

# 2021 **Benefits and HR Programs**



Employee Benefit Summary

## IBM Benefits Summary

IBM offers a competitive benefits program, designed to support you and your family across all dimensions of health: physical, mental, social, financial, and purpose.

### Key features:

- Health Benefits Portfolio that provides strong support for your well-being and preventive care, comprehensive coverage to meet a range of medical situations, and solid protection against the cost of serious injury or illness.
- Retirement Program that helps build future financial security through a leading-edge 401(k) plan and other capital accumulation programs.
- Income Protection in case of serious illness, injury or death, including life insurance and disability benefits.
- Opportunity to follow leisure pursuits through vacation, personal leave and holiday plans.

### Eligibility



You are eligible for all applicable benefit programs, except the IBM Employees Stock Purchase Plan, beginning with your first day of employment. Health care coverage (medical, dental and vision) is available for you, your spouse or eligible domestic partner, eligible children and other eligible dependents.

### About your Health, Life and Disability Benefits

IBM provides a range of options, to allow you to design a program that meets your personal or family circumstances. You can enroll in benefits when you first join IBM, and you'll have the opportunity to review and change your benefits each year during the enrollment period, usually held in the fall. You pay for your share of benefit coverage through payroll deductions.

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IBM has implemented policies and practices to appropriately protect the privacy of your personal health information. Personal health information you provide will be handled in accordance with IBM Corporate Instruction HR113 98/11: Protection of Employee Information and the IBM Guidelines for the Protection of Employee Information. To obtain a copy of these documents, please contact the IBM Benefits Center – Provided by Fidelity. The benefits and programs described in this brochure are for IBM regular employees.

## Healthcare Choices

To make good, consumer-based decision about your health means understanding your choices and choosing coverage that matches your health care needs.

IBM offers several healthcare plan options. The IBM medical options provide comprehensive coverage for preventive care, medical care, hospitalizations and emergency care. What differs is the amount you pay for your coverage (through payroll deductions) and the amount you pay out-of-pocket for eligible covered services.

These benefits are available to all IBM regular full-time and part-time employees, long-term supplemental employees, retiree supplemental employees and their eligible dependents. If you decline Medical coverage, you will receive a \$30 per month credit.

All of your IBM medical options provide coverage for:

- Eligible medical services — including 100% in-network coverage for eligible preventive and primary care
- Telemedicine services
- Prescription drugs
- Mental health/substance use care
- Care coordination, condition management and decision support

The IBM plan options provide coverage for “in-network” doctors only, which means benefits are payable only if participants seek care exclusively from eligible doctors, hospitals and other providers that belong to the health plan’s provider network (except for mental health and substance use). Generally, there is no requirement to use an in-network provider for mental health and substance use services. There is no coverage for other services received outside the network except in emergencies. Routine preventive services are covered at no cost to you. You pay the full cost for non-preventive services until you meet the deductible, then the plan will provide most of the cost for eligible services until you meet your out-of-pocket maximum. There is no primary care physician (PCP) requirement, and you may see any network provider you choose without a referral.

### IBM PPO and IBM PPO Plus

**Coverage:** The IBM PPO and IBM PPO Plus options offer the same level of coverage. The difference between the two is the amount you pay through your paycheck and the deductible you pay when you obtain medical and mental health services.

**Deductible:** Under PPO Plus, you will pay a higher monthly contribution for coverage but have a lower individual and family deductible.

### IBM Exclusive Provider Organization (EPO)

**Coverage:** The IBM EPO has a fixed copayment for emergency room visits and inpatient admissions for surgery or rehabilitation. There is no coverage for services received outside the network except in emergencies. There is no coverage for services received from out-of-network mental health and substance use providers.

**Deductible:** Under the EPO, you will pay the highest monthly contribution and a small deductible.

### IBM PPO with HSA and IBM Enhanced PPO with HSA

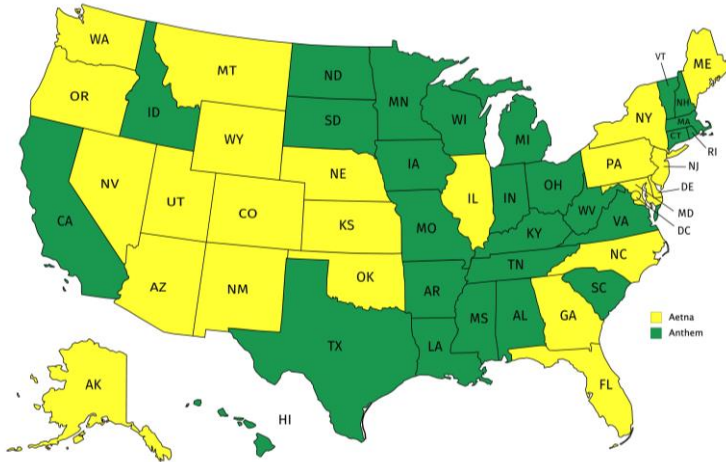
**Coverage:** The IBM PPO with HSA and IBM Enhanced PPO with HSA options offer the same level of coverage. The difference between the two is the amount you pay through your paycheck and the deductible you pay when you obtain medical and mental health services. Primary care office visits are available at no cost to you after you meet the deductible.

**Deductible:** You must meet the deductible before the Plan will provide medical, mental health/substance use or pharmacy benefits. Preventive drugs are not subject to the deductible. Please note that the deductible works differently with this plan option when more than one person is enrolled. The family deductible must be met before any family member is eligible to receive a benefit.

## Health Savings Account (HSA)

The IBM PPO with HSA and IBM Enhanced PPO with HSA options allow you to contribute to a tax-advantaged Health Savings Account (HSA). IBM will also make contributions to your HSA. The HSA provides a savings mechanism for both current and future health care needs, as unused contributions accumulate over time and can be used for future medical expenses. Note that the HSA is not part of the IBM Plan. The HSA is your personal account and unused balances remaining at the end of the plan year remain in your account. You own your HSA and you take it with you when you leave IBM or retire.

## National Medical Plan Administrators



The picture above is a color-coded illustration of IBM's Medical Plan Carriers by State (for the IBM PPO, IBM PPO Plus, IBM EPO, IBM PPO with HSA and IBM Enhanced PPO with HSA health plan options) that was determined to be the "best-in-market" in your area for access to providers and savings.

## Health Maintenance Organization (HMO)

An HMO is a managed care option. IBM offers a few regional HMO's to active employees in certain ZIP codes. You generally use the HMO's providers for your healthcare, and typically pay a flat-dollar copayment or fee for each service. Generally, care is coordinated through a primary care physician who refers you to a specialist or hospital as needed. Depending on the geographic area in which you live, you may have the choice of enrolling in an HMO for the plan year. Eligible employees will have the opportunity to learn more about HMOs, including dependent eligibility, during benefits open enrollment in NetBenefits or by contacting the IBM Benefits Center – Provided by Fidelity.

## Tobacco Surcharge

A \$50 per month surcharge will apply if you and/or your enrolled spouse/domestic partner have used any tobacco products within six months of the date your IBM medical coverage begins. The \$50 monthly surcharge will apply for each individual indicating tobacco use. This surcharge helps offset the additional healthcare costs typically incurred by tobacco users. For purposes of this surcharge, a tobacco product is defined as "any product derived from tobacco that is intended for human consumption" including any component, part or accessory of a tobacco product" (U.S. Food and Drug Administration). This includes, among other products, cigarettes, cigars, pipe tobacco, roll-your-own tobacco and smokeless tobacco. Electronic Nicotine Delivery Systems (ENDS), such as e-cigarettes, e-pipes, vaping pens, and similar devices are included under the surcharge as well, as these devices do not have results from long-term studies and their risks and alleged benefits are not fully known. However, you will have an opportunity to earn a refund of the surcharges you pay if you satisfy the requirements of your health plan administrator's tobacco cessation program within six months or by December 31st, whichever comes first. (Note: Although you may choose to participate in other tobacco cessation programs, you will not be eligible to receive a refund unless you complete the program offered by your IBM health plan).



## Centers of Excellence

Depending on the IBM medical option you elect, as well as your regional medical plan administrator, you may have access to expert case management programs for orthopedic services, bariatric surgery, infertility services and transplants. If you will be receiving any of these services, call your regional health plan to speak to an expert case management nurse and discuss your options. The nurse will direct you to a Center of Excellence, a medical facility recognized for delivering a best-in-class member experience, with more successful health outcomes. In most cases, you must use a COE facility, or your benefit will be lower.

