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Welcome to SPIN, IBM's Pension Fund. This Pension123 explains your DB pension.

What are you entitled to under the pension scheme?



Retirement pension

From the time you reach state retirement age (the age at which you become entitled to AOW, the state pension), you will receive a retirement pension for as long as you live.

If you are a participant in IBM's pension scheme, you will receive a retirement pension when you retire. This retirement pension, together with your AOW state pension, will constitute your monthly income when you stop working due to retirement. You will receive this pension for the rest of your life.

You accrue a portion of your pension every year that you work at IBM. Your future pension payment will be a reflection of what you earned on average. You know in advance approximately how much pension you will receive; IBM bears the risks. This scheme is a 'career-average pay scheme' and is categorised as a defined benefit agreement. The [Pension Planner](#) and your annual pension statement provide an approximate indication of the pension you will receive on retirement.

Read more about your pension accrual in '[How do you accrue pension](#)'.



Partner's pension and orphan's pension

In the event of your death, any partner and children you may have will receive a benefit. The amounts and conditions can vary in different situations.

In the event of your death while you are employed by IBM, your partner and children are entitled to a pension. You can see the amounts of the pensions on your annual pension statement and at www.mijnpensioenoverzicht.nl. Your pension regulations show how we calculate the surviving dependants' pension. You can find the pension regulations at spin.nl/reglement.

If you leave IBM or when you retire, this insurance for your family is terminated. Go to '[What are you not entitled to under the pension scheme](#)' to find out what you can do about this.

You do not have to pay a contribution for the partner's and orphan's pension; this is paid by IBM.

Surviving dependants are sometimes entitled to receive a surviving dependants' benefit from the government under the Surviving Dependants Act (Anw benefit). The surviving dependants must meet the applicable conditions in that case. You can find more information about the Anw at www.svb.nl.



Occupational Disability Pension

If you become occupationally disabled, you may receive a supplementary payment from us. You will also continue to accrue pension. You will no longer pay a personal contribution for this.

If you have a long-term illness, you will continue to accrue pension on the portion of the salary for which you are incapacitated for work. You do not need to pay a pension contribution on this portion. We pay this on your behalf. You may also receive a supplement to your salary.

If you receive a WIA benefit from the Employee Insurance Agency (UWV), you may receive an additional invalidity pension from us. You qualify for this pension after two years of uninterrupted illness and provided that you earn more than € 55,927 (the so-called maximum annual salary; 2019 amount). This benefit is 70% of the salary for which you no longer work and for which you do not receive a Work and Income (Capacity for Work) Act (WIA) benefit. The invalidity pension regulations (spin.nl/arbeidsongeslacht) show how we calculate this benefit.

The invalidity pension stops when you reach the 'invalidity pension end-date', in the event of your death or when you no longer receive a WIA benefit. Consult your annual pension statement or the correspondence about your occupational disability for the exact retirement age or invalidity pension end-date that applies for you. This may differ from one person to the next. Your annual pension statement also shows the amount of your invalidity pension, whether you qualify for it and when.

IBM does not cover the Work and Income (Capacity for Work) Act (WIA) shortfall. Go to '[When to take action](#)' to find out what you can do about this.



Pension regulations

The pension regulations contain the details of your pension scheme. You can find the pension regulations at spin.nl/reglement.

What are you not entitled to under the pension scheme?



Partner's and orphan's pension

In the event of your death after you have left IBM, your partner, if you have one, will receive a lower pension from us, or none at all. Any children you may have will not receive any benefit.

The partner's and orphan's pension are only insured as long as you work at IBM. If you die after you leave IBM, this insurance does not cover any surviving dependants' pension for your family.

There is a distinction between accrued partner's pension and insured partner's pension, however. In older schemes, participants did indeed accrue partner's pension. Even after you leave IBM or retire, your partner does remain entitled to partner's pension if this pension was accrued. This entitlement was carried along to the Basic Pension Scheme.

What you or your partner can do

At the moment you retire or leave IBM, you can opt to swap part of your defined benefit pension for a (higher) partner's pension. This is referred to as conversion. Your partner receives the partner's pension if you die.

At this time, we are unable to specify the amount of your partner's pension after your departure or retirement. An indication of the amounts is shown on your annual pension statement and in the Pension Register on www.mijnpensioenoverzicht.nl.



Work and Income (Capacity For Work) Act (WIA) Shortfall

If you are occupationally disabled for longer than two years, your salary stops. You may receive a Work and Income (Capacity for Work) Act (WIA) benefit in that case. After a period of time, the WIA benefit can drop significantly. This creates a WIA shortfall. The IBM Basic Pension does not provide for a benefit to offset this loss in income. Go to '*When to take action*' to find out what you can do about this.

