

IBM Retiree Club 2019 Briefing

Mark Griffiths

Agenda

- Pension Trust Management & Trustee Board
- Pension Trust – Business Objectives
- 2019 Pension Increases
- Main Plan pre-1997 increases
- Funding Updates
- Membership Data
- Website
- Help



▪ **IBM Career (Key Assignments)**

- ❖ UKI Financial Controller
- ❖ UKI Country Pricing Leader
- ❖ UKI ITSO Pricing Manager
- ❖ North Region HW Pricing Manager
- ❖ UKISA GTS Delivery Manager
- ❖ UKI / EMEA Finance Acquisitions Manager
 - ❖ Lotus / Informix / ISS / Tivoli
- ❖ UKISA SO F&P Manager
- ❖ Joint Venture Set Up
 - ❖ South West One (based Taunton)
- ❖ UK Tax Accounting Manager
- ❖ IBM PDL Accounting Manager Dublin
 - ❖ Set up EMEA PDL Function
- ❖ UKISA Signings & Backlog Manager
- ❖ EMEA North Region SWG F&P Manager

▪ **Educational Background:**

- ❖ IBM
 - ❖ 35 years experience as at March 2019
- ❖ University
 - ❖ BA (Hons) Business Studies

▪ **Interests outside work**

- ❖ Qualified Cricket Coach
 - ❖ Managing Club Colts Teams aged 8 -16
 - ❖ SE Hampshire District U13
- ❖ Spending Time with Wife & 2 Sons
 - ❖ Playing / Watching Football / Golf




One of the Colts I coached is now playing for the England Football Team

Trustee Directors & Pension Trust Management


	Appointment
Robert Tickell (co-chair)	MND
Doug Moody	MND
Leigh Salkeld	MND
Mark Hobbert	IBM appointed
Harshal Chaudhari	IBM appointed
Evaristus Mainsah (co-chair)	IBM appointed
Joe Sweeney	IBM appointed
Gary Kildare	IBM appointed
Law Debenture Pension Trust Corporation plc *	Independent Director

Position	Name
Pensions Trust Manager & Company Secretary	Mark Griffiths
Investment Manager	Nicolas Chopin
Transformation Manager	Claire Smith
Finance Manager	Charlotte Cooper
Systems Manager	James Adams
Services Manager	Julie Edney


* Law Debenture is represented by David Felder & Anna Eagles




Robert Tickell
Business Development
Leader, Europe, IBM
Commercial and CSP




Evaristus Mainsah
General Manager,
Commercial Model




Leigh Salkeld
Global Leader, Credit
Insurance




Joe Sweeney
Vice President Operations /
COO, UKI Market



Harshal Chaudhari
Managing Director & Chief
Investment Officer - IBM
Retirement Funds



Mark Hobbert
Vice President & Assistant
Treasurer



Gary Kildare
Vice President - Human
Resources

Next MND Elections : May'20



Doug Moody
MND Pension



Nicolas Chopin
Pensions Investment
Manager



James Adams
IBM UK Pensions Trust
Systems Manager



Claire Smith
Pensions Transformation
Manager



Julie Edney
Pensions Services Manager



Charlotte Cooper
UK Pensions Finance
Manager

32

35

20

30

20

Business Objectives

The business objectives and functional goals of IBM UK Pensions Trust are as follows:

- ★ Collect the contributions required to maintain the necessary funding levels of the Plans.
- ★ Manage and safeguard the assets of the Plans to ensure that obligations to members can be met as they fall due.
- ★ Pay the correct levels of benefits to bona fide members as and when they fall due.
- ★ Provide an efficient and effective pensions administration service.
- ★ Operate systems required to manage, process, and secure member information.
- ★ Operate the Plans in accordance with the regulatory framework, government legislation, and with the Trust Deed and Rules.