## Customer Advocates

If you need help with any health care-related issue or navigating the complexities of the health care system, contact your plan administrator (Aetna or Anthem) and a Customer Advocate will help you. Whether it's deciding the right course of treatment, understanding what your health plan covers, coordinating care for complex medical issues, or resolving a billing issue, your advocate will remain by your side throughout the entire process. Additionally, you can work with the same Customer Advocate whenever you need assistance.

## Second Opinion Services

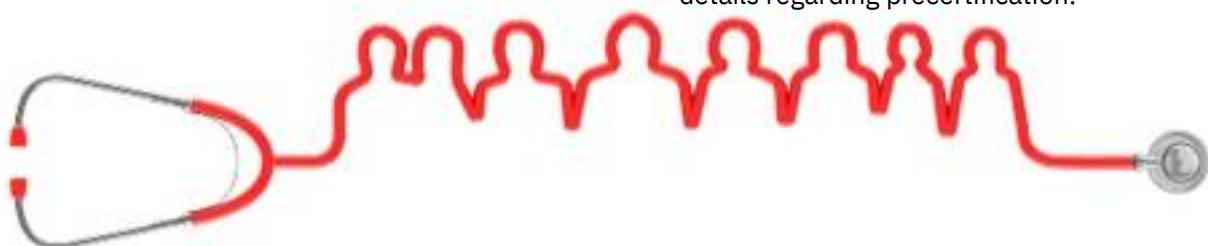
When it comes to medical decisions, making informed decisions is key to maintaining good health and wellbeing. Best Doctors is designed to complement the care you receive from your own physician on just about any diagnosis or treatment, including if you are facing surgery or have a life-threatening condition. You get expert medical advice from Best Doctors so that you can make informed medical decisions. Their clinical network has more than 53,000 medical experts in over 450 specialties and subspecialties to provide personalized services.

## Care Management

Each of the regional health plan administrators have Care Management and Disease Management programs, designed to provide expert help in managing employees' (and their family's) health conditions and risks.

These programs include outreach and support to those with serious illness and other complex medical situations. These care coordinators are registered nurses employed by each of the regional health plans and will assist with precertification for inpatient hospital admissions and high cost medical procedures (listed below), medical consulting services and support to IBM medical plan participants and their families. Access to expert assistance in managing chronic conditions is also available through the program.

Precertification is required for major diagnostic services in non-emergency situations or the service will not be covered include: CT Scans, PET Scans, MRIs, nuclear medicine, sleep studies, cardiac catheterization, echocardiogram (including stress echocardiogram), electrophysiology implants, Arterial ultrasound, Percutaneous coronary intervention (Stents, Balloon angioplasty, Atherectomy). Contact your health plan for details regarding precertification.





## Wellbeing Rewards Programs

IBM wants you to be as healthy as you can be across all 5 Dimensions of Health. We take health and well-being support to another level with our Live Well. Live Better. Rewards Program. To enhance your personal health management, we offer program options to support physical activity, healthy eating, mindfulness, and more.

You can access and benefit from the meQuilibrium and Wellness Checkpoint (health risk appraisal) programs on the [US Benefits Hub](#), as well as Resources for Living, our Employee Assistance Program (EAP) and Ayco [MoneySmart](#) financial programs. Additionally, ongoing opportunities, including use of the SmilingMind mindfulness app, [1:1 EXOS Performance Coach/Nutrition consultations](#), [Nutrition Tuesdays](#) and [Workout Wednesdays](#) plus [monthly well-being webinars](#) will be available to support your ongoing well-being needs.

## Health Savings Account (HSA) Incentives

If you choose a medical plan option with an HSA, you will be eligible to earn up to a total of \$800 (self-only) or \$1,600 (family):

- \$300 in tax-free HSA contributions for self-only coverage or \$850 for family coverage.
- \$250 for self-only coverage in an automatic company contribution or \$500 for family coverage, prorated based on date of hire.
- \$250 “Jump-Start contribution for both self-only and family coverage.

For the 2021 plan year, you will receive your full financial incentive automatically, there are no program completion requirements.



## Prescription Drug Benefits

Under IBM PPO, IBM PPO Plus, IBM EPO, IBM PPO with HSA and the IBM Enhanced PPO with HSA, prescription drug services are provided by CVS Caremark through the IBM Managed Pharmacy Program. You can use any CVS Caremark participating pharmacy for the first three 30-day fills of a non-specialty medication (most US pharmacies participate in the CVS Caremark network).

After the third 30-day fill, you must obtain your (up to 90-day supply of) medication through the CVS Caremark mail order pharmacy or at a local CVS Caremark retail pharmacy or you will be responsible for the full cost of the medication. If you are using a manufacturer's discount program coupon, it is important to note that the coupon cannot be used when ordering medications from the CVS Caremark mail order pharmacy.

Prescriptions obtained through the CVS Caremark Mail Service Pharmacy can be shipped directly to your home or you can pick them up at your local CVS Caremark retail pharmacy. Additionally, many CVS Caremark retail pharmacies will ship your medication to you so you do not need to go into the store.

## GenericsAdvantage

The GenericsAdvantage component of the IBM Managed Pharmacy Program reduces your out-of-pocket costs when you buy generic instead of brand name prescription drugs. If a generic equivalent (identical active ingredient) is available and you choose a brand name drug instead, you will pay the generic coinsurance plus the difference in cost between the generic and brand name drug. The per-prescription maximum will not apply as it usually would for CVS Caremark participating pharmacies and mail order prescriptions. The amount that applies to your out-of-pocket maximum is the amount of coinsurance for the generic equivalent. The difference in cost between the generic equivalent and the brand drug does not accumulate to your out-of-pocket maximum.

However, if your physician validates it is clinically indicated for you to use the brand name drug, you will only pay the brand name coinsurance (and not the difference in cost). In those few cases where a particular brand name drug is comparably priced with a generic in the same class of drugs, prior authorization will not be required for that drug. Prior authorization will still be required for other brand name drugs in that class; otherwise they will not be covered.