How do you accrue pension?



There are three ways to accrue pension in the Netherlands:

- A. AOW state pension – you receive this government pension if you are living or working in the Netherlands.
- B. Pension via your current and prior employer(s). This Pension123 is all about your pension at IBM.
- C. Pension that you arrange yourself – for example by purchasing an annuity or by means of a bank savings product.

There are three ways to accrue pension in the Netherlands:

A. AOW: state pension

The AOW is the government's statutory pension. You accrue AOW over a period of 50 years. You only accrue AOW over the years that you live and/or work in the Netherlands. The age at which you are entitled to an AOW pension depends on your date of birth. This is because the state retirement age will be rising over the coming years. The AOW amount is also not the same for everyone. These amounts are adjusted annually. The website www.svb.nl contains information about the AOW and the state retirement age. Note: if you have not always lived or worked in the Netherlands, then this may reduce your AOW entitlement.

B. The pension that you accrue via your work

The amount of pension you accrue on the basis of your employer's pension scheme is shown on your annual pension statement. To view a summary of the pensions you have accrued with other employers, visit www.mijnpensioenoverzicht.nl.

C. Supplementary pension that you arrange yourself

You can make arrangements for a supplementary pension to your AOW state pension and the pension you accrue via your work. There are various ways of supplementing your pension. For example, via a tax-efficient blocked bank savings account, or early repayment of your mortgage, if you have one. Whether you consider this necessary depends on your financial and personal situation. A financial advisor can assist you in this regard. You can also consult the five sources of retirement income chart (pensioenschijf-van-vijf) on Nibud's website.



At IBM, pension is accrued as follows:

Career-average pay scheme

You accrue a portion of your pension every year that you participate in the scheme. Your pension is the sum of all these parts. IBM bears some of the risks. This is referred to as the 'defined benefit' scheme.

You accrue a portion of your pension every year that you participate in the scheme. This portion is based on part of your pensionable income. Your pensionable income is the starting point for the accrual of your pension. It consists of your salary, semi-annual payments, shift allowances and sometimes bonuses. You accrue pension on part of your pensionable income less the deductible: this is your pension base.



How do we calculate your pension

Pension capital is accrued on your gross salary up to € 104,258. This amount is reduced by a threshold amount of € 17,490 (2019 amounts). We deduct this amount, the deductible, in order to take into account the AOW benefit you will receive from the government when you retire. You then accrue pension on the remaining amount, your pension base.

The salary that counts for your pension accrual is the pensionable earnings. The pension regulations on spin.nl/reglement indicate which portion of your salary is included.

1. First, we calculate the height of your pensionable earnings, up to a maximum of € 104,258 in the event of full-time employment.
2. The threshold amount (deductible) is deducted from this amount. You do not accrue pension on the threshold amount. This way, we take the fact that you will later receive an AOW state pension into account. In 2019, the deductible amounts to € 17,490 for full-time employment.
3. The amount that remains, your pension base, is then divided into a base for the defined benefit scheme and a base for the defined contribution scheme.
4. You accrue 1.879% pension on the defined benefit pension base each year.



Who pays what?

Each month, IBM and you pay a contribution for your pension. It is mandatory that you personally pay a 3% contribution for the defined benefit scheme each month.

You pay 3% of your defined benefit pension base each month. The contribution is withheld from your gross salary monthly. The amount of this contribution appears on your salary slip under 'Eigen bijdrage DB' [Own contribution to defined benefit scheme].

What are my options?



Transfer of value

If you decide to leave IBM, you can transfer your accrued pension to your new pension administrator.

If you change employers and you want to transfer your pension, this is possible. This could be beneficial, for example, if your new employer has a pension scheme that better matches your needs. If you prefer not to transfer your pension, your old pension administrator will continue to manage your pension.

If you need help making a decision, go to '[When is action required on my part?](#)'.



Voluntary additional partner's pension insurance policy

You accrue pension on your gross salary up to € 104,258 (2019 amount). If you earn more than this, you can participate in a supplementary IBM insurance for the partner's pension.

You accrue pension on your gross salary up to € 104,258 (2019 amount). The pension base for your partner's pension is also capped at this amount. If you earn more than this, you can voluntarily participate in a supplementary IBM insurance for the partner's pension. IBM automatically registers you for this insurance. However, you can also opt out. IBM deducts the premium for this insurance from your salary. You will automatically be provided with information about the supplementary partner's pension when your earnings exceed the above-mentioned salary limit.



Early retirement

You can retire sooner than at state retirement age; in fact, this is an option from the age of 55. This will reduce your monthly pension payment, however.