External Review in 2018 confirmation that pay according to Rules



Internal IBM Audit in 2018 confirmation that manage assets correctly

2019 Pension Increases

Scheme	Basis	2019	2018	2017
Main Plan – C, N & E				
- Pre 1997	50% of RPI to January	1.27%	2%	1.3%
- Post 1997 and pre 2005	CPI to September	2.4%	3%	1.0%
- Post 2005	CPI to September	2.4%	2.5%	1.0%
Main Plan – DSL				
- Pre August 2005	RPI to December	2.7%	4.1%	2.5%
- Post August 2005	RPI to December	2.5%	2.5%	2.5%
I Plan	RPI to September	3.3%	3.9%	2.0%

Full details of your pension increases will be sent to you, along with the booklet 'Information for Our Retirees', at the beginning of April 2019. The details of your pension increases are also available on the Trustee's website.

Main Plan Pre-1997 Increases

- Increases at 50% of RPI have been agreed with IBM up to and including the April 2020 increases
- The Trustee, as part of the work related to the 2018 triennial valuation, is working with IBM to seek agreement to future guaranteed increases related to pre-1997 service
- Should the Trustee and IBM be unable to agree to future guaranteed increases related to pre-1997 service such increases revert to being discretionary in nature

Funding Update

- A formal actuarial valuation is completed every three years. The last actuarial valuation was completed as at 31 December 2015.
- A Valuation Working Group , has been formed (first met in December 2018) , and are representing the Trustees in the negotiations with the Company . The VWG is made up of :
 - Robert Tickell
 - Doug Moody
 - David Felder
 - Evaristus Mainsah
- Plan is to reach an agreement with the Company by 31st May 2019

ASSET AND LIABILITIES AS AT DEC 17



MAIN PLAN	£m	2017	2016	2015
Assets		8,001	7,864	6,649
Liabilities		7,722	7,776	6,851
Surplus/(deficit)		279	86	(202)
Funding level		104%	101%	97%

I PLAN	£m	2017	2016	2015
Assets		1,230	1,123	842
Liabilities		1,331	1,291	1,032
Surplus		(101)	(168)	(190)
Funding level		92%	87%	82%



Under the current schedules of contributions, the Company is paying deficit contributions of £30m pa for the I Plan (until 30 June 2022) and £20m for the Main Plan (until 30 September 2020). These contributions continue to fall due until such time as the Trustee agrees to revise the schedule (which could be as part of a valuation or between valuations).

Further information can be found in the Summary Funding Statements on the Trustee's website.

MEMBERSHIP

IBM PENSION PLAN MEMBERSHIP

As at 31 December 2018

	<u>Main Plan</u>		<u>I Plan</u>		<u>DC Members</u>	
	2017	2018	2017	2018	2017	2018
Active	6,128	5,212	115	84	6,128	5,212
Pensioners	14,979	15,132	1,141	1,241	n/a	n/a
Deferred	18,445	18,086	2,675	2,551	13,174	13,307
TOTAL MEMBERS	39,552	38,430	3,931	3,876	19,302	18,519

YOUR VIEWS : MEMBER ENGAGEMENT

MEMBER ENGAGEMENT :

Prepare a detailed team plan to cover all the requirements for the 3 key areas:

- * Contributions
- * Investments
- * Retirement

*** Contributions:**

- Matching email sent . Once 6th April data is loaded , re-run the earlier analysis and see if we have increased matching% overall. Include this in education

*** Investment :**

ideas included: Q&A on website, Education Tab on website, Videos , booklets, lunch & learns, roadshows, financial wellness – roadshows / webex , work with IBM

*** Retirement :**

Run Focus Group to look at what members want - work with 3rd party/ensure independence, work with IBM to consider overall IBM employee position.

Ideas for material for webex - Importance of Contributions/Matching/ASC/Investment Default/Free Style/Demo My Pensions/How to Find your current investment election/Show & Tell on PT Website/L&G Modeller

Website

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PENSIONER MEMBER ↓

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PENSIONER MEMBER ↑

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- > ENHANCED M PLAN
- > HYBRID
- > I PLAN

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C/N and DSL Plans




Pension Payments

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Death in Retirement

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Pensions Trust Contact Information

Contact information

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