

2020

# Members' Report

IBM Pension Plan // Defined Contribution Section

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# A Message from the Trustee

As Co-chair of the Trustee, I'm pleased to present the 2020 Members' Report. The Report gives an update on the Plan's performance for 2020 and provides insight on key topics that have taken place during 2020 and the first half of 2021.

## Member Support and Administration Outsourcing

At its peak, the COVID-19 pandemic had an impact on the support that the IBM Pensions Trust staff could provide to members. The Trustee is grateful to members for their patience during 2020 while the team continued to work hard to try and respond to queries in a timely manner. The challenges of COVID-19 during 2020 were then multiplied coming into 2021 by additional workload on the team in the first quarter.

In January 2021, the Trustee moved the administration of our Defined Contribution (DC) plans to Legal and General (L&G) where we could take advantage of the opportunities offered by their investment platform at the same time. While we were transitioning to L&G, the Trustee also updated the default Lifecycle strategies for DC members to reflect recent preferences at retirement (for example, the fall in popularity of purchasing annuities). The Trustee will also be utilising the significant L&G communications capability to issue more education to members in the coming months.

In April 2021, our relationship with L&G led to DC members having an option of utilising the L&G At Retirement Mastertrust, without having to transfer funds out of their existing L&G investments.

## Board Director Changes

There have also been some changes in the composition of the Pensions Trust Board – Gary Kildare resigned in July 2020 and his replacement Stephen Kelly resigned in March 2021. I am delighted to welcome Zoe Hughes as a new Director joining in May 2021.

We also changed our Pensions Trust Manager, with Paul Butler replacing Mark Griffiths in May 2021. I would like to thank Mark for all his hard work and invaluable expertise during his 3 years leading the team.

## News & Information

Please visit our News & Information section for other news items that may be of interest. It includes information on the administration transfer, education webinars, beneficiary nominations and more.

I have hosted several member Webex calls during 2020 and 2021 and these will continue. The details of each call can always be found on the Pensions Trust website under 'News'. All members are welcome to reach out to me at any time if they think I can help. My email is [Robert\\_tickell@talk21.com](mailto:Robert_tickell@talk21.com)

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Finally, we welcome feedback on this Members' Report and your suggestions on how you feel we could improve future communications.

**Robert Tickell | Co-chair**  
September 2021

# 2020 Financial Review

## Investment of Assets

The Trustee has implemented a range of Lifecycle investment strategies, which have been designed with a range of typical members in mind, alongside a range of Freestyle investment options.

### The Lifecycle Strategies

The Lifecycle investment strategies are designed to initially provide capital growth before transitioning to provide greater stability and to protect the value of funds leading up to retirement. There are three Lifecycle investment strategies from which members can choose, dependent upon their personal circumstances.

### The Freestyle Option

The Freestyle investment options are available to those members who would like to take an active role in the way in which their pension fund is invested.

### More Information

Detailed information about all the investment strategies is available from the L&G website at [www.legalandgeneral.com/workplace/i/ibm/mplan/investing/your-investment-options/](http://www.legalandgeneral.com/workplace/i/ibm/mplan/investing/your-investment-options/)

This chart shows how the DC assets were invested as at 31 December 2020 along with the investment performance.

