



Stichting Pensioenfonds IBM Nederland



Your own pension capital

Information about your IBM pension
Basic Pension, participant C

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Before you read any further

We would like to welcome you to the IBM Pension Fund! Now you have joined the service of IBM, we are delighted to be able to provide you with more information about your IBM pension.

This booklet is a translation of Dutch information. It is intended for you, if you:

- have moved from abroad to live here and to work for IBM (temporarily or permanently);
- are not (yet) able to speak Dutch because you have moved from abroad to live here.

Some of the subjects discussed here either do not apply or apply in a different way abroad. For example, value transfer or purchasing pension with your accrued pension capital.

No rights may be derived from this booklet, these can only be derived from the official regulations. These regulations are available on our website: www.spin.nl.



Your IBM pension

A pension for you

In IBM's Basic Pension Scheme you accrue your own pension capital. This capital grows due to contributions and investment returns. When you retire, you take your capital to a Dutch insurance company and purchase a pension.

The exact level of your pension on retirement cannot be precisely predicted. However we can provide an estimate.

As long as you work for IBM, your family will be guaranteed a pension if you die. In addition, your pension accrual will continue if you become occupationally incapacitated.

How does this work?

1. You work for IBM

Each month, IBM pays a pension contribution; and you also pay a pension contribution yourself.

2. Investment

We invest the contributions in a mix of equities and bonds. You determine how we invest your capital. The results of the investments can be both above and below expectations. You bear the risk in this respect.

3. Result

When you retire, we sell the investments and you receive the proceeds. We cannot say what the value of these proceeds will be because investments may increase in value - but may also decrease.

4. Your pension

Using these proceeds, you purchase a pension from an insurance company. However, we do not know how much pension you will be able to buy as this depends on such things as the interest rate at that moment, the rates offered by insurance companies and the average life-expectancy of the Dutch population.

At that moment, you also decide whether or not to buy a partner's pension for your partner.

The nature of the pension scheme

You have concluded an agreement with IBM in respect of your pension. This is a so-called contribution agreement, also referred to as a Defined Contribution (DC) scheme. Your scheme forms part of the IBM Basic Pension. In this scheme, you will be deemed a 'C participant'. More information about the Basic Pension is available on our website.

The surviving dependant's and the occupational incapacity schemes are referred to as defined benefit agreements.



How high will your pension eventually be?

It is impossible to make an exact prediction of what your pension will actually be, although we can provide an estimate. However, the final pension depends on a number of factors.

The monthly pension contributions paid by you and IBM

This depends on the level of your salary and your age.

The length of time you work for IBM

As long as you work for IBM, IBM and you will pay your pension contributions to SPIN. If you go to work elsewhere, no more contributions will be paid into your pension capital.

The value of the investments

We invest the pension contributions. If we were to deposit the pension contributions in a savings account, we are almost certain that, at a later date, you would have too little money for a good pension. Over the longer term, investments provide a better return, but the value of your investments may fluctuate. In advance, it is impossible to know exactly what the value of your investments will be when you retire.

The interest rate at the time you retire

When you retire, you have to purchase a pension from an insurance company. At the moment you purchase your pension certain rates apply, the interest rate is important, and the insurer assumes a certain average life expectancy. These factors determine how much pension you can buy with your capital.

If the interest rate is high at the time you retire, you will receive more pension than when the rate is low.

Life expectancy at the time you retire

If life expectancy is rising at the time you retire, you will receive a lower pension.

Purchasing a partner's pension, or not?

If you purchase a pension for your partner when you retire, you will receive a lower pension but your partner will receive a partner's pension when you die.

Your retirement age

You normally retire at the state pension age [AOW]. However, you may choose to retire earlier. The earlier you retire, the lower your pension will be.

Inflation

In the course of time prices rise and your money is worth less. Your pension capital will not be subject to an annual increase to compensate for this. The returns from your investments must compensate for this.



Investing for your pension, how does that work?

We invest the pension contributions because investing in equities and bonds on a global scale will in the long term - 20, 30, 40 years - provide a better return than saving. If we were to deposit the pension contributions in a savings account, we are almost certain that, at a later date, you would have too little money for a good pension. To offer you a better chance of having a good pension, we have to take risks and invest your pension contributions.

However, investments do involve running risks, because although they may increase in value they may also decrease. In this pension scheme, the risks are for your account. However, we have compiled the investment profiles in such a way that your risk is no higher than necessary, irrespective of the investment profile you choose.

We would recommend that you give serious consideration to two factors.

1. Think about which sorts of investments would suit you and decide what level of risk you are prepared to accept. Work out how serious it will be for you if, at a later date, your investments are worth less than expected and, as a consequence, your pension is lower. For example, will you have other sources of income when you retire?
2. Think about the fact that if you are younger you can afford to run a greater risk than if you are older. Because if the value of your investments falls when you are still young, you have more time in which to compensate for this loss. If you are older, you will have no time to wait for the investments to rise again as you will be approaching pension age.

More detailed information about equities, bonds and the profile investments is available on www.spin.nl/dc



What are your investment choices?

You can choose from three different investment profiles:

1. A defensive profile;
2. A basic profile;
3. An offensive profile.

In all three profiles, we invest in a way that you bear less risk as you get older. Consequently, if you are younger, we invest more in equities. And when you are older, we invest more in bonds. The tables below show the way we invest in the three different profiles.

