

2022

Members' Report

IBM Pension Plan // Defined Contribution Section

October 2023

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Have you seen our new look Members' Report online?

Your Members' Report is one of the ways that the Trustee communicates with you. It regularly reviews what is sent out to you, the members of the Plan, to make it as useful as possible.

This year the Trustee has created an online interactive version that's easier to read, more visually interesting and is better to navigate online. To view it, go to www.smartpensionsuk.co.uk/#/page/governance-documentation

The Trustee has also included important messages that will help you to plan for retirement, stay up-to-date on the latest pensions news and see how the Plan's finances are doing.

A Message from the Trustee

As Chair of the Trustee, I'm pleased to present the 2022 Members' Report. The Report gives an update on the Plan's performance for 2022 and provides insight on key topics that have taken place during 2022 and the first half of 2023.

Member Support and Administration Outsourcing

Since last year's report, L&G have now had another full year of supporting the members. I'm pleased to report that L&G are meeting or exceeding their contracted service levels in almost all areas. Escalations to their Management Team have worked well. There are robust governance processes in place that involve the Pensions Trust management team, the Trustee's Governance Committee and me.

The introduction of the L&G At Retirement Master Trust has been well received by the members, for those planning to use drawdown as part of their pension activity.

Board Director Changes

The Trustee Board saw some changes in 2022 with the departure of David Walsh in July 2022. David's replacement, Christopher McBrayne joined the Pensions Trust Board on 23 November 2022. Christopher is a Non-member appointed Trustee and a member of the IBM Pension Plans.

Member Nominated Director election

During 2Q23, the Trustee appointed Civica Election Services to run the Member Nominated Director Elections. Twenty-three members put themselves forward for the three seats available.

After a month long voting period, the three existing MNDs were re-elected, namely Robert (Andrew) Clark, Ian Shore, and myself, Robert Tickell. The appointments run for 4 years, starting on 1st May 2023.

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 would particularly like to draw your attention to the Climate Change-related Financial Disclosures report mentioned on page 11 which is available on the Pensions Trust website along with an informative infographic summary. I have hosted several member Webex calls during 2022 and 2023 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

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

Robert Tickell | Chair
October 2023

Value for Members Assessment results

One of the legal responsibilities for the Trustee is to assess whether the charges and transaction costs, paid by you in regards to the Plan's investments, provide good value for you. The Trustee does this each year, with the help of its advisers.

This year, Mercer (the Plan's investment advisers) assessed the Plan and found that it provides '**Good Value**' for you. This is Mercer's highest rating.

You can find out more about this assessment at www.smartpensionsuk.co.uk/#/page/governance-documentation

A reminder about your administrator



Your administrator's website

Legal & General (L&G) is the administrator of your Plan. Your administrator is separate from the Trustee, holds all member data and plays a crucial role in the management and operation of your pension and benefits.

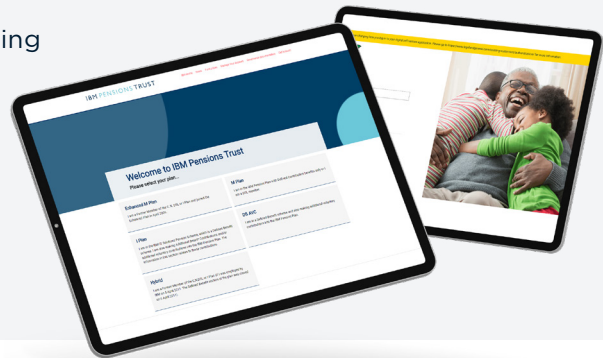
L&G is your first port of call if you have any queries about your pension.

Make the most of L&G's pensions website

If you have a query, it's likely it will be answered on the L&G website at **www.legalandgeneral.com/ibmpensionstrust**

Visit your administrator's website to find everything you need to manage your pension, including information, tools, FAQs and webinars about:

- the pension basics
- saving and investing
- choosing your benefits
- retirement planning



For life's changes

You can also manage your details and investment choices by logging in or registering for the Manage Your Account self-service area of the website at **www.legalandgeneral.com/workplace/i/ibm/mplan/manage-your-account/**

It's a simple way to keep track of your savings using your desktop, mobile or laptop. You can:

- check the value of your savings
- see how your investments are performing
- monitor contributions and transactions
- see your online pension benefit statements and request an up-to-date one at any time
- update your contact details and preferences
- change where your money is invested
- plan for your future by using the planning tools - like the Retirement Living Standards tool
- complete your Beneficiary Nomination form - see page 5 for more details about this

If you haven't already registered to Manage Your Account it's quick and easy, all you need is your customer reference number, which you will have received in your welcome pack. If you do not have your welcome pack, please contact your administrator, L&G, their contact details are on the back page.

