide pensions for your dependants.

## Important

Anti-forestalling – if you earn more than £130,000, you should seek independent financial advice before electing Matched Contributions, ASCs and/or AVCs.

## Contacting Pensions Services

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