Offensive profile

Years until your state pension age	>27	27-20	19-15	14-13	12-11	10-9	8-7	6-5	4-3	2-0
Investment mix % equity/ % bonds	95/5	90/10	85/15	75/25	65/35	55/45	45/55	35/65	25/75	15/85

Basic Profile

Years until your state pension age	>27	27-20	19-15	14-13	12-11	10-9	8-7	6-5	4-3	2-0
Investment mix % equity/ % bonds	85/15	75/25	65/35	55/45	45/55	35/65	25/75	15/85	10/90	5/95

Defensive Profile

Years until your state pension age	>27	27-20	19-15	14-13	12-11	10-9	8-7	6-5	4-3	2-0
Investment mix % equity/ % bonds	75/25	65/35	55/45	45/55	35/65	25/75	15/85	10/90	5/95	5/95

Explanation

In all three profiles, we invest very little in equities and more in bonds in the years approaching your retirement.

Defensive Profile With the Defensive Profile you run less risk. However, if the stock markets perform well, you profit less and for a shorter period; while if the stock markets perform badly you will suffer less with this profile.

Basic Profile With the Basic Profile, you run a greater risk than in the Defensive Profile. The advantage is that you benefit more if the stock markets perform well.

Offensive Profile With the Offensive Profile, you take even more risk. If the stock markets perform well, you benefit most and for the longest period. However, with this profile you will suffer most if the stock markets perform badly.

Interaction between bonds and interest

Towards the end of your career, you will mainly be investing in bonds. The value of these can vary, depending on the interest rate. Potentially, the situation could be unfavourable when you retire. If the interest rate falls, the value of the bonds rises. This is good for the value of your investments but, conversely, the rate you have to pay to purchase your pension will be less favourable. Vice versa also applies: if the interest rate is high, your bonds are worth less. But this amount will enable you to purchase more pension.

Making your investment choices

You can weigh up all your investment options and pass them on to us by means of the Profile Guide [*Profielwijzer*]. This is an online tool which helps you make your choice. You can read more about this below.



Informing us of your investment choice

Go to the 'Beleggingstool' (Investment Tool on spin.nl/beleggingstool) and log in using your DigiD. If you don't have a DigiD account yet, please register with your Dutch government registration number (BSN). The Beleggingstool is available in Dutch only. It is recommended you seek some help from a Dutch native speaker for translation.

Within the Beleggingstool, click on 'Profielwijzer'. Here you can inform us online of your investment choice.

If you cannot choose between our three profiles

Then we automatically invest your contributions in the Basic Profile.

If, at a later date, you choose another profile

That can be arranged. Visit the Beleggingstool again and inform us of your new choice. As soon as you have done so, we will invest not only your new contributions but also your accrued pension capital in accordance with your new profile.

Changing your profile is free of charge

Switching to another investment profile is free.

Pension options

You have a number of options as far as your IBM pension is concerned.

- You choose how we should invest your pension capital.
- You can transfer a pension from a previous employer into IBM's pension fund. This is referred to as value transfer.
- When you retire, you can align your pension to your own wishes:
 - You can retire earlier;
 - You can opt to have a higher pension initially and a lower pension latterly (or vice versa);
 - You can purchase a pension for your partner in the event of your death.



A pension for your family

If you die while in the service of IBM, your family is entitled to a pension. Once you leave IBM, this insurance is no longer applicable.

When you retire, you can make use of your pension capital to purchase a pension for your partner. This means that, after your death, your partner will receive a monthly payment. However, the consequence of doing so is that the pension you buy for yourself will be lower.

These amounts are specified on your annual pension statement.

Pension for your partner

If you die while you are in the service of IBM, your partner will receive a partner's pension until he/she dies. If you are dismissed and you receive unemployment benefit [*WW-uitkering*], your partner will also receive a partner's pension if you die.

A partner is...

- a person to whom you are married,
- a person with whom you have entered into a registered partnership, or
- a person with whom you have cohabitated for at least six months and with whom you have jointly signed a cohabitation contract in the presence of a civil-law notary.

If you cohabit and have signed a cohabitation contract, you should register your partner as the beneficiary of your pension in the event of your death. To do so, make use of the 'Registering a partner form' [*Aanmeldingsformulier partner*] on our website: spin.nl/forms In addition, send us a copy of the contract you signed in the presence of a civil-law notary and an extract from the municipal personal records database [*GBA*].

How much will your partner receive?

The amount your partner will receive is specified on your annual pension statement. Below, there is an explanation of how we calculate this payment.

If your partner is more than 15 years younger than you, we will lower your partner's pension by 3% for each year that your partner is more than 15 years younger than you. This deduction only applies to the first five years and is, moreover, gradually reduced during these five years. After you have been married or had a registered partnership or cohabitation contract for more than five years, your partner will receive the entire amount.

What contribution do you have to pay for this partner's pension?

You do not pay any contribution for this pension. IBM pays the contribution.

If you die after you leave IBM

In this case, your partner will not receive this partner's pension. Your partner will, however, be able to use part of your DC capital to buy a partner's pension from an insurance company. Although, naturally, that will only be possible if you have not transferred your DC capital to your new employer's pension scheme.