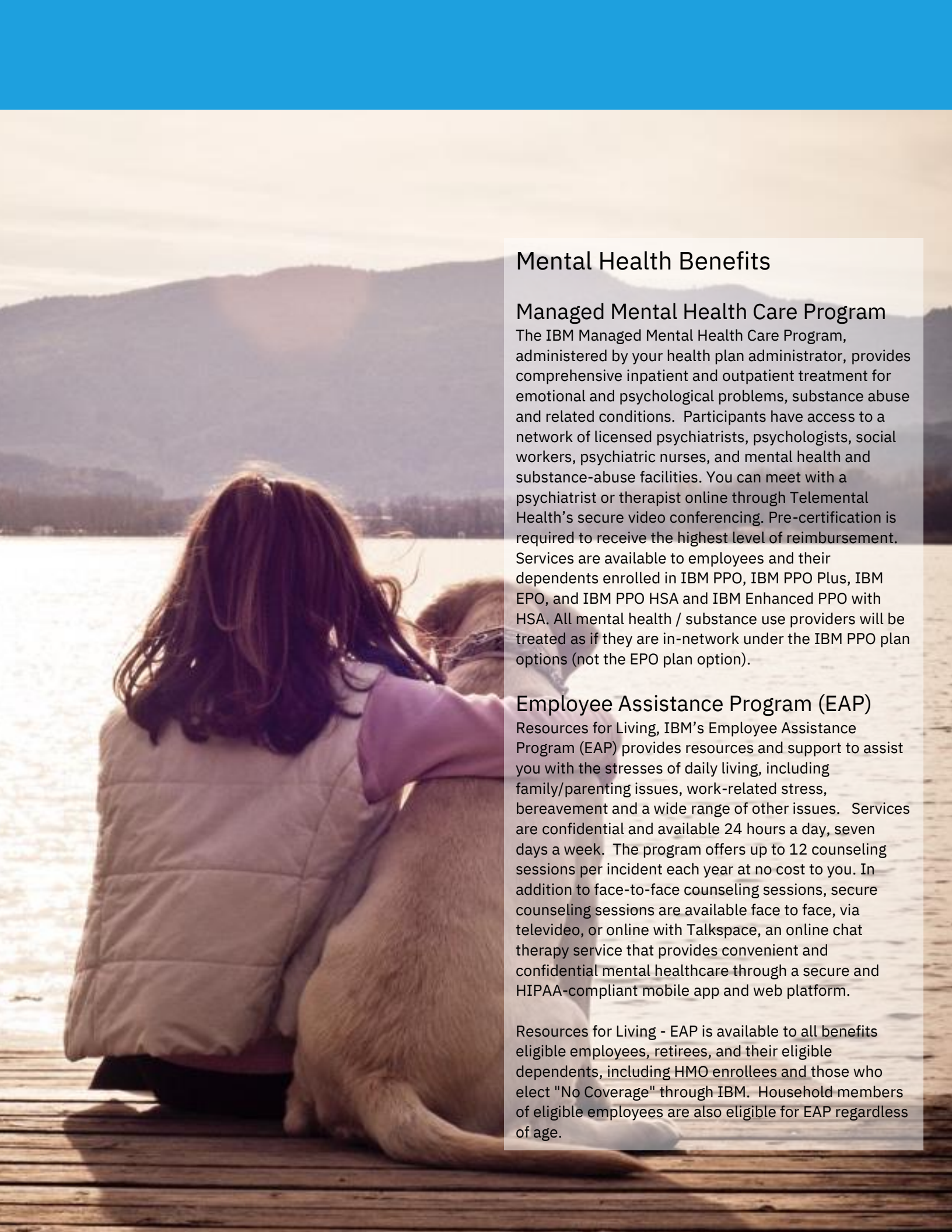
## Specialty Medications

If you need covered prescription medication that requires special handling or administration — such as chemotherapy — and are currently receiving it through your doctor's office or other treatment center, you must order it through the CVS Caremark Specialty Pharmacy. Ordering it this way may save you money, and you may be able to have it shipped directly to you or your doctor's office at no additional charge. Your doctor will first need to contact a CVS Caremark pharmacist for authorization to confirm that the treatment complies with standard clinical guidelines. This requirement will help ensure that you receive proper drug, dose and treatment based on your diagnosis.

There are certain infused medications (not chemotherapy) which must be purchased through the CVS Caremark Specialty Pharmacy if they are received in an outpatient setting. The CVS Caremark Specialty Pharmacy will work with you and your doctor to obtain the medication and coordinate where the infusion will be administered.

Note: For participants in fully insured HMOs, prescription drug benefits are provided through the HMO and vary by plan.





## Mental Health Benefits

### Managed Mental Health Care Program

The IBM Managed Mental Health Care Program, administered by your health plan administrator, provides comprehensive inpatient and outpatient treatment for emotional and psychological problems, substance abuse and related conditions. Participants have access to a network of licensed psychiatrists, psychologists, social workers, psychiatric nurses, and mental health and substance-abuse facilities. You can meet with a psychiatrist or therapist online through Telemental Health's secure video conferencing. Pre-certification is required to receive the highest level of reimbursement. Services are available to employees and their dependents enrolled in IBM PPO, IBM PPO Plus, IBM EPO, and IBM PPO HSA and IBM Enhanced PPO with HSA. All mental health / substance use providers will be treated as if they are in-network under the IBM PPO plan options (not the EPO plan option).

### Employee Assistance Program (EAP)

Resources for Living, IBM's Employee Assistance Program (EAP) provides resources and support to assist you with the stresses of daily living, including family/parenting issues, work-related stress, bereavement and a wide range of other issues. Services are confidential and available 24 hours a day, seven days a week. The program offers up to 12 counseling sessions per incident each year at no cost to you. In addition to face-to-face counseling sessions, secure counseling sessions are available face to face, via televideo, or online with Talkspace, an online chat therapy service that provides convenient and confidential mental healthcare through a secure and HIPAA-compliant mobile app and web platform.

Resources for Living - EAP is available to all benefits eligible employees, retirees, and their eligible dependents, including HMO enrollees and those who elect "No Coverage" through IBM. Household members of eligible employees are also eligible for EAP regardless of age.





## Dental Choices

IBM offers two types of dental coverage administered by MetLife. Carefully review the costs and services associated with each option and choose the coverage that best suits your needs. Refer to the chart below for more information.

### Dental Basic

With IBM Dental Basic, in-network preventive and diagnostic care such as routine exams, cleanings, x-rays and fluoride treatments, are provided at no charge. The plan also helps you pay for basic services, such as fillings. The plan does not pay for orthodontia and major restorative services, such as crowns, root canals and periodontal services.

### Dental Plus

IBM Dental Plus covers preventive and diagnostic care at no charge if you use an in-network dentist, and helps you pay for these services when you go out-of-network. Orthodontia, fillings and major restorative care, like crowns, implants and root canals, are covered under the plan. For many of these procedures, you'll need to obtain a pre-treatment estimate or pre-authorization to ensure that the plan pays benefits.

## Vision Choices

IBM offers two options for vision care: the IBM Vision Plan, which provides benefits for eye exams and eyewear, and the free EyeMed Vision Discount Plan, which helps you save money on eyewear purchases. Whether you enroll in any IBM plan coverage, you automatically have free access to the EyeMed Discount Plan. Refer to the charts below for more information.

### IBM Vision Plan

The IBM Vision Plan, administered by Anthem Blue View Vision, provides benefits for an annual eye exam, eyeglass frame and lenses or contact lenses. Benefits are available both in-network and out-of-network. Additional discounts on extras and upgrades are available, in addition to these annual benefits.

### EyeMed Vision Discount Plan

The EyeMed Vision Discount Plan, provided by EyeMed Vision Care is available to you and your eligible dependents at no cost. This plan gives you access to savings of up to 40% on frames, lenses, lens options and contact lenses, and a discount on an annual eye exam at EyeMed Vision Care network provider locations. No enrollment or ID card is required to access the discounts, you just need to go to a participating provider and ask for the EyeMed Discount.

## Flexible Spending Accounts

### Health Care Spending Account (HCSA)

You can allocate pre-tax dollars to an account to help pay for eligible health care expenses per IRS regulations. Highlights of the plan are as follows:

- An annual maximum of \$2,750 can be set aside for health care expenses. Any unused money set aside during the plan year is forfeited if it is not used.
- These expenses can include deductibles, copayments and other unreimbursed medical, dental, vision and hearing expenses.
- Expenses for eligible family members can also be reimbursed, even if they are not covered under the employee's benefits.
- Employees who participate in the HCSA and are also enrolled in the IBM PPO, IBM PPO Plus, IBM EPO or certain HMOs will receive a Health Debit Card, a stored value card that will enable them to pay eligible expenses through automatic deduction from their HCSA.

### Dependent Care Spending Account (DCSA)

You can allocate pre-tax dollars to an account to help pay for eligible dependent care expenses. Based on federal tax legislation, the plan is an alternative to the tax credit allowed for child and dependent care expenses. Highlights of the plan are as follows:

- Before each plan year, you can elect to set aside an amount of money based on your estimated dependent care expenses.
- Participation is allowed if employees need dependent care to enable themselves and their spouses to work or attend school full-time.
- The amount elected is deducted from their paychecks before taxes.
- An annual maximum of \$5,000 can be set aside for dependent care. Any unused money set aside is forfeited.



**You may enroll in either the Health Care Spending Account or the IBM PPO with Health Savings Account. but not both.**

### Commuter Benefits Program

The IBM Commuter Benefits Program helps you save money on mass transit and qualified parking expenses on commuting to work by paying for eligible expenses pre-tax. A nationwide program, administered by WageWorks®, that helps you save on public transportation and qualified parking expenses. You save on commuting costs because your payroll deductions are made pre-tax, before FICA, federal, state, and city income taxes (for most states and cities), up to a monthly amount of \$270 for transit and \$270 for parking. Any amount above these limits will be taken on an after-tax basis. Once you sign up, your monthly deduction will be taken from the second paycheck of the month.



## Healthcare Coverage (after you leave IBM)

When you retire or leave from IBM, you'll want to know how the company helps support your future health care needs. If you are not yet Medicare-eligible, in most cases, when you leave IBM, you will be able to continue your coverage under an IBM-sponsored health benefits plan, at least for some period of time.

### Transitional Medical Program (TMP)

The Transitional Medical Program (TMP) is a health care continuation of coverage program available to participants of the IBM plans when eligibility for IBM health care benefits ceases. TMP satisfies the requirements of federal legislation (COBRA), which gives continuation rights to employees and their dependents who lose coverage due to certain qualifying events (for example, termination, divorce, death, loss of dependent eligibility). Under TMP, for a limited time, you can continue coverage equivalent to that which you had been receiving as an IBM benefits recipient or covered dependent. You pay for coverage at 102% of the group rate.

