

April 2011

# Information for our retirees



## Pension increases

### Changes for 2011

In July 2010, the Minister of State for Pensions announced that the Government intended to move to using the Consumer Price Index (CPI), rather than the Retail Price Index (RPI), as the inflation measure for regulating occupational pensions.

This move, which was laid before parliament in December 2010 and became effective on 1 January 2011, changes the measure of inflation on which statutory increases for C and N Plan post April 1997 (Post 97) pension are based.

This change does not affect all IBM pensions and you can find full details of the increases and the basis on which the increases have been calculated in the section relating to your pension plan on pages 3 to 5.

In addition to the legislation on statutory increases, pension increases are also governed by the Trust Deed and Rules of the pension plan. In some instances within the various IBM plans, the Trust Deed and Rules specifically refer to increases being based on RPI and these elements will remain linked to RPI.

In those cases where RPI is not specified in the Trust Deed and Rules as the measure of inflation for increases, the Trustee must award increases in line with the annual statutory order issued by the Government. The Trustee has no authority to change the Trust Deed and Rules without the agreement of the Company. On the issue of maintaining RPI as the measure of inflation to be used for Post 97 pension statutory increases, for C and N Plan members, Company agreement has not been granted.

### C and N Plan members

#### Pre 97 pension

Pension earned before 6 April 1997 (Pre 97 pension) is subject to the guaranteed increases announced in 2006 which remain in force until 2020. Increases on Pre 97 pension will remain based on RPI and are 50% of the increase in the recorded RPI for January (with RPI capped at 5%).

#### Post 97 pension

Pension earned after 5 April 1997 receives Limited Price Indexation (LPI) increases and these will be based on the recorded CPI figure in September each year. The amounts of the increases are capped depending on the period of service for which the pension was earned.

#### AVC pension

Any pension derived from AVCs (and/or Additional **Smart\*** Contributions (ASCs) since 2006) will receive an increase (providing you didn't elect a 'Fixed' non-increasing pension at retirement) based on RPI, either at the level that was available at the point you retired or the level that you chose. The month in which the recorded RPI figure is used to determine the level of increase varies depending on the type of AVC pension in payment.

### What are the percentage increases?

Pension	Date AVC/ASC increase option available	Index and Cap	Month	Recorded CPI/RPI figure	Increase
Pre 97 pension		RPI (50% of RPI, with RPI capped at 5%)	Jan 2011	5.1%	<b>2.5%</b>
Post 97 pension (LPI increases) – Pension earned between 6/4/1997 and 5/4/2005		CPI capped at 5%	Sep 2010	3.1%	<b>3.1%</b>
Post 97 pension (LPI increases) – Pension earned after 5/4/2005		CPI capped at 2.5%	Sep 2010	3.1%	<b>2.5%</b>
AVC pension – Discretionary increases	Before Apr 2006	RPI (50% of RPI, with RPI capped at 5%)	Jan 2011	5.1%	<b>2.5%</b>
AVC/ASC pension – LPI up to 5%	After Apr 2003	RPI capped at 5%	Sep 2010	4.6%	<b>4.6%</b>
AVC/ASC pension – LPI up to 2.5%	After Apr 2006	RPI capped at 2.5%	Sep 2010	4.6%	<b>2.5%</b>
AVC/ASC pension – Fixed	After Apr 2003	N/A	N/A	N/A	<b>N/A</b>



### DSL Plan members

#### DSL pension

Increases to DSL pensions are effective on 1 April each year. With the exception of increases to any Guaranteed Minimum Pension (GMP) that may be in payment, DSL members are unaffected by the change to CPI as detailed on page 2. DSL increases remain based on the recorded RPI figure for December each year.

#### AVC pension

Any pension derived from AVCs (and/or Additional **Smart\*** Contributions (ASCs) since 2006) will receive an increase (providing you didn't elect a 'Fixed' non-increasing pension at retirement) based on RPI, either at the level that was available at the point you retired or the level that you chose.

#### What are the percentage increases?

Pension	Date AVC/ASC increase option available	Cap	Month	Recorded RPI figure	Increase
Pension earned before 6/8/2005		5%	Dec 2010	4.8%	<b>4.8%</b>
Pension earned after 5/8/2005		2.5%	Dec 2010	4.8%	<b>2.5%</b>
AVC/ASC pension – LPI up to 5%	Always	5%	Dec 2010	4.8%	<b>4.8%</b>
AVC/ASC pension – LPI up to 2.5%	After Apr 2006	2.5%	Dec 2010	4.8%	<b>2.5%</b>
AVC/ASC pension – Fixed	After Apr 2003	N/A	N/A	N/A	<b>N/A</b>

### I Plan members

#### I Plan pension

Increases to I Plan pension are effective on 6 April each year. With the exception of increases to any Guaranteed Minimum Pension (GMP) that may be in payment, I Plan members are unaffected by the change to CPI as detailed on page 2. I Plan increases remain based on the recorded RPI figure for September each year.