Calculation of the partner's pension

1. Firstly, we calculate your pensionable earnings in the 12 months prior to your death.



2. From this amount, we deduct the portion of the salary over which no pension entitlement is accrued (hereinafter: the deductible). In 2014, a person working fulltime has a deductible of € 16,864; this amount changes each year.
3. We then multiply the residual amount by 1% times the maximum achievable number of years of service at IBM. For example, you join IBM on your 30th birthday and your state pension [AOW] age is 67. In this case we will multiply the residual amount by $37 \times 1.0\% = 37\%$. Your partner will then receive 37% of the residual amount each year. This calculation also takes account of any years of service acquired as a result of value transfer.

N.B.! The amount your partner receives may never exceed 70% of this amount plus the state pension for a married person. This is enshrined in law.

Pension for your children

If you die while you are in the service of IBM, your children will receive an orphan's pension until they are 18 years of age. Children who are studying or following a professional/vocational training will receive an orphan's pension until they are 27 years old; and children with physical or mental impairments will also receive an orphan's pension until they are 27 years old.

We pay an orphan's pension to a maximum of five children. If you have more than five children, they will have to divide the amount of orphan's pension which five children would have received between them all.

How high is an orphan's pension?

The level of the orphan's pension is specified on your annual pension statement. Below, there is an explanation of how we calculate this payment.

What contribution do you have to pay for this pension?

You do not pay any contribution for this pension. IBM pays the contribution.

If you die after you leave IBM

In this case, your children will not receive an orphan's pension. Your children will, however, be able to use part of your DC capital to buy an orphan's pension from an insurance company. Although, naturally, that will only be possible if you have not transferred the value of your investments to your new employer's pension scheme.

Calculation of an orphans' pension

1. Firstly, we calculate how high your annual salary is at the time you die. This amount includes your holiday allowance.
2. We then deduct € 16,864 from this amount. The amount being deducted, the deductible, changes each year. In this example, we use the deductible of 2014.
3. We then multiply the residual amount by 0.27% times the maximum achievable number of years of service at IBM. For example, you join IBM on your 30th birthday and your state pension [AOW] age is 67. In this case, we will multiply the residual amount by $37 \times 0.27\% = 10\%$. A child will then receive 10% of the residual amount each year.

If both parents are dead, the orphan's pension will be doubled.



A pension in the event of occupational incapacity

If you suffer long-term sickness, you will continue accruing pension over the part of your salary for which you no longer work. You will not be required to pay any pension contributions in respect of this part of your accrual; we pay these on your behalf. You may also be granted a supplement to your salary.

Supplement to your salary

If you receive a benefit payment under the Work and Income (Capacity for Work) Act [*WIA uitkering*] from the Employee Insurance Agency [*UWV*], we will pay you supplementary incapacity benefit [*AOP uitkering*]. This benefit is equal to 70% of the salary in respect of which you neither work nor receive *WIA* benefit. The *AOP* benefit will cease on retirement or death.

Who pays what?

Both IBM and you contribute to your pension. The level of the contributions depends on your age and salary. Your pension contributions are shown on your salary slip.

In addition, IBM pays all the costs. The only costs you have to pay are those associated with the investment of your pension capital.

What will your pension contribution be?

The level of your pension contribution depends on the level of your salary. We calculate your pension contribution in the following way:

1. Firstly, we calculate the level of your pensionable earnings. This amount includes your holiday allowance.
2. We then take the deductible away from this amount. The deductible changes each year; in 2014, the deductible for a fulltime employee was € 16,864 per year.
3. You then pay a 5% pension contribution over the residual amount. This means that the more you earn the higher your pension contributions will be.

How much pension contribution does IBM pay?

The level of the pension contribution IBM pays depends on the level of your pensionable earnings and your age. We calculate your pension contribution in the following way.

1. Firstly, we calculate the level of your pensionable earnings. This amount includes your holiday allowance.
2. We then take the deductible away from this amount. You do not accrue any pension on this amount (€ 16,864 in 2014) as account is taken of the fact that you will, at a later date, receive a state pension for which you do not need to pay us any contributions. The amount we deduct from your salary can change each year.
3. IBM then pays a percentage pension contribution over the residual amount. This means that the more you earn the higher IBM's pension contribution will be.



4. The percentage IBM pays increases as you get older. The table below shows the percentages IBM pays.

Your age	You pay...	IBM pays...	Jointly that is...	Suppose your pension base is... each year	...then each year the amount available to be invested is *:
Tot 24	5%	0.0%	5.0%	€ 20,000	€ 1,000
25 - 29	5%	1.0%	6.0%	€ 20,000	€ 1,200
30 - 34	5%	2.4%	7.4%	€ 20,000	€ 1,480
35 - 39	5%	4.0%	9.0%	€ 20,000	€ 1,800
40 - 44	5%	6.0%	11.0%	€ 20,000	€ 2,200
45 - 49	5%	8.4%	13.4%	€ 20,000	€ 2,680
50 - 54	5%	11.4%	16.4%	€ 20,000	€ 3,280
55 - 59	5%	15.3%	20.3%	€ 20,000	€ 4,060
60 - 64	5%	20.3%	25.3%	€ 20,000	€ 5,060
65 - 66	5%	24.7%	29.7%	€ 20,000	€ 5,940

* In the next paragraph we will explain how much costs you pay for your pension investments. These costs will be partially deducted from your pension capital. You do not have to pay any contribution for the risk of death in service or the risk of occupational incapacity; IBM pays these costs.