### Post-Employment Medical Coverage

You will have access to post-employment IBM health care coverage if certain age and service requirements are met. You will be eligible for Access if you leave IBM at age 55 or above with at least five years of service, and age plus service equals 65 ("Rule of 65").

Those who are eligible for Access can continue IBM health care coverage for themselves and eligible dependents by paying the full cost. There is no time limit or maximum coverage period; however, election of coverage is a one-time enrollment opportunity. If coverage is not elected within the specified enrollment period immediately following separation from IBM, employees are considered to have declined access coverage and they waive the right to any future election of coverage.

### Medicare

Once retired, IBMers and those on IBM's MDIP/LTD plans, those on bridge leaves of absence and surviving spouses become eligible for Medicare, you will no longer be eligible for coverage under the IBM Retiree Benefits Plan. Instead, you and any eligible Medicare eligible dependents will need to enroll in Medicare Part A and Part B and obtain your coverage through the Towers Watson exchange – ViaBenefits. ViaBenefits is a private Medicare exchange that offers individual coverage for medical, prescription drug, dental and vision plans.

### Survivor Health Benefit

When an eligible employee dies, coverage for eligible survivors can continue under the Transitional Medical Program (TMP) for up to 36 months from the date coverage ends under IBM, should the survivor elect to enroll in TMP. Coverage and contributions for a surviving spouse and eligible dependents are determined by the plan in effect at the time of the employee's death and may be modified thereafter.





## Life and Disability Benefits

### Short-Term Disability Income Plan

IBM's Short-Term Disability (STD) Benefit Plan provides you with salary continuation for each day you are absent due to illness or injury, up to a maximum of 26 weeks in a period of 12 consecutive months depending on your date of hire and hiring division. You are eligible for this coverage on your first day of employment.

The benefits provided under this plan are offset with any Social Security Disability Income or Workers Compensation payments, or both. To receive STD benefits, you may be asked to provide supporting documentation. In the event you become totally disabled, you receive maximum benefits under this plan before benefits begin under the Long-Term Disability (LTD) Plan.

### Long-Term Disability Plan

IBM's Long-Term Disability (LTD) Plan provides you with important income protection if you become sick or injured for an extended period of time. The plan offers the following options:

- No coverage
- 50% of pay, employee-paid with before-tax dollars
- 66 2/3% of pay, employee-paid, with before-tax dollars

Coverage is offset with other sources of disability income, such as Social Security Disability Income or Workers' Compensation, or both. The LTD period begins on the date immediately following the expiration of the STD Income Plan coverage.

## Group Life Insurance (GLI)

The IBM Group Life Insurance (GLI) benefit equals one times your annual eligible pay, up to a maximum of \$1 million. The IBM GLI plan includes a feature that allows terminally ill employees to have access to twenty-five percent (25%) to eighty percent (80%) of their benefits (up to \$500,000), with the remaining benefit paid to the beneficiary either as a lump sum via a Total Control Account (TCA) that works like a checking account. Although the GLI plan is offered to all IBM employees at no cost, the value of the premiums for coverage above \$50,000 is viewed by the IRS as taxable income (referred to as imputed income) and you are responsible for the associated taxes.

## Business Travel Accident Insurance Plan

This program provides insurance benefits if you are traveling away from your job location or home on authorized company business. Eligibility starts with the first day of employment. The plan provides benefits up to five times annual compensation (\$50,000 minimum) for accidental bodily injuries that result in death, dismemberment or loss of sight, hearing or speech.

## Optional Term Life Program

Optional Term Life (OTL) with MetLife offers IBMers and their eligible dependents access to employee-paid term life and accidental death dismemberment (AD&D) insurance. Under this program, employees have the opportunity to apply for term life insurance coverage for themselves, their eligible dependents, or both, with premiums taken through payroll deductions. Employees enrolled in this program may purchase coverage in an amount equal to half or 1 – 10 times annual base pay, rounded up to the nearest \$1,000, up to \$4 million. Dependent coverage is available in increments of \$10,000 for spouse/domestic partner and/or \$5,000 increments for child(ren) up to \$250,000 and \$25,000, respectively. In addition, IBMers enrolling in term life insurance for themselves will have access to attorneys for will preparation and estate resolution services at no additional cost.

Accidental Death & Dismemberment (AD&D) insurance is also available for employees and/or their eligible dependents as a separate election from term life insurance and provides coverage for severe accidents or loss of life. Additionally, employees who purchase AD&D insurance for themselves are entitled to Travel Assistance for themselves and their family, which offers access to emergency services while traveling.

Employees do not need to enroll themselves in term life or AD&D insurance under MetLife OTL in order to enroll an eligible dependent in term life or AD&D insurance under MetLife OTL.







## MetLife Legal Plans

MetLife Legal Plans provide easy access to a network of attorneys who can provide expert legal help with the purchase or sale of a home, adoption, will preparation, identity theft, rental issues and more. There is also a new option to provide this coverage to your parents and parents-in-law. This program is provided directly to you by MetLife and is not sponsored or administered by IBM. For more information, go to the MetLife microsite at [www.metlife.com/IBM](http://www.metlife.com/IBM)

There are two plan options:

- MetLife Legal Plans - \$14.50 a month covers you, your spouse or domestic partner and dependents
- MetLife Legal Plans Plus Parents - \$20.50 a month covers you, your spouse or domestic partner, dependents and parents and/or parents-in-law

If you enroll in Optional Term Life (OTL) under the IBM Group Life Insurance Plan you already have access to a few of these services. Through the OTL you have will preparation services that give you access to network attorneys to create a will, living will or power of attorney, while under the MetLife Legal Plans, you will have access to attorneys for a much wider range of legal matters. See the covered services comparison guide for more details on

<http://www.metlife.com/IBM/legal-plans/>

# Capital Accumulation and Investment

## IBM 401(k) Plus Plan

With IBM 401(k) Plus, eligible employees have at least three ways to save: before-tax, after-tax, or through a Roth 401(k) option – or all three. Each option has different advantages for you and different tax consequences. Savings are automatically deducted from your paycheck, and you decide how to invest them.

If you are an employee hired on or after April 15, 2013 into certain job families, or if you are employed in a specific job family regardless of your hire date, separate rules apply for IBM contributions under the 401(k) Plus Plan. See page 25 of the [401\(k\) Plus Plan Summary Plan Description](#) and applicable [Summary of Material Modifications](#) for more information.

**Save before-tax:** Subject to an IRS annual contribution limit that can change each year, eligible employees can save up to 80% of your eligible pay before taxes are deducted. When you use this savings feature, IBM matches your savings; plus, you lower your taxable income. You will pay income tax on this savings and any investment growth when you withdraw the money.

**Save after-tax:** Eligible employees can also save up to 10% of your eligible pay on an after-tax basis, to provide further flexibility. You do not have to first reach the IRS savings limit to use this option. With this feature, you contribute funds after taxes have been deducted, while any investment growth on those amounts is tax deferred. That means you will not owe taxes on any investment growth until you withdraw the money, when it's taxed as ordinary income.

**Roth 401(k):** This feature allows eligible employees to save on an after-tax basis now – but any investment growth on your contribution is completely tax-free when you withdraw the money at a later date, assuming certain requirements are met. (Your Roth 401(k) account must be at least five years old when you withdraw it, and you must take the money after you reach age 59½ to qualify for this tax treatment).

Together, the sum of your Roth 401(k) and before-tax 401(k) contributions may not exceed the maximum IRS annual contribution.