Legal & General also offer a selection of webinars and free online courses throughout the year to help you to understand pensions, retirement and investing. Find out more about what is on offer and register for planning sessions through The Learning Zone at **www.legalandgeneral.com/workplace/i/ibm/mplan/resources/the-learning-zone/**

Keeping your records up to date (deferred members)

If you're a member of the Plan, but aren't currently paying into your IBM pension, then you're a deferred member.

Take five minutes to review the details your administrator (L&G) has on file for you. It can help to avoid delays at important moments in your life.

For example, when you're ready to retire and start receiving your pension benefits, having accurate information ensures that the process for taking your pension can happen as smoothly as possible - outdated details could lead to delays.

Similarly, if you have a different retirement age in mind, or want to change who you'd like to nominate to receive benefits when you die, your administrator will need to know this.

In a nutshell, you can use the Manage Your Account self-service area to update:

- Your name or address
 - This is because L&G needs your details to make any payments when you choose to access your savings, and to send you important updates
- Retirement age
 - This could impact the investment choices L&G makes as you get closer to retirement
- Marital status
- Beneficiaries
 - Who you wish the Trustee to award any lump sum benefits to when you die

Remember, your administrator (L&G) holds all your data and should be your first point of contact to make any changes. If you also have benefits in any of the Defined Benefit Plans, e.g. C Plan or I Plan, you will need to contact the administrator of those schemes, XPS. You can find contact details for XPS on their website at www.mypension.com/ibm/resources/contact-us

Taking care of your loved ones

Is your Beneficiary Nomination form up to date?

An up-to-date nomination is the best way to ensure that your wishes regarding your Plan benefits are taken into account when you're gone.

Having an up-to-date Beneficiary Nomination form means that any decisions that Trustee makes about the payment of your benefits are made taking account of your wishes. The form takes just a few minutes to complete and is used by the Trustee in its decision-making process.

The Trustee makes the final decision about who receives any benefits. However, the Trustee does take your wishes into account when making its decision.

So, if L&G has an accurate and up-to-date Beneficiary Nomination form, it makes it easier to decide who to pay this money to. It can be difficult for relatives and partners to settle financial affairs when someone dies, so the form allows for some of the pressure to be taken off your loved ones at a difficult time.

You can find the Beneficiary Nomination form at www.legalandgeneral.com/workplace/i/ibm/mplan/manage-your-account

It only takes a few minutes to add or update your beneficiaries:

- Simply log in, select Mange My Pension
- Scroll down to Nominate Beneficiaries
- Edit details of any you've already added
- Add any new beneficiaries with just a few details

Please note, if you also have savings in the Defined Benefit (DB) Plans, e.g. C Plan or I Plan, you'll need to complete a separate Beneficiary Nomination form through XPS.

If you are a current employee with Group Life Assurance (GLA) benefits, your beneficiary nomination is held by the Company which you can update using Workday at <https://wd5.myworkday.com/ibm/d/home.html> (which can only be accessed by active members).

Have you got a will in place?

A will is a legal document that outlines your wishes for any children, dependants, property or belongings when you die. Having a will in place gives you the security of knowing that your wishes will be listened to, and other people won't have to make decisions on your behalf.

Don't have a will? Make use of Will Aid this November. Will Aid is a scheme that provides you with a basic will by a solicitor who will not charge their usual fee. Instead, they ask for a donation to help raise money for charity.

Find out more on Will Aid's website at www.willaid.org.uk/will-makers

Staying scam aware – think before you transfer out

While new regulations mean the Trustee can now halt or pause transfers to schemes that raise concerns, you are still the best line of defence when it comes to keeping your benefits safe.

Three top tips for staying scam aware:

1 Think about how you've been contacted

A genuine company would never contact you out of the blue to offer you a free pension review or an exciting pensions opportunity.

2 Be wary of pressure selling

Criminals can try to pressure you into making decisions quickly so you don't have time to do your research or to take regulated financial advice.

3 Stay clear of 'legal loopholes'

By law, you can't access your pension until you reach age 55 without incurring a significant tax penalty (this is rising to age 57 in 2028), unless you're in very ill health.

There is no loophole.

Discover more tips on how to avoid scams at www.fca.org.uk/consumers/protect-yourself-scams

Check the Financial Conduct Authority (FCA) register at www.fca.org.uk/firms/financial-services-register to see if a firm or individual is authorised or registered. If you're suspicious, report a scam by calling **0800 111 6768** or at the FCA's 'report a scam' webpage at www.fca.org.uk/consumers/report-scam-us

I'm thinking of transferring out – what should I do?