What are the costs of investing?

Investing pension capital costs money. These are deducted partially from your pension capital, and partially from your return on investments. There are fixed and variable costs.

1. Fixed costs

You pay a percentage of your capital depending on the investment mix you are in. These costs can be indicated beforehand fairly well.

Investment mix % equity/% bonds	Indication of your yearly costs
95/5	0,17 - 0,18%
90/10	0,17 - 0,18%
85/15	0,17 - 0,18%
75/25	0,18 - 0,19%
65/35	0,18 - 0,19%
55/45	0,18 - 0,19%
45/55	0,18 - 0,19%
35/65	0,17 - 0,18%
25/75	0,16 - 0,17%
15/85	0,15 - 0,16%
10/90	0,14 - 0,15%
5/95	0,13 - 0,14%

We evaluate these costs every year and will adjust them as necessary. We don't expect big changes though.

2. Variable costs

Additionally there are variable costs. These exist of performance costs of the investment manager and the transaction costs. We can only determine these costs partially throughout the year and partially after year closure.

3. Switching to another profile is free of charge

If you change your investment profile, you pay nothing.



Keeping up to date

How are you to know whether or not you will have sufficient income in the future? One way to find out is to compile as specific as possible a financial picture for yourself.

We offer you various ways of ensuring you are always aware of your situation: annual pension and investment statements, the PensionPlanner and the Investment tool on the website.

The government has also provided a number of useful tools, such as the National Pension Register offering a complete picture of your pension; in addition, the '*Pensioen Schijf van Vijf*' from Nibud (the Netherlands National Institute for Family Finance Information) is highly recommended.

Annual statements

Each year you will receive a **Uniform Pension Statement** [*UPO*]. This shows the approximate pension you can expect to receive when you retire. Together with the pension statements from the other employers for whom you have worked, you can assess how much pension you should eventually receive. On this basis, you can decide whether you, personally, need to save or invest more for your pension. SPIN does not do this for you. Consequently, you have to arrange to make the supplementary savings or investments yourself.

The **investment statement** provides information about how the value of your investments has changed in a certain year.

Online tools from SPIN

The **PensionPlanner** (refer to spin.nl/planner) is a handy program which you can use to calculate a number of different things:

1. Approximately how much pension you can expect to receive when you retire. To this end, the PensionPlanner uses the value of your investments at the time you make use of the PensionPlanner.
2. What the financial consequences of retiring early are.
3. What the cost of purchasing a partner's pension is.

Using the **Investment tool** (refer to spin.nl/beleggingstool), you can personally work out the cost/benefit of a potential transfer to a different investment profile. You can also use this tool to inform us of your investment choice.

Will you have enough future income?

Regularly check the website www.mijnpensioenoverzicht.nl to find out how much pension you will receive on retirement. Please note: this is a Dutch language website. In addition to the pension you accrue with IBM, this website also shows any pension you may have accrued with other employers in the Netherlands. Moreover, it shows how much state pension you will receive, to the extent you have accrued a state pension while living in the Netherlands.



Ask yourself the following questions:

- In total, how much pension will I receive each month?
- What do I think I will spend or require to cover my total outgoings each month?
- If your income is insufficient, ask yourself what you should do about it. (For example, reduce your outgoings or increase your income.)

To help answer these questions, you can make use of Nibud's '*Pensioen Schijf-van-Vijf*' (refer to service.nibud.nl/pensioenschijf). This will enable you to compile as specific as possible a financial picture so you are fully aware of your financial circumstances. This is also a Dutch language website.



What happens when...

You first enter the service of IBM

When you start working for IBM, there are three matters you should or might have to deal with:

1. You must decide whether you would like to transfer the pension you have accrued elsewhere into the IBM scheme.
2. If you have a cohabitation contract, you must register your partner's details with us so that he/she can receive a pension if you die while in the service of IBM.
3. You must inform us how we are to invest your pension.

If you would like to have a meeting to discuss your IBM pension that can be arranged! Simply contact us.

Considering value transfer

If you have accrued pension with your former employer (or employers) and that pension falls under the supervision of De Nederlandsche Bank (hereinafter: the DNB), then you can transfer that pension into our scheme. You will only be able to assess your best course of action once you have a pension statement from both your former employer's (or employers) scheme and IBM's scheme.

If you would like to be sent such a specification, you should apply for one using the application form on our website: www.spin.nl/formulieren. More information about making a value transfer to the IBM Basic Pension is available on our website. In addition, the Pensioen kijker website (www.pensioenkijker.nl) will help you gain greater insight into your options.

Registering your partner

If you cohabit on the basis of a cohabitation contract, you should register your partner as the beneficiary of your pension in the event of your death. To do so simply make use of the form on our website: www.spin.nl/formulieren.

If you are either married or have a registered partnership, you do not need to register your partner with us.

Informing us of your investment choice

You can choose how you wish your pension to be invested by means of the Investment tool on our website: spin.nl/beleggingstool. Here you can see which way of investing is best for you in your situation. You can then inform us of your choice online.