### Key features of the IBM 401(k) Plus Plan are:

- Eligible employees can defer their own pay from date of hire
- Automatically enrolled into the before-tax 401(k) at 5% of eligible earnings after approximately one month on payroll, if no action taken
- May increase contribution up to 80% of pre-tax earnings (subject to IRS limits) or may stop participation at any time
- Generally, after one year of service, IBM will:
  - Contribute 1% to your account regardless of your savings levels
  - Match 100% of the first 5% of your Pre-tax or Roth contributions
  - The IBM match will be deposited on Dec. 31 (or the last business day of the year) for employees on active payroll as of Dec. 15.
- Rollovers from former employer's qualified plan are allowed
- Loan provision is available

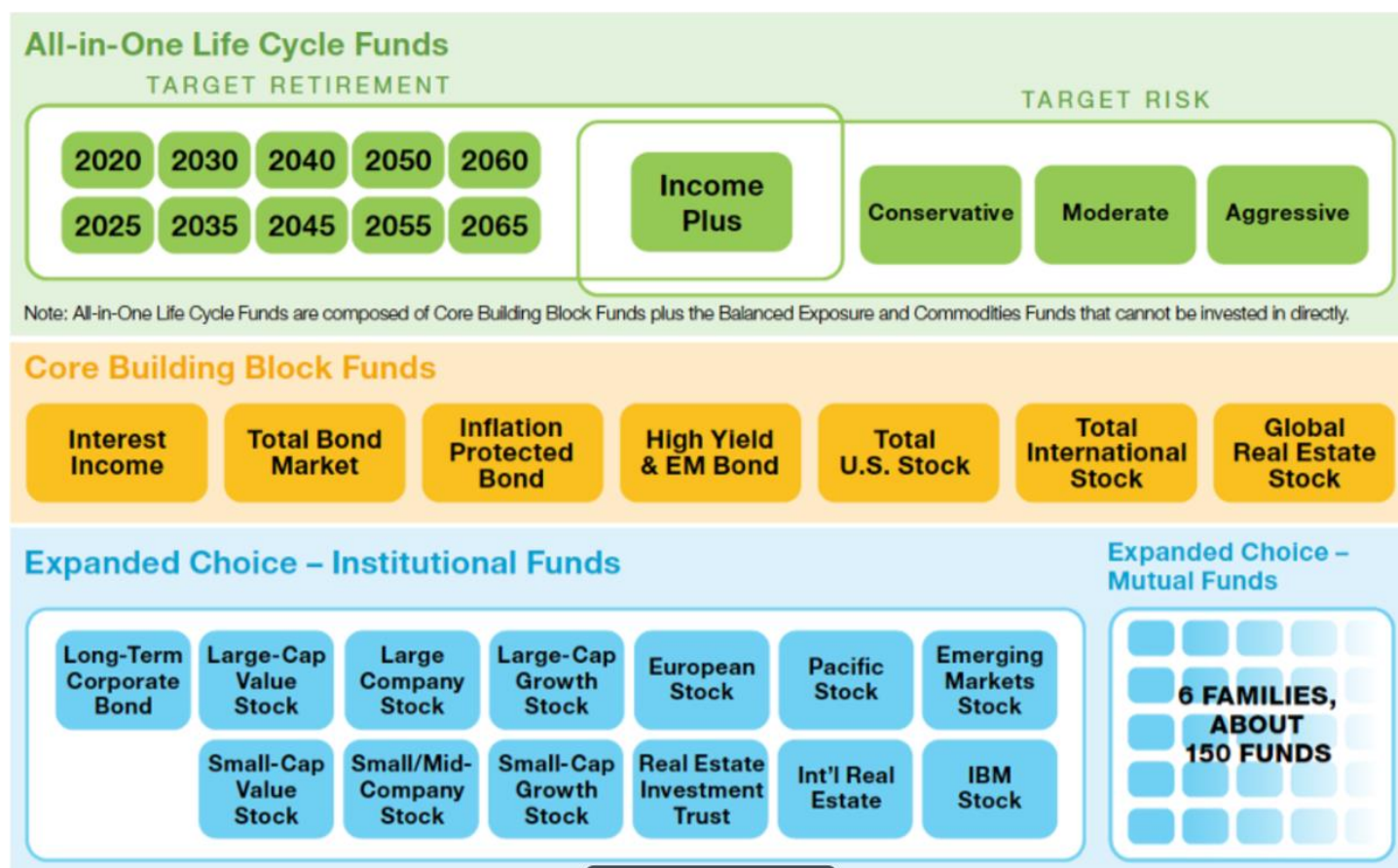




## 401(k) Plus Plan Investment Options

Key provisions include:

- 33 primary investment options to select from, along with access to approximately 165 brand-name mutual funds through a Mutual Fund Window
- Several distribution methods
- Disability protection insurance (enrollment only during Fall Annual Enrollment Period)
- Account access via NetBenefits.com/ibm



Please refer to plan document, IBM 401(k) Plus Plan Summary Plan Description and the Summary of Material Modifications, SPD and w3 (upon joining IBM) for information on the 401(k) Plan.

## Employees Stock Purchase Plan (ESPP)

The IBM Employees Stock Purchase Plan (ESPP) provides eligible employees with opportunity to purchase IBM stock at a 5% discount off the market price on the date the shares are purchased. IBMers may designate between 1% and 10% of their eligible compensation, up to certain plan and regulatory limits, to purchase IBM stock through automatic payroll deduction, up to a maximum of \$25,000 worth of shares in a calendar year. As a general rule, individuals who are active employees of IBM or any of its eligible subsidiaries will be eligible to participate at the beginning of the offering period following their date of hire. Dates of offering are normally January 1 and July 1.

## IBM MoneySmart

IBM MoneySmart is a comprehensive program providing financial education and planning designed to help U.S. IBMers 'get smart' about personal finance, is offered at no cost to you. The program includes confidential, one-on-one phone counseling with MoneySmart coaches — credentialed financial representatives who are specifically trained in IBM programs and benefits, such as your 401(k) Plus Plan or health benefits.

IBM has partnered with two leading financial firms - The Ayco Company, L.P., a Goldman Sachs Company, and Fidelity Investments – to help you with financial decision making on a range of issues, including retirement and estate planning, debt management, college savings, tax strategies and others.

## Edelman Financial Engines

Edelman Financial Engines provides further personalized 401(k) investment advice online or with managed accounts.

## Discounts for IBMers

Discounts for IBMers provides discounts on products, services and programs available to you from IBM's clients, partners and vendors. IBMers in the U.S. can take advantage of these discounts to save money on products and services you use every day. The site is maintained by BenePlace, Inc. and also provides access to offerings from more than 80 clients, partners and vendors, including:

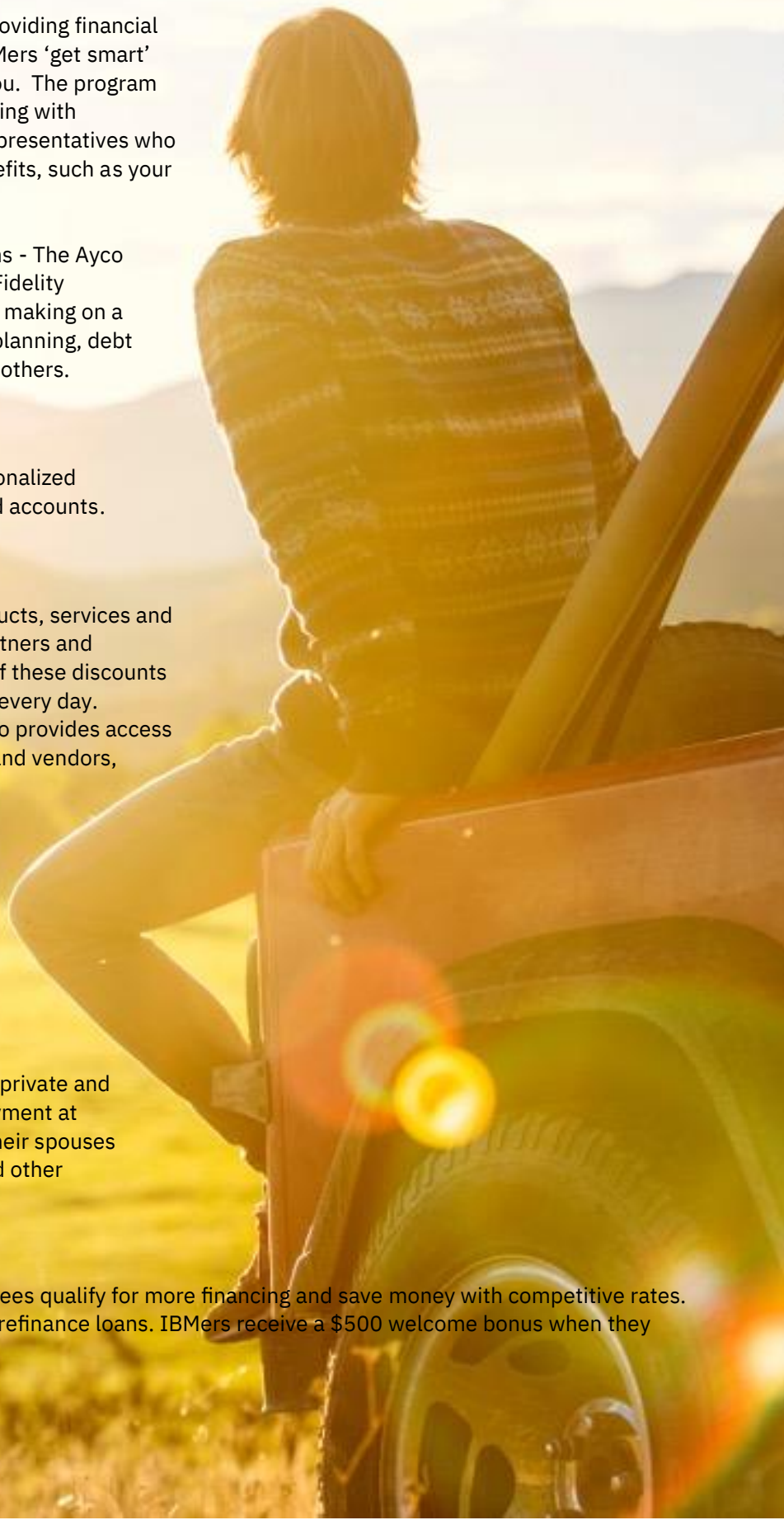
- Electronics
- Home Finance Programs
- Automobile Purchase Plans
- Auto and Homeowners Insurance
- Travel Offers
- Tax Preparation
- Consumer Electronics