|   | 2020              |                                  |                              | 3 year annualised return         |                              |
|---|-------------------|----------------------------------|------------------------------|----------------------------------|------------------------------|
|   | Asset Value<br>£m | Return achieved<br>(net of fees) | Benchmark<br>(gross of fees) | Return achieved<br>(net of fees) | Benchmark<br>(gross of fees) |
| <b>Equities</b>   |                   |                                  |                              |                                  |                              |
| Global Equity 70:30 Index Fund                          | 168.9             | -2.9%                            | -3.1%                        | 2.5%                             | 2.5%                         |
| All World Equity Fund                                   | 126.6             | 12.3%                            | 12.4%                        | 8.8%                             | 8.9%                         |
| Global Equity 60:40 Index Fund                          | 75.2              | -1.1%                            | -1.1%                        | 3.1%                             | 3.0%                         |
| World Ex UK Developed Equity Index Fund                 | 63.9              | 14.4%                            | 14.3%                        | 10.5%                            | 10.5%                        |
| UK Equity Index Fund                                    | 31.4              | -9.8%                            | -9.8%                        | -0.9%                            | -0.9%                        |
| Ethical Global Equity Index Fund                        | 18.0              | 10.5%                            | 10.7%                        | 9.5%                             | 9.6%                         |
| Ethical UK Equity Index Fund                            | 9.0               | -11.3%                           | -11.3%                       | -0.6%                            | -0.5%                        |
| World Emerging Markets Equity Index Fund                | 8.1               | 11.3%                            | 11.7%                        | 5.7%                             | 6.0%                         |
| Infrastructure Equity MFG - GBP Hedged Fund             | 6.8               | -5.7%                            | -5.3%                        | 5.2%                             | 5.5%                         |
| Global Real Estate Equity - GBP Hedged Fund             | 1.6               | -12.1%                           | -11.9%                       | 0.7%                             | 0.8%                         |
| <b>Fixed Income</b>                                     |                   |                                  |                              |                                  |                              |
| Pre-Retirement Fund                                     | 128.3             | 11.1%                            | 11.1%                        | 7.0%                             | 7.0%                         |
| Money Fund (was Cash Fund)                              | 99.8              | 0.3%                             | 0.1%                         | 0.6%                             | 0.4%                         |
| Over 15 Year Gilts Index Fund                           | 81.0              | 13.8%                            | 13.9%                        | 8.5%                             | 8.6%                         |
| Annuity Protection Index Fund                           | 13.6              | 13.0%                            | 13.0%                        | 6.9%                             | 6.9%                         |
| Investment Grade Corporate Bond - All Stocks Index Fund | 5.2               | 7.7%                             | 7.8%                         | 5.1%                             | 5.1%                         |
| All Stocks Index-Linked Gilts Fund                      | 3.1               | 11.0%                            | 11.0%                        | 5.6%                             | 5.6%                         |
| Pre-Retirement Inflation Linked Fund                    | 2.8               | 11.2%                            | 11.2%                        | 6.5%                             | 6.5%                         |
| Emerging Market Debt Fund                               | 0.5               | 2.0%                             | 1.8%                         | 2.9%                             | 3.1%                         |
| <b>Multi-asset Strategies</b>                           |                   |                                  |                              |                                  |                              |
| Growth Plus Fund  | 973.1             | 7.1%                             | 7.0%                         | 6.6%                             | 6.7%                         |
| Growth Fund   | 732.5             | 6.6%                             | 6.5%                         | 5.7%                             | 5.8%                         |
| Growth Plus Fund (former Consensus)                     | 52.9              | 7.1%                             | 7.0%                         | 6.6%                             | 6.7%                         |
| Aviva   | 0.6               |                                  |                              |                                  |                              |
| <b>Asset Total</b>                                      | <b>2,602.9</b>    |                                  |                              |                                  |                              |

# Annual Report & Accounts

The 2020 Annual Report & Accounts have been audited by PricewaterhouseCoopers LLP, who have confirmed that:

- The accounts show a true and fair view of the financial transactions during the year ending 31 December 2020; and
- Contributions were paid to the Plan as set out in the schedule of contributions in force during the year.

## Income and Expenditure

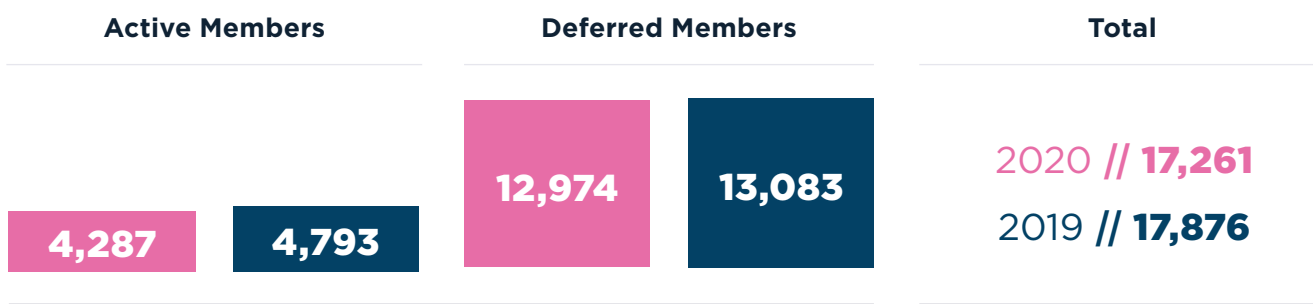
This table shows the breakdown of income and payments for the year. This information is taken from the 2020 Annual Report & Accounts.