Make an appointment

If you would like more information about IBM's pension scheme, you can make an appointment to see someone. Simply send an email to Hanny Broere (hanny_broere@nl.ibm.com) to arrange an appointment. Please give advance notice of the subjects you wish to know more about.

We cannot provide financial advice; if you require such advice you must refer to your financial advisor.



You marry/register a partnership

If you are married, have registered a partnership or concluded a cohabitation contract, your partner is entitled to a pension if you die. Frequently, your partner is also the co-owner of your pension.

Making agreements about your pension

As a rule your partner is the co-owner of your pension. This has consequences if you divorce (see below). Consequently, you must think carefully about the agreements you make about your pension when you decide to formalise your relationship (by marrying or registering a partnership). Take account of the fact that, if you divorce, half the pension you have accrued during the period of your formal relationship will, as a rule, belong to your partner. Other arrangements in this respect can be made in prenuptial agreements or partnership contracts.

If you have a cohabitation contract and you split up, half of the value of your investments does not automatically belong to your partner. That will only be the case if this is provided for in your cohabitation contract and we have approved the provision.

When should you register your partner?

If you are married or have a registered partnership, you do not need to inform us of this, as your municipality will inform us directly.

However, if you cohabit on the basis of a cohabitation contract, you must register your partner as the beneficiary of your pension should you die in service. To this end, you should use the 'Partner's registration form' [*Aanmeldingsformulier partner*] available on our website: spin.nl/formulieren. Please also send us a copy of the contract you signed at the civil-law notary's office and an extract from the municipal personal records database (*GBA*).

If you die in service

Information about what happens if you die in service is provided further on in this booklet.



You divorce/separate

Divorce/separation can have considerable financial consequences; for your pension as well. If you divorce, half of your pension capital will, as a rule, belong to your partner. You can make other arrangements in this respect in your prenuptial agreements, in your partner's contract or in the divorce agreement.

This does not apply in the case of a cohabitation contract. In such cases, half of the value of the investments does not automatically revert to your partner. This will only be the case if it is provided for in the cohabitation contract and you have informed us of this fact. If your cohabitation contract is terminated, please inform us of this as quickly as possible.

Practical matters when divorcing or terminating a partnership

Should you split up, there are a number of steps you have to take.

1. Informing us - or not

If you are living in the Netherlands, the municipality will inform us if you divorce or terminate your registered partnership, you do not need to inform us separately. However, if you are living abroad, you must inform us if you get divorced or terminate your registered partnership.

If you have a cohabitation contract and you split up, you must inform us of this. Terminating your cohabitation contract can be done by signing a formal termination agreement or by both partners signing a declaration to that effect. Your civil-law notary will be able to advise you in this respect. A copy of this agreement/declaration must be sent to us when you inform us of the split.

2. Deduction of special partner's pensions

If you were married or had a registered partnership, we will deduct an amount from your pension capital in order to purchase a special partner's pension. Your ex-partner will receive this pension if you die. You can make agreements with your ex-partner in respect of the residual capital.

3. Division of your pension - or not

If you were married or had a registered partnership, your ex-partner is also entitled to half of the residual of your pension capital, to the extent it was accrued during your formal relationship. You can have us administer the division, or do it yourself. In the latter case, you and your ex-partner must mutually agree a disbursement arrangement.

If you wish us to administer the division, you must complete a [form](#) provided by central government so we can record the division of your pension capital in our administration. You must send this form to us within two years of your divorce.

Consequently, if you have divorced, it is possible that you will receive a lower pension when you retire. You should consult a financial advisor about this. He/she will be able to work out what your best options are given this situation.

How does this affect your pension?

If you intend to divorce or terminate your registered partnership, you can make three different arrangements with your ex-partner. These relate to the residual capital after the *special partner's pension has been deducted*, as explained above.



N.B. If you would like us to administer the division, you must, within two years of your divorce, inform us of this using the aforementioned form. If you do not want us to administer the division, *you will not see any* divided amounts on your annual pension statement.

1. You divide your pension with your ex-partner (settlement)

We reserve half of your DC capital (after deducting your special partner's pension, see above) for your ex-partner. At the time you retire, you purchase a pension with the share that was reserved for your partner. The insurance company through which you do this must specify the settlement on its offer. This pension is, therefore, only paid out when you retire.

Your ex-partner gets the share specified on your pension statement. If your ex-partner dies before you retire, your DC capital is returned to you. If your ex-partner dies after you have retired then, after the date of his/her death, you will receive your entire pension.

2. Your ex-partner receives his/her own pension (conversion)

Your ex-partner receives his/her own share of your DC capital (after deducting your special partner's pension, see above); using this, he/she personally purchases a pension when he/she retires.

The amount that goes to your ex-partner is no longer specified on your pension statement. The amount specified on your pension statement is the amount you will receive.

3. Your ex-partner does not receive anything

If you have agreed that your ex-partner will not receive a share of your pension, the amount specified on your pension statement is all for you.

You move house

Normally you do not need to inform us if you move house. However, in the following situations you must inform us:

- If you reside at an address other than that recorded in the municipal personal records database;
- If you wish to receive your post at an address other than your home address;
- If you live abroad.

You must inform us of this in writing, by post or email, and enclose/attach a copy of your passport.

If you are abroad, keep us informed!