## SoFi Student Loan Refinancing

SoFi's refinancing loans let you combine existing private and federal loans into one loan, with one monthly payment at lower rates. Refinancing is available to IBMers, their spouses or domestic partners, children, grandchildren and other family members and friends at a 0.25% discount.

## SoFi Mortgages

SoFi offers mortgage options to help IBM employees qualify for more financing and save money with competitive rates. SoFi can issue purchase, refinance and cash-out refinance loans. IBMers receive a \$500 welcome bonus when they apply through SoFi's Website.







# Time Off

## Holiday Plan

IBM provides 12 holidays each year; eight days are observed nationally:

New Year's Day	Labor Day
MLK Day	Thanksgiving Day
Memorial Day	Day after Thanksgiving
Independence Day	Christmas Day

In addition to the nationally observed holidays, you will have available four personal choice holidays. IBM provides these additional personal choice holidays so you can take time off, with management approval, to observe holidays that your location may not observe, as well as birthdays, anniversaries, and other personal or religious activities.

## Vacation Plan

IBM offers a vacation plan to all regular employees based on years of service. Scheduling is based on business and personal preference. You can take vacation any time during the year in weeks, days or half-days. For most employees:

IBM service	Weeks of vacation
Less than 10 years	3
10 or more years	4

Prorated on your year of hire.

For additional plan details and to determine how much vacation you are eligible to accrue, read the About Your Benefits: Work & Personal Life Integration and Supplement documents.

## Paid Care Leave

IBM has a long history of supporting IBMers and their families with programs and paid time off to help them through personal and family situations. With Paid Care Leave, IBM managers have guidelines for providing paid time off for IBMers to help out a family member, celebrate a marriage, or bereavement. IBM's Paid Care Leave is in addition to paid time off for holidays, vacation, Paid Sick Time, short-term disability, and parental bonding leave. It is pro-rated for part-time employees. This policy applies to all regular, full and part-time IBMers working in the United States.

You may use Paid Care Leave according to the following guidelines:

- Caring for a family member, including any relative or one whose close relationship with the employee is the equivalent of a family relationship, who needs medical diagnosis, care, or preventive care (up to 5 days annually)
- Bereavement time off will vary based on the relationship to the employee and the time the employee needs:
  - up to 4 weeks for the death of a spouse or child
  - up to 5 days for the death of a parent or sibling
  - up to 3 days for the death of an extended family member
- Marriage Leave for your own marriage (up to 5 days)

## IBM Parental Bonding Leave

IBM's paid Parental Bonding Leave helps you bond in the important weeks after you bring your child home. All parents (mothers, fathers or adoptive parents, including domestic partner parents) of a newborn or newly adopted child will receive 12 weeks of paid parental bonding leave within 12 months of the child's birth or adoption. At manager discretion, paid parental bonding leave can be flexible and intermittent.





## US Paid Sick Time Policy

IBM has a long history of providing paid time off to IBMers with personal injuries or illness. Under IBM's US Paid Sick Time policy, you are eligible for:

- A minimum of 56 hours (7 days) of annual paid sick time (pro-rated for new hires).
- The ability to carry over up to 56 hours of unused PST to the following calendar year (unless applicable law requires additional carry over).
- Up to 112 total accumulated paid sick time hours (paid sick time will not exceed 112 hours per year, unless required by law). There is never any payout for unused sick time.
- IBMers working in locations with different paid sick time provisions such as San Francisco, Emeryville and Seattle, benefit from those provisions as provided by law.

You may use paid sick time:

- For your own physical or mental illness, injury, or medical condition;
- Obtaining diagnosis, care, or preventive care;
- Caring for a child, parent, spouse, or domestic partner (or any individual covered by a paid sick time law in the jurisdiction where you work), who needs diagnosis, care, or preventive care; or
- If you are a victim of domestic violence, sexual assault, or stalking (if the time absent from work is for the purposes described in 1 or 2), to obtain additional counseling, seek relocation, seek assistance from a victim services organization, or take related legal action, including preparation for or participation in any legal proceeding, or to assist a covered individual as described in (3) in engaging in any of these activities.

## Personal Time Off

IBM understands that there will be circumstances that will require time off from work for personal reasons other than illness or injury. If the absence is to be a short one, your manager may arrange for you to take time off with or without pay, depending on the circumstances. If you need to be away for longer than ten days on personal matters, you should apply for a personal leave of absence without pay. Such leaves may be granted according to need and business circumstance.

## IBM Leave Program

IBM's Leave Program provides regular employees with unpaid time away from work for an extended period. You can request a Leave for a variety of circumstances (such as dependent care, continuing education, etc.). Your eligibility for voluntary Leaves (for example, personal leaves, Peace Corps leaves, or continuing education) is based on business needs and your satisfactory job performance. Voluntary Leaves are not an entitlement and are granted based on management approval. In some situations, time off is required by law, such as military leave or Family and Medical Leave Act time off. While you're participating in the IBM Leave Program, in most cases, you'll be eligible for similar benefit plans and programs as other regular or non-regular employees.

## Family and Personal Services

IBM has demonstrated a long history of commitment to developing and enhancing programs to help you better manage your work, family, and personal responsibilities and achieve enhanced productivity. Our global programs offer innovative solutions to address workload, dependent care, collaboration, and connecting with our clients - both inside and outside of IBM.

### Thomas J. Watson Memorial Scholarship

The Thomas J. Watson Memorial Scholarship Program is a program that recognizes academic excellence among high school students planning to pursue a traditional baccalaureate degree at an accredited four-year college, university or military academy in the United States. International Scholarship & Tuition Services selects winners based on their SAT scores, demonstrated leadership, and junior year academic performance.

Financial need is not a factor in determining winners. Once winners have been selected, the amount given to each takes into account the cost of the institution and financial need. Awards for colleges or universities range from \$2,000 to \$8,000 per year. The amount for military academies is fixed as a one-time award of \$2,000.

### Work-Life Toolkit

IBM has demonstrated a long history of commitment to developing and enhancing programs to help employees better manage their work, family, and personal responsibilities and achieve enhanced productivity. Our global programs offer innovative solutions to address workload, dependent care, collaboration, and connecting with our clients - both inside and outside of IBM. The Work-Life Toolkit is a comprehensive resource for managers and employees to learn about IBM's work-life principles, guidelines, programs, and education. Work-life is a shared responsibility between employees and managers requiring open communication and partnership. These tools help employees achieve their personal and individual business goals and support managers in making the best decision when considering their employees flexibility requests.

### Expressly Service for Traveling Mothers

IBM supports working mothers' personal choice to nurse their baby with a breast milk delivery program for nursing mothers returning to work who are away from home on business. Mothers are able to express milk and ship it refrigerated back home overnight to their baby – and IBM covers the cost.