You can find a copy of the 2020 Annual Report & Accounts on the Pensions Trust website at [www.smartpensionsuk.co.uk/#/page/governance-documentation](http://www.smartpensionsuk.co.uk/#/page/governance-documentation)

|   | £m             |
|---|----------------|
| <b>Value at 1 January 2020</b>                        | <b>2,507.5</b> |
| <b>+ Investment income and contributions received</b> |                |
| Net returns on investments                            | 144.2          |
| Contributions received and transfers in               | 74.4           |
| <b>- Benefits and other payments</b>                  |                |
| Benefits payable                                      | (30.8)         |
| Transfers to other plans                              | (92.3)         |
| Transfers between sections                            | (0.2)          |
| <b>= Value at 31 December 2020</b>                    | <b>2,602.8</b> |

## Membership Statistics

This chart shows a comparison of the Plan membership at 31 December 2019 and 31 December 2020.



# News & Information

## Administration of the DC Plans

IBM Pensions Trust has partnered with L&G, one of the UK's largest administrators and investment managers of DC pension plans, to administer your DC pension. There are now new ways to access materials, tools and support including a new pension website, at [www.legalandgeneral.com/workplace/i/ibmpensiontrust/](http://www.legalandgeneral.com/workplace/i/ibmpensiontrust/). Here you can find comprehensive information about the IBM Pension Plan, along with:

- A document library with useful guides, fund factsheets, information factsheets, forms and useful presentations at [www.legalandgeneral.com/workplace/i/ibm/mplan/resources/document-library/](http://www.legalandgeneral.com/workplace/i/ibm/mplan/resources/document-library/)
  - FAQs – providing helpful answers to some of the most frequently asked questions at [www.legalandgeneral.com/workplace/i/ibm/mplan/resources/faqs/](http://www.legalandgeneral.com/workplace/i/ibm/mplan/resources/faqs/)
  - Fund prices – giving up-to-date information about fund prices from L&G at [www.legalandgeneral.com/workplace/i/ibmpensiontrust/fund-prices/](http://www.legalandgeneral.com/workplace/i/ibmpensiontrust/fund-prices/)
  - Planning tools to help you manage your pension savings at [www.legalandgeneral.com/workplace/i/ibm/mplan/resources/planning-tools/](http://www.legalandgeneral.com/workplace/i/ibm/mplan/resources/planning-tools/)
  - Webchat and live chat options
- Manage Your Account – a way of keeping track of your pension account online using your desktop, mobile or tablet at [www.legalandgeneral.com/workplace/i/ibmpensiontrust/manage-your-account/](http://www.legalandgeneral.com/workplace/i/ibmpensiontrust/manage-your-account/)
  - Go&Live financial wellbeing hub – bringing together a range of information, tools and step-by-step guides to help you with life's changes – whether you are expecting them or not, find out more at [www.legalandgeneral.com/workplace/financial-wellbeing-hub/fw-home/quick-reads/](http://www.legalandgeneral.com/workplace/financial-wellbeing-hub/fw-home/quick-reads/)
  - Mobile app – Coll8.co enabling you to access your pension account, website and Go&Live from the palm of your hand, find out more at <https://coll8.co/index.html>

Why not take advantage yourself and check it out today.

### The contact details for the L&G administration team are:



**Address:** Legal & General Document Control Team, 6th Floor, Brunel House, 2 Fitzalan Road, Cardiff, CF24 0EB



**Email:** [ibmpension@landg.com](mailto:ibmpension@landg.com)



**Telephone:** 0345 675 0017

## New Investment Guide

There is a brand new Investment Guide available in the Document Library of the L&G website at [www.legalandgeneral.com/workplace/i/ibm/mplan/resources/document-library/](http://www.legalandgeneral.com/workplace/i/ibm/mplan/resources/document-library/)

The guide has been designed to help you understand:

- How your contributions are invested
- What you should be aware of if you want to make your own investment decisions
- The choices you need to consider when it comes to investing your pension savings as you approach retirement

It has been written in plain English to make it easier to understand and there is a 'Terms explained' section at the end with a definition of any terms you may be unfamiliar with.

## Pensions Trust Website

You can find governance documentation such as the Chair's Statement, Statement of Investment Principles and Implementation Statement, plus all the latest news, on our website at [www.smartpensionsuk.co.uk](http://www.smartpensionsuk.co.uk)

## Education Webinars

L&G are planning on hosting three webinars for our DC members towards the end of this year. The webinars will cover the subject matters of 'Pensions basics', 'Your warm up to and through retirement' and 'How your retirement savings are helping create a better world'.

Keep your eye on the news section of our website for further information and details of dates and times at [www.smartpensionsuk.co.uk/#/page/news](http://www.smartpensionsuk.co.uk/#/page/news)

## Lifetime Allowance

The Lifetime Allowance (LTA) is the limit on the amount of pension savings that you can build up over your lifetime without incurring a tax charge.