You must retire when you reach the state retirement age that applies for you. However, you can also opt for early retirement; this is possible from age 55. Note: if you retire early, your pension will be lower. Check out the [Pension Planner](#) on our website to assess the impact of this.



Part-time retirement

If you would like to gradually reduce your working hours, you can ask for a part of your pension to already go into effect.

You can decide to retire part time. In that case, you retire for part of the week and continue working for IBM for the other part of the week. You can do this starting at age 55 as well, and up to one year prior to the start of your AOW state pension. In that case, you must continue to work at least 20 hours per week. IBM must also approve this arrangement.



First a higher, then a lower pension

You can start with a higher pension first, followed by a lower pension. Or vice versa.

You can choose to receive the same pension payments for the rest of your life, or you can opt for a different arrangement.

1. For example, you can start with a higher pension first, followed by a lower pension later. For example, because you want to use the additional money for travel while you are still in good health. Or to bridge the period of time until you will be receiving your AOW state pension.
2. However, you can also start with a lower pension first, followed by a higher pension later. For example, because your partner will still be working during the first years of your retirement.

Check out the [Pension Planner](#) on our website to assess the impact of a high/low or low/high option.



Conversion of retirement pension into (extra) partner's pension

You can convert part of your retirement pension into a partner's pension (or higher partner's pension) for your partner. You can do this when leaving IBM or retiring.

The partner's pension is the payment your partner receives if you die. If you retire, you can opt to convert part of your defined benefit retirement pension into (extra) partner's pension. This will reduce the amount of your retirement pension.



Conversion of partner's pension into retirement pension

You can convert (part of) your partner's pension into a higher retirement pension. You can do this when retiring.

If you retire, you can convert your partner's pension into extra defined benefit retirement pension. If you have a partner, his or her signature is required for this conversion because this means your partner will not receive a payment if you die.

How certain is your pension?



Risks

The height of your ultimate defined benefit pension is, in principle, fixed, but if we have a deficit, we may reduce your pension.

The height of your pension is, in principle, fixed, but you will only have real certainty about the amount of your pension payment on your retirement date. There are certain risks you face.

- Life expectancy. If the average age of participants increases, their pensions need to be paid out for longer. In that case we need to have more money than we initially budgeted for.
- Life expectancy. The interest rate affects the value of pensions. We estimate in advance how much money we will need to be able to pay out the pensions. The lower the interest rate, the more money we need to have on hand in order to be able to pay out all the pensions in the future. If the interest rate remains persistently low, this makes pensions more expensive.
- The results of investments can be disappointing.



Inflation

We endeavour to increase your defined benefit pension each year by 75% of the consumer price index. This is referred to as 'indexation'. We only do this if we can afford to financially. Over the past several years, the defined benefit pensions have been indexed as follows:

- In 2019 by 1.41%. Prices rose by 1.88% between September 2017 and September 2018
- In 2018 by 1.09%. Prices rose by 1.45% between September 2016 and September 2017
- In 2017 by 0.05%. Prices rose by 0.07% between September 2015 and September 2016



Deficit

If we have a deficit, we take one or more of these measures, if necessary:

- Your defined benefit pension does not grow in line with the rise in prices.
- Your contribution is increased.
- Your defined benefit pension is reduced. We only do this as a last resort.

Our costs



Costs

We incur costs for administering and investing your pension. IBM pays all the costs of your defined benefit pension.



When you change jobs

If you leave IBM, you can transfer your accrued IBM pension to your new pension administrator. If you become unemployed, we will continue to manage your pension. Even after a period of time, you can still transfer your IBM pension capital to another pension administrator.

When you change jobs, you may decide to transfer your pension. This could be beneficial, for example, if your current or new employer has a pension scheme that better matches your needs. But how do you find out whether you should make a value transfer or not?

- Visit the website www.pensioenkijsker.nl for information on changing jobs. This website contains information that can be useful in your considerations (only available in Dutch).
- See a financial advisor. He/she can discuss all of the ins and outs of a transfer of value with you.

If you become unemployed, we will continue to manage your pension. Even after a period of time, you can still transfer your IBM pension to another pension administrator.



Marriage, cohabitation or registered partnership

If you decide to cohabit, register your partner for the partner's pension.

If you are married or are in a registered partnership, then your partner normally co-owns your pension. This has implications if you separate (see '[Divorce, termination of registered partnership or termination of cohabitation](#)'). You should therefore give careful thought to the arrangements you make in relation to pension when you formalise your relationship.

Be aware that if you separate, the standard provision is that half of the retirement pension (accrued during the marriage) belongs to your partner. The partner's pension remains entirely for your ex-partner. You can make different arrangements for this in your marriage contract or in your partnership contract.