## Adoption and Surrogacy Assistance Program

The Adoption and Surrogacy Assistance Program provides some financial assistance toward expenses incurred in the attempt to either adopt a minor child/ children or have a child/ children through surrogacy. Your eligibility for coverage begins on your first day of employment. IBM pays 100% of eligible expenses related to the adoption of a minor child/ children or the attempts to have a child / children through surrogacy, up to a lifetime maximum of \$20,000 per family. Eligible expenses include:

- Application fees
- Adoption or surrogacy agency fees
- Placement fees
- Lawyer's fees and other required legal fees
- Medical expenses of the surrogate, including In Vitro Fertilization (IVF), whether or not the IVF attempt results in birth
- Hospital expenses while both birth mother and infant are in the hospital
- Temporary foster care charges (immediately preceding placement with adopting family)

## Special Care for Children Assistance Plan

The Special Care for Children Assistance Plan (SCCAP) provides financial assistance outside the scope of the medical and dental plans for the care of a child with a mental or physical disability, or both, or a child with a developmental or learning disorder. Each case is individually reviewed to determine eligibility for assistance.

Upon approval, reimbursement is provided for a portion of the eligible charges incurred, up to a lifetime maximum of \$50,000. The following types of treatment and services may be eligible for coverage under SCCAP:

- Special education facilities
- Independent practitioners and services
- Academic remediation
- Evaluation and testing
- Special devices



## Support for our employees' health and wellbeing through COVID-19

The health and endurance of IBMers is our top priority, including providing the flexibility you need to take care of yourself and your family. IBM has made the following benefits available to U.S. IBMers—based on input received from employees.

### Emergency Paid-Care Leave

Up to 20 days of flexible, emergency paid-care leave for parents and caregivers in the event of a disruption to schools or other care facilities because of COVID-19. Use this benefit in 2-hour segments, half or full days, or up to 4 consecutive weeks.

### Emergency Back-Up Care

Subsidized emergency back-up care, provided by Bright Horizons, for when primary care falls through. Up to 25 back-up uses per employee/year—in either a center or at home

### Additional Family Support

Sittercity platform, preferred enrollment into Bright Horizons centers, discount on childcare, virtual tutoring, and test prep.

### Diverse Abilities

High-touch advocacy support.

### Webinars

Webinars for parents and caregivers about how to balance self-care, other-care and your career simultaneously.

### Paid Time Off and Care Leave

Paid Time Off and Care Leave in response to COVID-19:


- Up to 14 days of paid sick time for your own illness, for IBMers who have used up IBM paid sick time.
- Up to 10 days to care for a child or covered family member in event of an unexpected school/facility closure or an ill family member for Supplemental employees only who are not covered under new Emergency Paid Care Leave.
- For COVID-19 quarantine, where work cannot be done remotely, eligibility for 14 days paid time focused on skills.

### Additional Related Benefits

- **Telemedicine:** Fully covered video physician chats for employees and enrolled dependents with no deductible through Teladoc/LiveHealth Online through June 30, 2021.
- **Mental Health:** Employee Assistance Program offers expanded availability of telephone sessions to include all household members of IBMers.
- **Digital tools** to build resiliency & address anxiety through meQuilibrium.
- **Testing:** 100% coverage with no deductible for COVID-19 testing.
- **Prescription Drugs:** Relaxed refill limits to ensure adequate supply on hand.
- **Financial Coach:** Access to individual financial counseling services offered by IBM MoneySmart (Ayco), IBM Benefits Center (Fidelity) and Financial Engines.
- **Discounts for IBMers:** for a wide array of cost-saving opportunities, including computers, tutoring, after-school programs, school supplies offerings and more.





A photograph of two people from behind, holding a large rainbow flag. The person on the left has blonde hair, and the person on the right has red hair. They are standing outdoors, and the flag is draped over their shoulders, partially covering their clothing. The background is a soft, out-of-focus landscape.

## Other IBM HR Programs

### Employee Referral Bonus Program

The IBM Employee Referral Bonus Program gives you the opportunity to refer friends, family, and colleagues to eligible openings, with the potential to earn up to \$5,000 for every successful referral who is hired by IBM.

### IBM Club

IBM also has clubs set up at various locations. These clubs organize recreational leagues, IBM-sponsored trips, and a variety of classes and programs for employees and retirees, as well as their families. The IBM Club also makes available discounts to entertainment, leisure and recreational venues and events.

### Business Resource Groups

IBM Business Resource Groups (also called Employee Resource Groups or Affinity Groups outside of IBM) are volunteer employee-led groups whose members share a common interest. A BRG can be centered on a certain constituency, for example, based on race, gender, sexual, or topics like cross-generational differences. The BRG members explore and carry out activities related to their focus area with the ultimate goal of enhancing the success of IBM's business objectives and helping members succeed in the workplace. As part of their charter, BRGs align their programs and initiatives to support at least one of the four IBM business and talent workstreams:

- Recruitment and Hiring
- Talent Development
- Employee Retention
- Market Development

## Career Development Programs

At IBM, people are at the core of everything we do, and we offer our people unmatched career experiences. Global forces are disrupting sectors and the economy, changing the way people work, learn, and how we grow their careers. IBM is evolving our career management into a new career culture that is transparent, informed, and partnership and experience-based, such as:

- **Careers at IBM:** Introduces IBMers to a wealth of information and tools like the Career Guide, Blue Matching, Digital Badges, Hot Roles & Skills.
- **CoachMe:** A social and collaborative platform to connect IBMers willing to share expertise with IBMers wishing to expand their knowledge.
- **Enterprise Professions in the Career Guide:** The Professions tab on this page provides career guidance for multiple professions that stretch across business units and geographies.
- **Career Conversations:** Interactive experience to guide you in thinking through your personal career conversation, and resources to help managers have meaningful career conversations with their employees.

This culture will impact our bottom-line results. Research has confirmed that valued career experiences lead to better engagement and performance. We invest more than \$750 million annually to help make sure that our employees have leading-edge skills and ongoing development opportunities.

## Start at IBM: New Hire Orientation

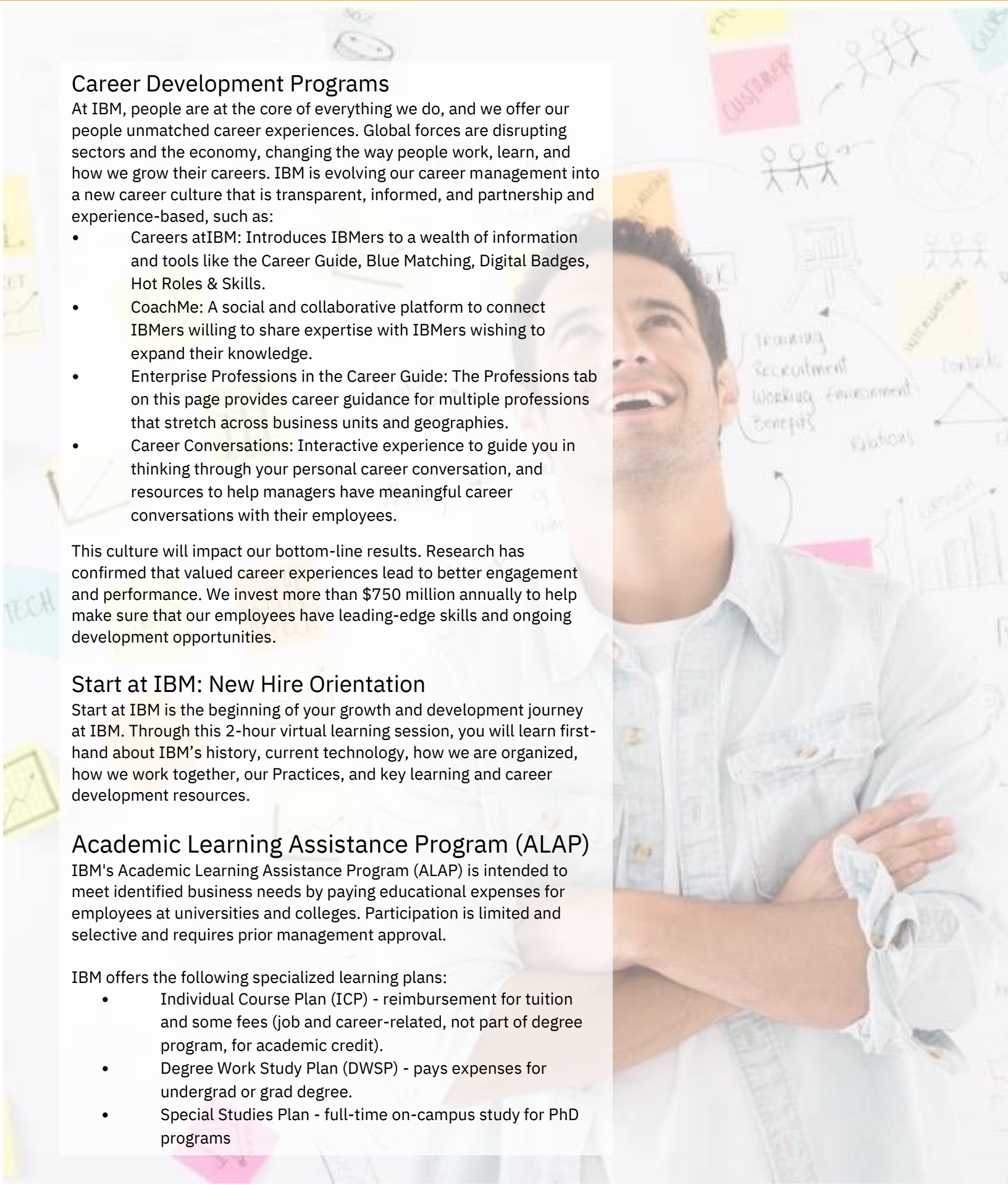
Start at IBM is the beginning of your growth and development journey at IBM. Through this 2-hour virtual learning session, you will learn first-hand about IBM's history, current technology, how we are organized, how we work together, our Practices, and key learning and career development resources.