If you have returned to a foreign country (permanently or temporarily), it is important you keep us informed of your details. Normally, we receive information from the Dutch municipal personal records database if you marry, divorce or die. However, if you live abroad we do not receive this information and you must, therefore, keep us informed of any changes to your circumstances yourself.



You reduce your working hours

At IBM, employees normally work 40 hours a week. If you decide to work fewer hours you will receive a lower salary from IBM and IBM will make a lower pension contribution. Consequently, when you retire your pension will be lower. Naturally, the value of your accrued investments will remain unchanged even if you work fewer hours.

Using the PensionPlanner (spin.nl/planner), you can calculate how working fewer hours will affect your pension.

Leave

If you take unpaid leave you do not receive a salary nor will IBM pay any pension contributions. Consequently, when you retire your pension will be lower. It is, however, possible to make other arrangements in this respect. We will contact you about this once you have returned from your unpaid leave.

You leave the service of IBM

If you leave IBM, IBM will stop paying any pension contributions. We will, however, continue investing your pension capital, the future value of which could increase or decrease. Once you retire, you can use this to purchase a pension.

If you go to work for another employer, you may transfer the value of your investments to your new employer's pension scheme (value transfer).

Your surviving dependant's insurance will be cancelled.

Considering value transfer

If your new employer has a pension scheme, you can only transfer the value of the DC capital you have accrued at IBM to this scheme if this scheme falls under the supervision of the DNB. Theoretically, value transfer is possible but, in practice, it is difficult to administer due to tax legislation. In most cases, Dutch pensions remain with a Dutch pension provider.

You can only assess what would be best for you, given your situation, when you have a statement of your pension in the old pension scheme and in the new scheme. If you would like a statement, please apply to your new pension provider for one.



Surviving dependant's insurance

As soon as you stop working for IBM, the insurances for the partner's pension and orphan's pension also stop. Consequently, if you die, neither your partner nor your children will receive any payments. However, provided the value of the investments are still with SPIN, they will be able to use your accrued DC capital to purchase a partner's pension and/or an orphan's pension.

You become unemployed

If you are unemployed (made redundant), both IBM and you will stop paying your pension contribution. Your pension capital will remain with us and its future value may increase or decrease. Once you retire, you can use this capital to buy a pension from an insurance company.

If you receive unemployment benefit [WW] from the government immediately after IBM has dismissed you (made you redundant) and you die while still receiving this benefit, your partner will receive a partner's benefit payment.

You die

Depending on the situation, your dependants may be entitled to a benefit payment. To this end you must make certain arrangements and these are explained in the following paragraphs.

When you die, we are informed by your municipality. However, this is not the case if you live abroad. In such cases, your dependants must inform us of this themselves.

Informing us of a death

Your dependants only need to inform us or IBM of your death if you were living abroad at the time of your death. They should give notice of your death by sending us a copy of the death certificate.

If you were party to a cohabitation contract at the time of your death, we will only be aware of this if you have personally informed us of this. After your death, your partner should contact SPIN him/herself.

What pension will your family receive?

If you die while in the service of IBM:

- Your partner will receive a partner's pension as long as he/she lives.
- Your children will receive an orphan's pension until they are 18 years of age.
- Children who are studying may apply to have the orphan's pension extended until they are 27 years of age.
- Your partner and your children may also receive a payment from the state under the Surviving Dependant's Act [Anw].



For more information in this respect please refer to the sections 'Your Pension' > 'A pension for your family'.

If you die after leaving IBM

If you have left all your DC capital with SPIN, your partner can use that money to buy a lifelong pension from an insurance company. In this context, it is advisable to seek the assistance of a financial advisor. If you have no partner or children, your pension capital reverts to us.

We will contact your dependants ourselves. If you live abroad or have a cohabitation contract, then the onus is on your dependants to contact us.

If you die after you have retired

If you die after you have retired then it depends what you arranged when you used your capital to purchase a pension. If, at that time, you also purchased a partner's pension, your partner will now start receiving that pension.

If your child stops studying after your death

In this situation, your child must inform us that he/she has stopped studying. As soon as notification is received, the payment of his/her orphan's pension will also stop. Payment will, moreover, cease as soon as your child reaches the age of 27.

You become occupationally incapacitated

When you are on long-term sick leave you continue accruing pension over the part of your salary for which you no longer work. However, you do not need to pay any pension contributions over this part of your salary; we pay these for you.

If you receive a benefit payment under the Work and Income (Capacity for Work) Act [WIA] from the Employee Insurance Agency [UWV], we may pay you supplementary incapacity benefit.

If you become wholly or partially occupationally incapacitated, then IBM will inform SPIN of this fact; you do not have to do so yourself.



You retire

At the time you retire, there are a number of affairs you have to organise. If you carry on working for IBM up to the moment of your retirement, we will offer you as much support as possible throughout the retirement process. At SPIN, you will have a dedicated contact person to whom you can put any questions; you are also welcome to call into our office to discuss your pension.

On retirement, you take your pension capital to a Dutch insurance company. At that time, you will be offered various choices so you can align your pension with your own wishes. You purchase a pension with your accrued pension capital. The payment of this pension stops when you die.

If you live abroad, we recommend you purchase your pension via a (Dutch) financial advisor. You are only allowed to purchase your pension from a Dutch insurance company.