#### AVC pension

Any pension derived from AVCs (and/or Additional **Smart\*** Contributions (ASCs) since 2006) will receive an increase (providing you didn't elect a 'Fixed' non-increasing pension at retirement) of the recorded September RPI figure, subject to a maximum of 5%.

#### What are the percentage increases?

Pension	Date AVC/ASC increase option available	Cap	Month	Recorded RPI figure	Increase
Pension		5%	Sep 2010	4.6%	<b>4.6%</b>
AVC/ASC pension – LPI up to 5%	Always	5%	Sep 2010	4.6%	<b>4.6%</b>
AVC/ASC pension – Fixed	After Apr 2003	N/A	N/A	N/A	<b>N/A</b>

#### All Plans – Guaranteed Minimum Pension (GMP)

Increases on any GMP that is in payment is either the responsibility of the State or your pension plan, depending on when it was earned.

**Pre 1988 GMP** increases are the sole responsibility of the State and are included with any State pension you are receiving.

**Post 1988 GMP** increases are paid, up to a maximum 3%, by your IBM pension plan. The increase in CPI above 3% will be included with any State pension that you are receiving.

### Pensions Trust Managers

There have been a number of management changes within Pensions Trust in the last 18 months. Photographs of the current management team are shown below:



**David Newman**  
Pensions Trust Manager



**Adrian Spann**  
Pensions Finance Manager



**Suzanne Ross**  
Pensions Investment Manager



**Paul Dixon**  
Pensions Services Manager



**James Adams**  
Pensions Systems Manager

## Pension payment dates for 2011/12 are shown below:

**April** – Wednesday 6th

**May** – Friday 6th

**June** – Monday 6th

**July** – Wednesday 6th

**August** – Monday 8th

**September** – Tuesday 6th

**October** – Thursday 6th

**November** – Monday 7th

**December** – Tuesday 6th

**January** – Friday 6th

**February** – Monday 6th

**March** – Tuesday 6th

## 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 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

If you are living abroad, or are emigrating, you can have your pension paid in local currency using the WorldLink payment facility offered by Citibank. The charge for using WorldLink is currently £2 per month which is deducted from the net pension amount.

If you would like more information about WorldLink please contact Pensions Services.

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 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 by the end of 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 act on your behalf.

## Beneficiary Nomination

It is very important that you keep your Beneficiary Nomination form up-to-date, even if you feel that it's unnecessary because your circumstances haven't changed, possibly in many years. If you can, please submit a new nomination every year, as it helps the Benefits Allocation Committee make a prompt decision about who should receive any lump sum benefits. It also provides an indication of whether any pensions may be payable in the event of your death. In turn, this will assist prompt payment of any benefits to your beneficiary.

Beneficiary Nomination forms are available for downloading on the Pensions Trust website or you can 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.

## 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 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.

## Divorce

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



## 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](http://www.smartpensionsuk.co.uk)

## Members' Reports – Emagazine version

The 2009 Members' Reports were issued to retirees and dependants in a printed format. However, current employees were sent a link to an intuitive emagazine format on the Pensions Trust website. You can view the 2009 Members' Reports in the emagazine format by visiting the Pensions Trust website and clicking on the "Online Members' Reports" link on the homepage.



This year, retirees and dependants can choose to receive a link to the emagazine, once it becomes available in the summer, instead of receiving a printed copy. If you would like to do so, please subscribe by submitting your details on the Pensions Trust website. Go to [www.smartpensionsuk.co.uk](http://www.smartpensionsuk.co.uk), click on the "Retirees" section and then on "Retirees Subscription" in the menu on the left hand side.



## Employee Purchase Plan – Discounts available on Lenovo products

Retirees are eligible for discounts on the purchase of new Lenovo products, services and options.

For the most up-to-date information about Lenovo products, visit the EPP website or call the EPP hotline between the hours of 08:00 and 18:00, 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:** 020 3014 0095

**Website:** [www.lenovo.com/epp/uk](http://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 2,500 retailers when you shop online – including supermarkets such as Asda, Sainsbury's and Tesco, finance and insurance products and even travel companies, airport parking and hotel rooms.

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 Asda, Sainsbury's, Marks & Spencer and Debenhams or travel companies such as Thomas Cook and Thomson. You can call the Helpdesk on 0845 299 4180, open 7 days a week.

comet

ASDA

YOUR M&S

Thomas Cook

Sainsbury's

Thomson

DEBENHAMS  
Britain's favourite department store

## So check out IBM Rewards before buying or booking anything!

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](http://www.ibmrewards.co.uk)



## IBM100 The Centennial Year of Service

### Challenge and Centennial Grants

In 2011, IBM celebrates its Centenary and is marking this achievement by committing \$12 million in the form of grants to support volunteers and projects around the world. To find out more, participate in the Centennial volunteering programme, or even apply for a special Centennial grant to support a community group or school that you already volunteer with, please visit:

[www.ibm.com/ibm100](http://www.ibm.com/ibm100)



The IBM Club runs events for the members which may be days out, weekends away, theatre trips or sporting events. The local clubs receive a grant from IBM and you may be eligible to join as a Retiree Member.