If your pension pot is over £30,000... You must take regulated financial advice before transferring out unless you're planning to transfer only DC benefits.

MoneyHelper offers free guidance you can trust. You can find an independent financial adviser (IFA) through MoneyHelper's website at www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser

Remember, if you transfer out of the Plan, you won't be able to transfer back in if you change your mind.

Staying scam aware – How long does a transfer take?

To help tackle the rise in pension scams, the government brought in an additional set of checks and rules that the Trustee must follow when it receives a transfer request. This gives you another layer of protection, but it does mean the process can take a few months.

These checks could raise amber or red flags. If one or more red flag is present, your transfer could be stopped. If one or more amber flag is present, your transfer could be paused until you can prove you've taken scams advice through MoneyHelper (even if you've already taken advice from a regulated advisor).

The checks could raise amber or red flags:

Examples of red flags

- Being pressured to make the transfer quickly
- Being offered an incentive to transfer

Examples of amber flags

- The scheme you are transferring to makes use of high-risk or unregulated investments
- Its investment structure is unusual or unclear

You can find out more about transferring by getting in touch with L&G. You can find their contact details on their website at www.legalandgeneral.com/workplace/i/ibm/mplan/get-in-touch/

Financial guidance at your fingertips – MoneyHelper

If you're struggling to get on top of debt, want to feel like you're back in control of your finances, or just want someone to cut through the financial jargon for you, MoneyHelper can help.

MoneyHelper offers free and impartial government-backed guidance about your money and pensions. You can talk to trained staff who can help you work out how to keep on top of your finances, or point you in the direction of someone who can.

How MoneyHelper can help

Find out more about your options and get guidance on:

- Clearing your debt
- Reducing your spending
- Making the most of your income
- Checking your entitlement to benefits
- Caring for family
- Building up savings, including your pension

Contact MoneyHelper

- Pensions advice **0800 011 3797**
Monday to Friday, 9am to 5pm
- Money advice **0800 138 7777**
Monday to Friday, 8am to 6pm
- Go to the MoneyHelper website at **www.moneyhelper.org.uk**
- Use **Live Chat** to start a webchat Monday to Friday, 9am to 6pm

The website and webchat are also available in Welsh.

Over 50?

You can book a free appointment with Pension Wise where you can get free, impartial guidance on retirement options from a government-backed service.

Book a Pension Wise appointment at **www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise**

Changes to pension tax limits

A pension is a tax-efficient way to save, but there are some limits. The government announced some changes to these limits, which came into effect in April 2023.

The Annual Allowance (AA)

The AA is the total amount of pension savings you can build up each year before you will be taxed on those savings. The AA is £60,000 for the 2023/24 tax year.

The AA applies across all of the schemes you belong to and is inclusive of all of the contributions that you or your employer pay or anyone else who pays on your behalf.

If your pension savings exceed the AA, you can carry forward any unused allowance from the last three years to increase your allowance for the current tax year.

The Lifetime Allowance (LTA)

From 6 April 2023, the tax charge associated with the LTA was removed. Certain lump sums payments which would have been subject to a LTA charge will instead be subject to Income Tax at the your marginal rate.

The government plans to remove the LTA completely in April 2024. It is important that where you have total pension benefits in excess of the LTA, you check how the changes apply to you. You can contact L&G using the details on the last page, find a regulated financial adviser or call MoneyHelper on **0800 011 3797**.

The government reviews these limits from time to time. For the most up-to-date information on allowances, please visit **www.gov.uk/tax-on-your-private-pension**

If you think you may be affected by the allowances, you may wish to contact a financial adviser. For help finding a financial adviser, visit www.moneyhelper.org.uk

About the Trustee

The Plan is managed by a Trustee Company (IBM United Kingdom Pensions Trust Limited) which acts through its Board of Directors – commonly known as the Trustee. There are currently nine members of the Trustee Board.

What the Trustee does

The Trustee is responsible for managing the Plan in the best interest of its members and to run the Plan in line with its Trust Deed and Rules. The Trustee is separate from your administrator (L&G) who manage all member data.

The Trustee meets as a full Board quarterly to discuss the Plan and any actions it needs to take, but it also meets as sub-committees in addition to this.

There are four sub-committees made up of different Board members and each of these sub-committees has been delegated responsibility for certain areas. The four sub-committees are:

The Investment Committee

Oversees performance, selects the Plan's managers (see page 15) and implements strategic and tactical asset allocation.