## Academic Learning Assistance Program (ALAP)

IBM's Academic Learning Assistance Program (ALAP) is intended to meet identified business needs by paying educational expenses for employees at universities and colleges. Participation is limited and selective and requires prior management approval.

IBM offers the following specialized learning plans:

- **Individual Course Plan (ICP)** - reimbursement for tuition and some fees (job and career-related, not part of degree program, for academic credit).
- **Degree Work Study Plan (DWSP)** - pays expenses for undergrad or grad degree.
- **Special Studies Plan** - full-time on-campus study for PhD programs







## YourLearning

In order to support IBM's ongoing transformation and strong culture of innovation, IBMers must strive to build their skills regularly. IBMers can build their skill and expertise at their own pace by utilizing YourLearning, a personalized learning platform that helps each IBMer easily find, consume, and track learning content.

IBM Digital Badges are reinventing how credentials are used to recognize achievement and contribution. Digital Badges are certificates available when you complete certain career learning paths, many of which are recognized outside of IBM. Digital Badges are a great and fun way to build your credentials and share your progress on social profiles.

## THINK40

IBMers are encouraged to spend 40+ hours every year on learning for professional development, with a focus on the following three goals:

- Re-imagining (ourselves and our work)
- Transformation (of ourselves and our business)
- Alignment with growth (of our industry)

## IBM Corporate Citizenship & Corporate Affairs

IBM takes great pride as a leader in corporate citizenship, which has been an integral part of the company's heritage since its founding. Through the years, IBMers, recognizing their responsibility to their communities, have given generously through contributions and/or volunteer service to help improve the quality of life for others.

IBM has developed a thoughtful, comprehensive approach to corporate citizenship that we believe aligns with IBM's values and maximizes the impact we can make as a global enterprise. We approach societal challenges as we would any engagement — by applying our talent and technology to innovative solutions for education, economic development, environmental sustainability, healthcare and more.

IBM recognizes and encourages the involvement of IBM employees and retirees who generously volunteer their time and talents in their local communities. We provide resources to employees and retirees to engage with community organizations and expand the value of their volunteer efforts.

## IBM Service Corps

The IBM Service Corps offers IBMers an immersive experience designed to benefit communities, culturally enrich its participants and support IBM's global leadership development. The Corporate Service Corps provides IBMers with high quality leadership development while delivering high quality problem solving for communities and organizations in emerging markets. The program empowers IBM employees with a range of skills around the world to implement community-driven economic development projects, working at the intersection of business, technology, and society.

Since its launch in 2008, the Corporate Service Corps has sent nearly 4000 employees from more than 60 countries to complete 1300+ projects in 40+ countries around the world. This program increases IBM's understanding and appreciation of growth markets while creating global leaders who are culturally aware and possess advanced teaching skills. The Corporate Service Corps offers a triple benefit: leadership development for IBMers, leadership training and development for communities, and greater knowledge and enhanced reputation in growth markets for IBM.

## Employee Charitable Contribution Campaign

The Employee Charitable Contribution Campaign (ECCC) gives you the opportunity to contribute to the communities where you live and work and participate in improving the lives of others. Since 1978, IBM employees have contributed over \$1 billion through the ECCC to improve the lives of those in need.

The ECCC is an annual nationwide program administered by IBM, open to regular (full-time and part-time) and supplemental U.S. employees, as well as U.S. retirees. Employee contributions to bona fide not-for-profit IRS 501(c)(3) agencies can be made through payroll deduction, personal check or stock through the IBM e-pledge application to charities on the ECCC List. Gifts may also be directed to other bona fide not-for-profit IRS 501(c)(3) agencies (not on the ECCC List) through the National Donor Choice Option. All pledges are distributed directly from IBM Payroll to the agencies selected by you with no fee. Retiree pledges are distributed by Fidelity directly to the agencies with no fee.



## IBM Volunteers

IBM Volunteers provides IBM employees and retirees with resources to help them engage with community organizations and schools, expanding the impact of their volunteer efforts. More than simply a volunteering program, IBM Volunteers is IBM's global volunteerism initiative supporting IBMers and the schools and community organizations where they serve. The program was launched in 2003 and attracts employees and retirees from around the world who access the program's resources, volunteer opportunities, and grants. Through IBM Volunteers, IBM is able to contribute expertise and technology to build and sustain strong communities. This is accomplished by building on the success and assets of IBM's award-winning program, such as Activity Kits, Success Stories, and Learning Guides which are core elements in this initiative.

## IBM Volunteer Grants

The IBM Volunteer Grant program enables IBMers and IBM Retirees globally to give local volunteer grants based on their recorded volunteer engagement. The program is based on open grant giving and they can give a volunteer grant to any eligible organization(s). All organizations that meet IBM compliance guidelines are eligible, and there are no limits for organizations that receive grant dollars. Volunteer Grants are hours based. Volunteers earn USD\$10 per hour after the first 10 hours recorded (USD\$100) with a maximum grant amount of USD\$500, once 40 hours are recorded.

## IBM Matching Grants Program

The Matching Grants Program (for colleges, universities, pre-k/k-12 schools, hospitals, hospices, nursing homes, cultural institutions and environmental institutions) is a program through which eligible IBM employees and retirees may contribute dollars to eligible institutions and have IBM match contributions. The eligible institutions may then select Matching Grants in dollars or equipment credits.

IBM will match eligible contributions of up to a total of \$10,000 in gifts per donor for the calendar year. You may designate that your own eligible gift be used for a specific purpose at an eligible institution. IBM's Matching Grants are unrestricted as to how institutions use the funds.



## Important Legal Information

This document is intended to provide highlights of certain benefit plans in which you may be eligible to participate. Complete details are found in the official plan documents, which are the complete and exclusive statement of the Company's obligations under the plan. The official plan documents shall govern in the event of a conflict between information contained in these or other documents and statements. The plan administrator retains exclusive authority and discretion to interpret the terms of the benefit plans and programs described herein.

The Company reserves the right, in its sole discretion, to amend, change, suspend or terminate any benefit or other plan, program, practice or policy of the company at any time. The Company does not have any obligation to, and nothing contained in this document shall be construed as creating an express or implied obligation or promise on the part of the Company to, maintain, continue to offer, or make available such plans, programs, practices or policies.

Eligibility to participate in a plan or program or receipt of benefits does not constitute a promise or right of continued employment or render any person an employee of IBM.

## 2021 Guide

*Please note that this guide is a general summary of your benefits. For specific details, you may refer to each carrier's summary plan description. Every effort has been made to ensure that this booklet accurately represents the benefits. However, if there are any discrepancies between the terms in this booklet and the terms in the plan document, the plan document will prevail.*



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