Retiring early

You normally retire at the state pension age. However, it is possible to retire at an earlier date; you may in fact retire at the age of 55. If you decide you would like to retire early, please inform IBM's HR department of this at least six months before the date on which you hope to retire.

You may also choose to take partial retirement. You would then work part of the week and enjoy retirement during the remainder of the week. You may exercise this option from the age of 55 until a year before you first receive a state pension. You must, however, continue working for at least 20 hours a week; and IBM must consent to you taking partial retirement. If you wish to take this opportunity please inform IBM's HR department of this at least six months before the date on which you hope to take partial retirement.

N.B.! If you retire early your pension will be lower. Refer to the PensionPlanner (spin.nl/planner) to find out what the impact of retiring early will be.

Initially a higher pension and latterly a lower pension (or vice versa)

You can choose to have the same pension until your death, or you can choose to vary your pension payments.

1. You can opt to have a higher pension initially and a lower pension latterly. For example, you may wish to use the extra money to travel while you are still healthy; or to bridge the period until you start receiving your state pension [AOW]; or,
2. You can also opt to have a lower pension initially and a higher pension latterly. For example, because your partner is still working during the early years of your retirement.

Refer to PensionPlanner (spin.nl/planner) to assess the impact of high/low or low/high.



You can buy a pension for your partner

If you have a partner then, as well as purchasing a retirement pension for yourself, you can also buy a pension for your partner. This partner's pension is a pension paid to your partner if, after retiring, you should die before your partner.

As with retirement pensions, a partner's pension can only be purchased from a Dutch insurance company.

N.B.! If you buy a partner's pension, your own retirement pension will be lower. Refer to the PensionPlanner (spin.nl/planner) to assess the impact of buying a partner's pension.

Support from SPIN

Four months before you retire, we will send you all the information you require to be able to make your pension choices. We recommend you also seek advice from a financial advisor. This is essential if you have other pensions in addition to your IBM pension.

If you are working for IBM up until the date of your retirement, then we will do our utmost to support you through the retirement process. You have a dedicated contact person to whom you can turn if you have any questions; and you are always welcome to come to our offices to discuss your pension.

Price rises

Generally, the prices of the goods and services you buy rise each year. This is referred to as inflation. Due to inflation, you can buy increasingly less with the same money.

When the prices rise, we do not increase the value of your investments. Rather than paying an annual supplement, we expect the return on your investments to compensate for inflation.

Inflation and surviving dependant's pensions

If your partner and your children receive a pension after your death in service, we may increase these pensions when prices rise. However, we can only do that if we have sufficient money. Each year, we work out whether or not this is the case. N.B.!! Your partner and your children have no *right* to have their pension payments increased when prices rise.

More detailed information about inflation and supplements is available on our website: spin.nl/toeslag

Inflation and the pension that you purchase from an insurance company

When, at a later date, you purchase a pension you can make various arrangements with the Dutch insurance company. You may, for example, be able to arrange for your pension to increase in line with inflation. However, such a pension would be more expensive.



Stock markets fall

Stock markets fluctuate and the value of pension capital fluctuates accordingly; this is normal for investments. One year investments may be worth less due to negative returns and the following year they may be worth more due to positive returns. You have to take a long term view and not start worrying the moment your return is disappointing. Past experience has demonstrated that, in the long term, equities show positive results, but they are riskier. The opposite applies to bonds (loans to governments and businesses).

The investment profiles, whichever one you choose, are built up in such a way that you will be running less risk as you get older. You gradually invest more in bonds and less in equities.

Interaction bonds and interest

Towards the end of your career, you will mainly be investing in bonds. The value of these can vary, depending on the interest rate. Potentially, the situation could be unfavourable when you retire. If the interest rate falls, the value of the bonds rises. This is good for the value of your investments but, conversely, the rate you have to pay to purchase your pension will be less favourable. Vice versa also applies: if the interest rate is high, your bonds are worth less. But this amount will enable you to purchase more pension.

In short, you should always keep your options open and allow for a margin. Always remember, you will only find out exactly how much pension you can buy a few weeks before you receive your first pension payment. Refer to the [PensionPlanner \(spin.nl/planner\)](https://spin.nl/planner) to get an idea of what margin you should allow for.

You have a complaint or dispute

If you have a complaint or dispute about the administration of our pension scheme, you should refer to the Complaints and Disputes Procedure [*Klachten- en geschillenreglement*] on our website. This provides information about how to proceed. It is only available in the Dutch language.



There are difficulties paying contributions

We hope it will never happen but it is always possible that, at some time in the future, the position of IBM could deteriorate to the extent the company is no longer able to pay the pension contributions. If that occurred, you would receive a lower or even no pension contribution.

Other situations in which you would no longer receive any pension contributions

There are two other situations which may cause IBM to stop paying pension contributions:

1. If the government introduces new legislation and regulations governing retirement pensions, occupational incapacity pensions or surviving dependant's pensions, IBM may decide to pay lower or no pension contributions.
2. If the government makes it compulsory for IBM to participate in an industry-wide pension fund, IBM may decide to pay lower or no pension contributions.

If IBM stops paying pension contributions or pays lower contributions, SPIN will let you know immediately. And SPIN will also decide how the pension scheme is to be amended. We are not allowed to lower the value of your investments.



How are the IBM pensions organised?