Cohabitation agreement Register your partner

If you are married or you have a registered partnership, you do not need to inform us because your municipality will provide us with this information. If you are cohabiting and you have a cohabitation agreement, you must register your partner to receive a pension in the event of your death. Use the '[Partner Registration Form](#)' on our website for this purpose. Also send us a copy of the contract that you signed at the civil-law notary and an extract from the Persons Database (BRP).



Divorce, termination of registered partnership or termination of cohabitation

If you terminate your cohabitation arrangement or if you divorce, we can register the division of your pension on your behalf.

Separating can have significant financial consequences, including for your pension. If you separate, the standard provision is that half of your retirement pension (accrued during the marriage) belongs to your ex-partner. Any accrued partner's pension is also for your ex-partner in that case. You can make different arrangements on this in your marriage contract, partnership contract or divorce settlement.

This does not apply if you have a cohabitation agreement. In that case, half of your pension does not automatically belong to your partner. This is only the case if this is set out in the cohabitation agreement and you have informed us of this. If your cohabitation agreement is terminated, let us know as soon as possible.

Divorce and termination of registered partnership

If you are living in the Netherlands when you divorce or terminate your partnership, then the municipality will inform us of this. You do not need to notify us separately. If you are living abroad, you must report your separation to us.

If you divorce or terminate your partnership, your partner will normally be entitled to half of the pension you accrued during your marriage or registered partnership. You may have made different agreements about this. If you would like us to look after the division, you must fill out the government's '[Notification of Divorce re Division of Retirement Pension](#)' in order to record the division of your pension capital in our records. In that case, you must send us this form within two years following your divorce.

Termination of cohabitation agreement

If you have a cohabitation agreement and you are separating, you must notify us. Your cohabitation agreement can be terminated on the basis of a formal termination agreement or on the basis of a statement signed by both partners. Your civil-law notary can assist you in this regard. You must then send us a copy of this agreement/statement.

You must make your own agreements concerning the division of the pension. This is because the entitlement to a part of the retirement pension does not apply to unmarried cohabitants. Formulate proper agreements on separation and record these in an agreement or a notarial deed. Send us a copy of this agreement/deed.

Separation could ultimately result in you receiving a lower pension, therefore. Consult your financial advisor about this. He/she can make the necessary calculations to determine what is best for you.



Leave

If you take a leave of absence, your pension accrual will be temporarily halted. You can correct this after you return from leave. We will then send you a letter about this.



Moving abroad

If you move abroad, let us know. You do not normally need to send us a change of address, except in the following instances:

- If you live at an address that is different from that recorded in the Persons Database.
- If you would like to receive your mail at a correspondence address that is different from your home address.
- If you are living abroad.

Let us know. It is also possible to do this via email (spin@tkppensioen), but you must then send us a scan of your passport.

If you are (temporarily) abroad, it is important that you keep us informed. Normally, we receive information about a marriage, separation or death via the Persons Database. If you are living abroad, we do not receive this information. You must therefore keep us informed.



Occupational disability

If you would like to secure your income in case of occupational disability, consider taking out a Work and Income (Capacity for Work) Act (WIA) shortfall insurance policy.

Many insurers have online tools that you can use to calculate the amount of your personal WIA shortfall. You can also start saving or investing. If you have a partner, discuss what he or she can do if your income is reduced.

If you are unable to find a solution, consult a financial advisor.



When you retire

When you retire, you have several options.

The section '*What are my options*' explains the options offered by your pension scheme when you retire. As soon as your retirement approaches, you can consider the various options. Contact us to discuss your options and to request provisional statements for this. Discuss the timing of your retirement with your manager and let us know six months in advance whether you intend to retire early or on a part-time basis.



Questions about your pension scheme

If you have any questions, send us an email at spin@tkppensioen.nl or call us on 050-582 7997. We also regularly organise information sessions which you are more than welcome to attend.

We are pleased to help you with any questions about your IBM pension. Our contact details are provided above. If you would like to discuss matters in person, you can schedule an appointment about your pension with Hanny Broere of the pension fund. We also regularly organise information sessions and question times at IBM sites. We announce these via the IBM intranet and Link.Me.



Information about the status of your pension

Review your pension once a year to see how much pension you have accrued.

How do you know whether you will have sufficient income when you retire? Prepare a financial picture for yourself that is as detailed as possible. We offer you various ways of staying informed: an annual pension statement, the [Pension Planner](#) and [Mijn IBM-pensioen](#). The government also provides useful tools, such as www.mijnpensioenoverzicht.nl. We also recommend [Nibud's five sources of retirement income chart](#) (pensioenschijf-van-vijf). All information is in Dutch.