The Benefits Allocation Committee

Reviews and approves ill health early retirement cases and discretionary benefits to dependants of members who have died.

The Dispute Resolution Committee

Reviews any complaints made by members against the Trustee that the Pensions Trust hasn't been able to resolve.

The Governance Committee

Advises the Trustee on the discharge of its duties with regard to the Plan's financial statements and maintaining proper records and controls. The Committee supervises the preparation of the Plan's Annual Report and Accounts. It also oversees internal financial controls and risk management.

The Pensions Trust Management Team are also in charge of oversight and governance – read more on page 11.

There are currently nine members of the Trustee Board:

Member nominated

Robert Tickell Retired member Chair

Ian Shore Plan member

Robert Clark Plan member

Company appointed

Mark Hobbett

Frederick Klutey

Naomi Hill Plan member

Zoe Hughes

Christopher McBrayne Plan member
Appointed 23 November 2022

The Law Debenture Pension Trust Corporation Plc. Represented by Andrew Harrison and Anna Eagles

A reminder about your Pensions Trust Management Team

The team helps the Trustee to run the Plan, and is no longer involved in the day-to-day administration of the Plan. The team coordinates the Plan's administrators, advisers and auditors and their recommendations to the Trustee.

If you need information about your savings, or need to update your details, you need to contact your administrator, L&G, using the contact details on the last page.

The Plan's Climate Change-related Disclosures Report is available

Climate change is something that could impact the Plan, either as a risk or as an opportunity to invest in companies or assets that are expected to benefit from the energy transition. The Trustee has produced a report in line with the UK climate reporting regulations using the Department for Work and Pensions' statutory guidance. The Trustee has also produced a summary infographic. These highlight how the Trustee has established oversight and processes to ensure the risks and opportunities are considered in the day-to-day management of the Plan.

View the report and the infographic
www.smartpensionsuk.co.uk/#/page/governance-documentation

Read all about it

The Pensions Trust Management Team provides news about the Plan or pensions in general on its smartpensions website at www.smartpensionsuk.co.uk/#/page/news

You can also find useful governance documents, such as the Trust Deed and Rules and, Report and Accounts at www.smartpensionsuk.co.uk/#/page/governance-documentation

2022 Financial Review

The information in this section is taken from the 2022 Annual Report and Accounts. You can find a copy of this document on the Plan's smartpensions website at www.smartpensionsuk.co.uk/#/page/governance-documentation

The 2022 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 2022; and
- Contributions were paid to the Plan as set out in the schedule of contributions in force during the year.

Income and expenses

This table is a summary of the key figures for the year.

Brackets represent minus figures. Please see page 14 for more information about investments and market turbulence during 2022

	<i>£m</i>
Value at 1 January 2022	2,818.8
+ Investment income and contributions received	
Net returns on investments	(335.4)
Contributions received and transfers in	52.6
- Benefits and other payments	
Benefits payable	(27.9)
Transfers out	(116.1)
Transfers between sections	(2.0)
= Value at 31 December 2022	2,390.0

Membership Statistics

At 31 December 2022, there were 15,687 members in the Plan. You can see the change in membership from 2021 to 2022 below.

Active Members	Deferred Members	Total
2,663	13,024	2022 // 15,687
2,941	13,476	2021 // 16,417

The Plan's investments

Investment of Assets

There is a range of Lifecycle investment strategies, which have been designed with the majority of members in mind, alongside a range of Freestyle investment options for those who want to choose their own investments.

The Lifecycle Strategies

The Lifecycle investment strategies are designed to initially provide capital growth. As you get closer to retirement, these strategies progressively switch your pension savings into funds which match the retirement objective for that strategy such as:

- Buying a guaranteed income (an annuity)
- Taking flexible income (drawdown)
- Taking it all as cash, or
- A 'balanced' approach which targets a combination

The Freestyle Options

If you'd like to take an active role and choose where your pension fund is invested, you can use the Freestyle investment option.

More Information

You can find detailed information about all the investment strategies on L&G's website at www.legalandgeneral.com/workplace/i/ibm/mplan/investing/your-investment-options/

To find out more about pension investments in general, you can visit www.moneyhelper.org.uk/en/pensions-and-retirement/building-your-retirement-pot/pension-investment-options-an-overview

How the DC assets were invested

This table shows how the DC assets were invested as at 31 December 2022, along with their performance.

Please note, the investment market saw some volatility in 2022, in part due to the government's mini-budget in September.