The LTA is currently £1,073,100 and will remain at this amount until at least April 2026.

If you think you may be over the LTA limit, Individual Protection (2016) may be available to you. You can find out more about this at

[www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance](http://www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance)

## COVID-19 and Your Pension

During these unprecedented times financial security is rightly at the forefront of many people's minds.

For the individual saver stock market volatility and economic uncertainty inevitably lead to the key question - how will this affect my pension and retirement plans?

Guy Opperman, the UK Pensions Minister, released a guide last year that details the measures taken across the industry to support savers, answers many frequently asked

questions, and provides details on the free and impartial guidance that is available.

The contributing organisations are the Pension Protection Fund, the Financial Services Compensation Scheme, the Money and Pensions Service, the Pensions Ombudsman, The Pensions Regulator and the Financial Conduct Authority.

You can read the guide in full at [www.legalandgeneral.com/workplace/i/ibm/mplan/resources/document-library/](http://www.legalandgeneral.com/workplace/i/ibm/mplan/resources/document-library/)

## Pension Scams. Don't Get Stung!

Guidance is available from The Pensions Regulator on how to scamproof your savings. With pensions now able to be accessed in new ways, scammers are becoming more prevalent and inventive in how to scam you out of your hard-earned savings. They will try to lure you in with promises of one-off investments, pension loans or up-front cash. Most of these are bogus. To scam-proof yourself remember to:

- 1 Stop. Think about it. A genuine adviser will never rush you into a decision.
- 2 Make sure the adviser is registered by the Financial Conduct Authority at **[www.fca.org.uk/register](http://www.fca.org.uk/register)**
- 3 Look at the FCA's Scamsmart warning list at **[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)** - this will tell you the names of investment schemes that are known scams.
- 4 If you are approaching 50 or about to retire, Pension Wise can tell you more about what you can do with your retirement pot. Visit the website at **[www.pensionwise.gov.uk](http://www.pensionwise.gov.uk)**
- 5 Before you sign anything, call Money Helper (formerly The Pensions Advisory Service) on **0800 011 3797** for information and advice about pension scams.
- 6 If you've already signed the papers, report it to Action Fraud at **[www.actionfraud.police.uk](http://www.actionfraud.police.uk)** or call **0300 123 2040**.
- 7 Hang up if you receive a cold call about your pension. Unsolicited phone calls, text or emails about your pension are nearly always scams.

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*For further information, view The Pensions Regulator scams guidance at **[www.pension-scams.com](http://www.pension-scams.com)***

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## Beneficiary Nomination

It is important that you have up-to-date beneficiary nomination information registered so that if you were to die we are able to take your wishes into account. It is very difficult for partners and relatives to settle someone's financial affairs after they die, and by having an up-to-date will or beneficiary nomination registered with us, we are able to support your loved ones at this difficult time.

An up-to-date nomination is the best way to ensure that decisions over the payment of benefits are made taking full account of your wishes.

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*You can update your beneficiary nomination in relation to your DC benefits by logging onto Manage Your Account. If you also have DB benefits, a separate beneficiary nomination form will also need to be completed via XPS.*

*For those members who are current employees with Group Life Assurance (GLA) benefits, your GLA beneficiary nomination is held by the Company. You can update this using Workday.*

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## Will Aid

Many solicitors participate in Will Aid in November each year. This is a scheme that provides people with a basic will, professionally drawn up by a solicitor who will not charge their usual fee. Instead, the solicitor will ask for a donation (they suggest £100 for a single basic will and £180 for a pair of 'mirror' Wills) to Will Aid to raise money for the Will Aid charities, which are ActionAid, Age UK, British Red Cross, Christian Aid, NSPCC, Save the Children, Sightsavers, SCIAF and Trocaire.

*Find out more about Will Aid at [www.willaid.org.uk](http://www.willaid.org.uk)*

## Pension Wise

Pension Wise is a government service from MoneyHelper that offers free, impartial guidance for anyone aged 50 or over with a defined contribution pension. You will be able to find out what you can do with your pension pot, how to shop around and what to look out for with taxes and fees. They will explain how to avoid pension scams and the importance of taking your time to make sure your money lasts as long as you do.

Pension Wise will not recommend any products or tell you what to do with your pension savings.

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*For further information about this service see their website at [www.pensionwise.gov.uk](http://www.pensionwise.gov.uk) or book a free appointment by calling **0800 138 3944**.*

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# Information About the Trustee

The Board of Directors of the Trustee Company, IBM United Kingdom Pensions Trust Limited, are responsible for all aspects of the administration and management of the Plan. There are nine Trustee Directors.