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](http://www.ibmclub.org.uk). The IBM Club is a great way to pursue the activities that you enjoy at advantageous prices.

### Eligibility

You are eligible to be a Retiree Member if:

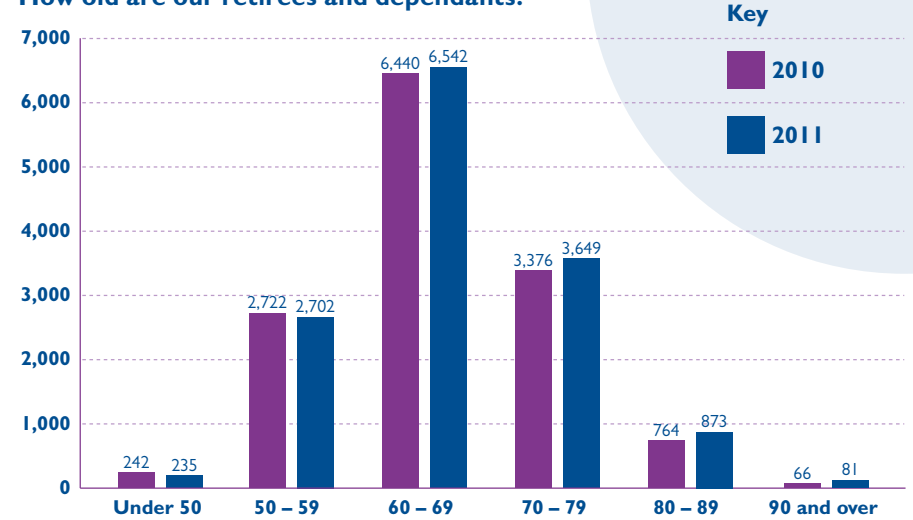
- You have 15 years' or more continuous IBM service and began drawing your IBM pension immediately on retirement; or
- You are now drawing a previously deferred IBM pension having completed more than 15 years' continuous IBM service.

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.

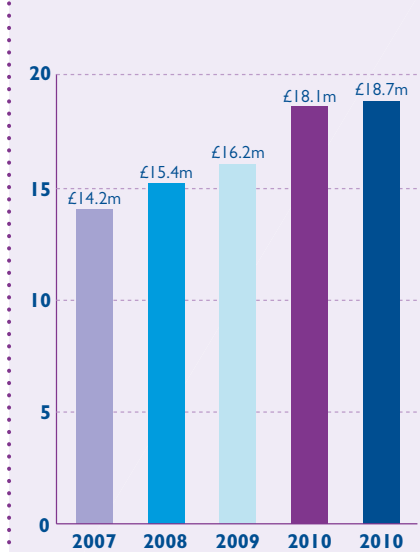
Please bookmark the website and visit it regularly to keep up to date. If you would like to join the IBM Club or have any queries about it, please contact the Club Administrator using the details found on the back page.

## Interesting statistics about our retirees

### How old are our retirees and dependants?

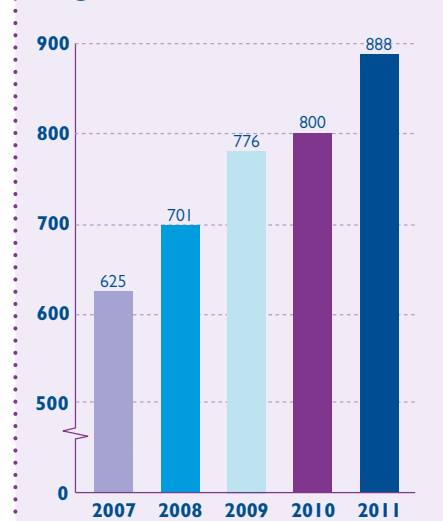


### Monthly payroll cost



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

### Retirees and dependants living abroad



This chart 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](mailto:pensions@uk.ibm.com) Internet: [www.smartpensionsuk.co.uk](http://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](mailto:RetireeClubMembership@uk.ibm.com)  
Internet: [www.ibmclub.org.uk](http://www.ibmclub.org.uk)

Tax queries

#### **HM Revenue & Customs (Reference 663/i300)**

West Hampshire Area, Trinity Bridge House,  
2 Dearmans Place, Salford M3 5BS  
Tel: 0845 3000 627 Tel from abroad: +44 2392 401 194

Medical insurance queries

#### **PruHealth – IBM Insurance Unit**

PruHealth, PO Box 28836, Edinburgh EH15 1WQ  
Tel: 0845 279 8888  
Email: [ibm@pruhealth.co.uk](mailto:ibm@pruhealth.co.uk)

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](mailto: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 703 6267 Email: [ibm@computershare.co.uk](mailto:ibm@computershare.co.uk)