SPIN: the IBM Pension Fund

Pensions are extremely important. The government has acknowledged the importance of pensions, therefore the Pension Act [*Pensioenwet*] stipulates exactly what and what is not permissible in their respect; and, in this context, the DNB and the Netherlands Authority for the Financial Markets (hereinafter the AFM) supervise compliance. They check whether or not we are complying with legislation.

IBM wishes to be viewed a good employer by its employees and this involves offering a good pension. Consequently, IBM has established an IBM pension fund foundation; this pension fund operates under the Dutch name *Stichting Pensioenfonds IBM Nederland* (in short: SPIN) and ensures all IBM's employees are provided with pensions.

SPIN specialises in managing pension contributions, investing pension contributions, administering pensions and paying out pensions. Below you can read more about these activities.

About SPIN

IBM established SPIN in 1995. SPIN (The Dutch IBM Pension Fund Foundation) administers the pensions of and provides pensions to the employees, ex-employees and pensioners of IBM Netherlands. SPIN is not a department of IBM but an independent foundation. SPIN manages your pensions as well as it possibly can.

Parties and agencies concerned

Below you can see a list of all the organisations with which we are involved due to our role as a pension administrator and provider. This will give you an idea of how carefully we want and have to administer your pensions.

- **Government** The government draws up legislation and regulations with which we must comply.
- **The DNB** The DNB is the supervisory authority which ensures that we really do comply with all the legislation and regulations governing pensions.
- **The AFM** The AFM also ensures that we comply with all applicable legislation and regulations.
- **IBM** The pension scheme is IBM's. IBM runs checks to ensure we are administering the pension scheme as optimally as possible on behalf of its employees. As, like salaries, pensions are an extremely important employment condition.
- **Works Council [*Ondernemingsraad*]** On behalf of IBM's employees, the Works Council consults the parent company about the pension agreement between IBM and its employees.
- **Accountability Body [*Verantwoordingsorgaan*]** SPIN's Board of Trustees reports to the Accountability Body. The Accountability Body may also provide advice on certain policy areas. The Accountability Body ensures the Board is always focused and it critically considers the course of affairs within the pension fund.



- **Investment Committee** A committee of external investment experts provides investment policy advice to the SPIN Board.
- **Consultants** SPIN seeks advice from external consultants in respect of the IBM pension scheme.
- **Investment institutions** SPIN has asked specialist investment institutions to invest part of the contributions.
- **TKP** is a professional pension provider and helps SPIN administer the pension scheme.
- **Blue Sky Group** This provider is responsible for the administration and payment of the partners' and orphans' pensions.

SPIN 's Board of Trustees

SPIN is managed by a Board of Trustees. This Board is ultimately responsible for policy, accountability and implementation. The Board consists of both supervisory and executive members. All members have extensive contact with one another regarding the Fund's activities.

Further details

The supervisory members consist of:

- Three Board members nominated by IBM;
- Two Board members nominated by IBM 's Group Works Council;
- One Board member nominated by the pension beneficiaries;
- An independent chairperson nominated by the supervisory members.

The supervisory members nominate the executive members. Together they form SPIN's Executive Committee. They are responsible for the execution and are monitored by the supervisory members.

The DNB checks whether all the board members are reliable and suitable.

Information about the members of the Board of Trustees is available on our website: spin.nl/bestuur.

Internal supervision

SPIN has various forms of internal supervision:

- All those involved must abide by the codes of conduct;
- Our internal procedures are audited by an external auditor and actuary;
- Compliance with applicable legislation and regulations is monitored by an external compliance officer. In addition, there is a risk manager who specifically assess the risks, while the Board of Trustees monitors the work of the Executive Committee.

More information is available on our website: spin.nl/vo.



Government supervision

The Pension Act stipulates what a pension fund has to do, what it may do and what it is not allowed to do:

- The DNB supervises SPIN's financial position and whether or not SPIN is complying with all applicable legislation and regulations.
- The AFM supervises the communication between SPIN and the participants and pension beneficiaries.

Accountability Body

Each year, SPIN's Board of Trustees reports to the 'Accountability Body' in respect of its policy and the execution of its policy. This Body consists of participants in the pension scheme, IBM pension recipients and representatives of the employer. Information about the Accountability Body is also available in the annual report on our website.

Further details

SPIN's Board of Trustees asks the Accountability Body to provide an opinion about matters such as:

- The conduct of the Board of Trustees on the basis of the annual report, the financial statements and other information, including the findings of the internal supervisors;
- The policy executed by the Board of Trustees;
- The choices in respect of future policy.

The Accountability Body may also offer prior advice on subjects such as:

- Remuneration policy;
- Form and set up of internal supervision;
- Adoption/amendment of the internal complaints and disputes procedure;
- Adoption/amendment of the communication and information policies;
- Whole or partial transfer of obligations;
- Liquidations, mergers or demergers.

More information about the Accountability Body is available on our website.



Do you require further information?

If you would like more detailed information about your pension, please do not hesitate to contact us.

Alternatively, you could refer to the following:

- The pension scheme or the annual report on our website;
- The implementation agreement between IBM and SPIN;
- Information about your investments;
- The document explaining how we invest;
- An estimation of what the value of your investments will be when you retire, as well as the level of your pension. This can be found in the PensionPlanner.