The Trustee Directors meet regularly, usually at least quarterly, to discuss matters relating to the management of the Plan. The Board has delegated responsibility for certain matters to four committees. Each Trustee Director is a member of one or more committees. Day-to-day operational activities of the Trustee are delegated to the Pensions Trust organisation.

The assets of the Plan are held in trust for the benefit of its members.

The **Investment Committee** is responsible for the oversight of performance, manager selection and the implementation of strategic and tactical asset allocation.

The **Benefits Allocation Committee** is responsible for the review and approval of discretionary benefits payable in respect of deceased Plan members and in relation to ill health early retirement cases.

The **Dispute Resolution Committee** is responsible for advising the Trustee in respect of any complaints made by Plan members which Pensions Trust has been unable to resolve.

The **Governance Committee** is responsible for advising the Trustee on the discharge of its duties with regard to the Plan's financial statements and the maintenance of proper records and controls. The Committee supervises the preparation of the Plan's Annual Report and Accounts. It also provides oversight of internal financial controls and risk management.

The Trustee Directors holding office during 2020 and any changes in 2021 are shown below:

## Member-nominated Directors

**Robert Tickell** Co-chair

**Doug Moody** (resigned 30 April 2020)

**Ian Shore**

**Robert Clark** (appointed 1 May 2020)

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## Non-member-appointed Directors

**Dr Evaristus Mainsah** Co-chair

**Gary Kildare** (resigned 24 July 2020)

**Joseph Sweeney** (resigned 29 February 2020)

**Mark Hobbart**

**Frederick Klutey**

**Naomi Hill** (appointed 1 March 2020)

**Stephen Kelly** (appointed 22 September 2020, resigned 19 March 2021)

**Zoe Hughes** (appointed 14 May 2021)

## The Law Debenture Pension Trust

**Corporation Plc.**, represented by David Felder to 30 June 2020, replaced by Andrew Harrison from 1 July 2020, and Anna Eagles

# Managers, Professional Advisers and Auditors

The following Managers, Professional Advisers and Auditors are independently appointed by IBM United Kingdom Pensions Trust Limited:

## Administrator

### IBM Pensions Trust

*Legal & General Assurance Services Limited (LGAS) were appointed as administrator of the DC sections of the Plan from 6 January 2021*

## Scheme Actuary

### Graham McLean

*(Fellow of the Institute & Faculty of Actuaries), Willis Towers Watson*

## Actuarial Advisers

### Willis Towers Watson

## Independent Auditors

### PricewaterhouseCoopers LLP

## Performance Reporting Services

### The Northern Trust Company

## Global Custodian Banker

### The Northern Trust Company

## Legal Advisers

### Nabarro LLP / Sacker & Partners LLP

## Investment Advisers

### Towers Watson Limited t/a Willis Towers Watson / Mercer Limited

## Property Valuation Services

### Knight Frank LLP

# Pensions Trust Management Team

## Pensions Trust Manager & Company Secretary

**Mark Griffiths** (resigned 14 May 2021)

**Paul Butler** (appointed 14 May 2021)

## Stewardship

**Edward Rollins**

## Pensions Investment Manager

**Claire Smith**

## Pensions Operations Manager

**Julie Edney**

## Pensions Integration Manager

**Charlotte Cooper**

# Contact Us



**Website:** [www.legalandgeneral.com/ibmpensionstrust](http://www.legalandgeneral.com/ibmpensionstrust)



**Email:** *(queries about this document only):*  
[PTComms@uk.ibm.com](mailto:PTComms@uk.ibm.com)



**Telephone:** *(pension related queries):*  
0345 675 0017



**Email:** *(pension related queries):*  
[ibmpension@landg.com](mailto:ibmpension@landg.com)

## Trust Deed and Rules

The Trust Deed and Rules are the formal legal documents governing how the Plan is to be administered. The Trust Deed and Rules can be found on our website at [www.smartpensionsuk.co.uk/#/page/governance-documentation](http://www.smartpensionsuk.co.uk/#/page/governance-documentation)

The information contained in this booklet should not be construed as advice from the Trustee. It includes a summary of the information contained in the audited 2020 Annual Report & Accounts, copies of which can be obtained from Pensions Trust, or on our website at [www.smartpensionsuk.co.uk/#/page/governance-documentation](http://www.smartpensionsuk.co.uk/#/page/governance-documentation)