Though this can be worrying, it's important to remember that pension investments are long term – more so than many other types of investment. This means that pension accounts usually have enough time to recover before you retire.

	2022			3 year Annualised Return	
	Asset Value £m	Return achieved (net of fees)	Benchmark (gross of fees)	Return achieved (net of fees)	Benchmark (gross of fees)
Equities					
Global Equity 60:40 Index Fund	72.1	-2.4%	-2.4%	4.5%	4.2%
Global Equity 70:30 Index Fund	168.3	-1.9%	-1.9%	4.3%	4.2%
Global Real Estate Equity – GBP Hedged Fund	3.0	-22.6%	-22.5%	-4.2%	-4.0%
Ethical UK Equity Index Fund	9.7	1.3%	1.4%	1.7%	1.8%
Ethical Global Equity Index Fund	24.4	-13.6%	-13.6%	6.5%	6.6%
UK Equity Index Fund	35.3	0.8%	0.7%	2.5%	2.4%
World Emerging Markets Equity Index Fund	7.5	-7.4%	-7.0%	1.4%	1.7%
Infrastructure Equity MFG – GBP Hedged Fund	6.8	-3.7%	-3.6%	2.1%	2.5%
All World Equity Fund	94.6	-14.8%	-14.7%	5.0%	5.1%
World ex UK Developed Equity Index Fund	61.2	-12.9%	-12.8%	7.2%	7.3%
Future World Fund (started in 2021)	3.0	-13.6%	-13.4%	-	-
HSBC Shariah Fund*	0.0	-	-	-	-
Sustainable Global Equity Index Fund*	0.0	-	-	-	-
Sustainable Developed (ex-UK) Equity Index Fund*	0.0	-	-	-	-
Sustainable UK Equity Index Fund*	0.0	-	-	-	-
Sustainable Emerging Markets Equity Index Fund*	0.0	-	-	-	-
Fixed income					
Over 15 Year Gilts Index Fund	30.3	-40.5%	-40.5%	-14.4%	-14.4%
Annuity Protection Index Fund	5.9	-39.2%	-39.2%	-11.6%	-11.6%
Annuity Target Fund	84.2	-29.3%	-29.4%	-9.3%	-9.3%
Annuity Target Inflation-Linked Fund	0.8	-34.3%	-29.3%	-10.0%	-7.1%
Investment Grade Corporate Bond – All Stocks Index Fund	3.3	-17.7%	-17.8%	-5.0%	-5.0%
Emerging Market Debt Fund	0.5	-9.2%	-10.2%	-4.2%	-4.6%
All Stocks Index-Linked Gilts Fund	1.8	-34.4%	-34.4%	-8.8%	-8.8%
Money Fund (was Cash Fund)	142.9	1.3%	1.4%	0.6%	0.5%
Sustainable Corporate Bond Fund*	0.0	-	-	-	-
Multi asset strategies					
Growth Plus Fund (former Consensus)	46.8	-11.7%	-11.0%	4.0%	4.2%
Growth Fund	266.0	-15.7%	-15.7%	-0.8%	-0.8%
Growth Plus Fund	1,320.9	-11.7%	-11.0%	4.0%	4.2%
Aviva Life & Pensions UK Limited	0.5				
Asset Total	2390.0				

*Funds started in Q4 2022 so no performance returns data is available

The Plan's managers, professional advisers and auditors

IBM United Kingdom Pensions Trust Limited independently appoints the following:

Administrator

Legal & General Assurance Services Limited (LGAS), since 6 January 2021.

IBM Pensions Trust for plan management

Scheme Actuary

Graham McLean

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

Actuarial Advisers

WTW

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

Mercer Limited

Pensions Trust Management Team

The team helps the Trustee to run the Plan. It coordinates the Plan's managers, advisers and auditors and their recommendations to the Trustee:

Pensions Trust Manager & Company Secretary

Paul Butler

Pensions Investment and Stewardship Manager

Claire Smith

Pensions Finance and Controls Manager

Charlotte Cooper

Pensions Operations Manager

Julie Edney

How to get in touch



If you have any queries about your pension, please contact:



Website: www.legalandgeneral.com/ibmpensionstrust



Telephone: 0345 675 0017



Email: 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. It can be found on our website at www.smartpensionsuk.co.uk/#/page/governance-documentation

The information in this booklet is not advice from the Trustee. It includes a summary of the information contained in the audited 2022 Annual Report & Accounts, copies of which can be found on our website at www.smartpensionsuk.co.uk/#/page/governance-documentation. You can also request a copy from the Pensions Trust Management Team at PTComms@uk.ibm.com

