

Target Retirement
Funds: A popular choice
in your Plan

Let the market do its
thing; you do yours

Make the most of your
personalized retirement
planning services

Should I stay or should I
roll (over)?

ESG funds are available
through the Plan

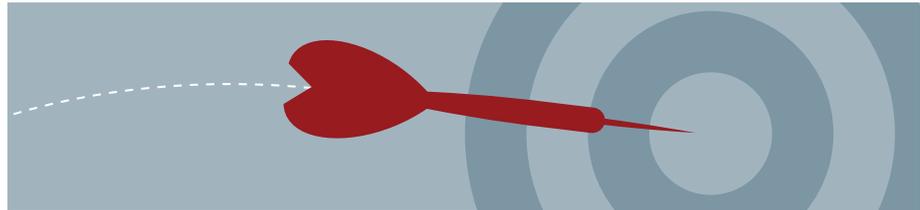
Turn your retirement
savings into income

IBM® 401(k) Plus Plan: 2020 Update

A Review of Investing for Your Financial Future Prepared by Vanguard
for IBM

January 2020 | [Print or download the 2020 Updates](#) + [Feedback](#)

Target Retirement Funds: A popular choice in your Plan



Are you investing in Target Retirement Funds through the IBM 401(k) Plus Plan? They're a popular investment choice in the Plan and it's easy to understand why.

One single fund can serve as a complete, broadly balanced investment portfolio. Plus, the funds gradually reduce risk over the years, so you're not required to adjust your asset allocation as you grow nearer to retirement.

Each Target Retirement Fund has a year in its name. Investors typically choose the fund that is closest to the year they plan to retire or the year they expect to start drawing on their retirement savings. As that year approaches, the fund's managers gradually decrease the fund's stock holdings and increase its bond holdings to reduce—but not eliminate—risk. This is called the glide path.

Some changes coming in 2020

The Target Retirement Funds in the 401(k) Plus Plan will undergo a few changes on or about June 30, 2020.

The funds will get a new name. Each Target Retirement Fund will change its name by adding five years to its target date (the year in its name). The Target Retirement 2040 Fund, for example, will become the Target Retirement 2045 Fund.

Current fund name	New fund name
Target Retirement 2055 Fund	Target Retirement 2060 Fund
Target Retirement 2050 Fund	Target Retirement 2055 Fund
Target Retirement 2045 Fund	Target Retirement 2050 Fund
Target Retirement 2040 Fund	Target Retirement 2045 Fund
Target Retirement 2035 Fund	Target Retirement 2040 Fund
Target Retirement 2030 Fund	Target Retirement 2035 Fund
Target Retirement 2025 Fund	Target Retirement 2030 Fund
Target Retirement 2020 Fund	Target Retirement 2025 Fund
Target Retirement 2015 Fund	Target Retirement 2020 Fund

More about the name change

Why change the funds' names and target retirement dates?

Americans are living longer, healthier lives and they're retiring later. So, the Target Retirement Funds in the IBM 401(k) Plus Plan are changing their retirement age assumption from 60 to 65 on or about June 30, 2020. This name change will align the funds with the standard retirement age assumption for target-date funds in the mutual fund industry.

Will the investment mixes of the funds change?

No. While the year in the fund names are changing, there will be

no change to the underlying mix of investments in any Target Retirement Fund—or to the glide path of any of the funds. So, if the investment mix was appropriate for you before the name change, it should still be appropriate for you after the name change.

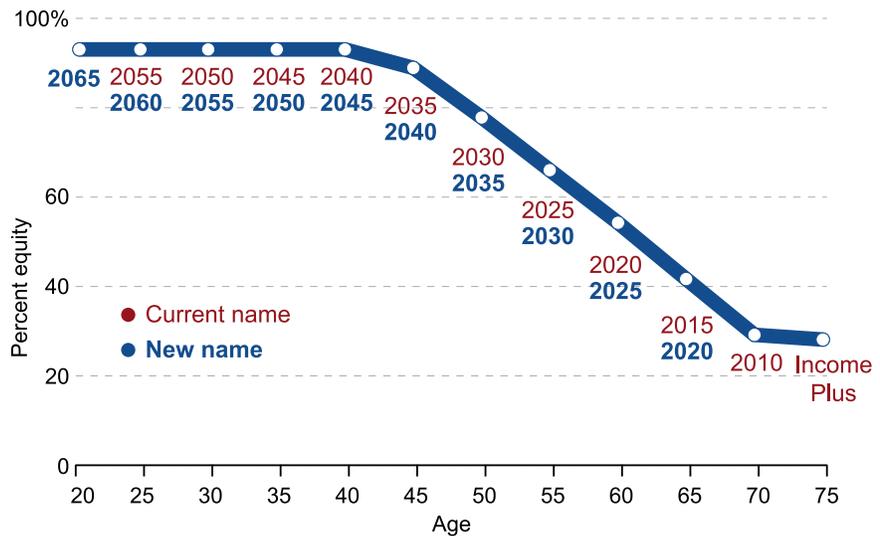
An important note: The target year is intended to help you select a fund that has an appropriate investment mix based on when you may retire. But you can always retire earlier or later than that target year.

Do I need to do anything?

The change will happen automatically. So, you don't have to do anything. But this may be a good time to check your fund's investment mix and glide path (as described above) to make sure you are still comfortable with it. And, if you wish, you can always change to a different fund at any time.

One Target Retirement Fund will get started and another will retire. A new Target Retirement Fund will be added to the Plan on or about June 30, 2020. The Target Retirement 2065 Fund is designed for investors planning to retire or start withdrawing their savings in or near 2065.

A current fund will go away the same day. The Target Retirement 2010 Fund will reach the end of its glide path and have an identical allocation to the Plan's Income Plus Fund (28% stocks/72% bonds). Thus, the 2010 Fund will merge with the Income Plus Fund. If you invest in the 2010 Fund, you do not need to take any action. Your balance will automatically move to the Income Plus Fund on or about June 30.



Learn more about Target Retirement Funds

You can review the individual [Fund Flyers](#). They provide more information on each fund, including the objective, investment mix, risks, and expense ratios.

Before investing in any investment option of the IBM 401(k) Plus Plan, please carefully consider its investment objectives, risks, charges, and expenses. For this and other important information, or to obtain a free copy of the Fund Flyers for the All-in-One Life Cycle/Core Building Block/Expanded Choice Institutional funds or a mutual fund prospectus or, if available, a summary prospectus, call the IBM Benefits Center - Provided by Fidelity at 866-937-0720. Benefit Center representatives are available Monday through Friday (excluding New York Stock Exchange holidays except Good Friday) from 8:30 a.m. to 8:30 p.m., Eastern time. Read and consider all fund flyer and prospectus information carefully before you invest.

Target Retirement Funds are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor would retire and leave the workforce. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. A Target Retirement Fund is not guaranteed at any time, including on or after the target date. Diversification does not ensure a profit or protect against a loss. Even though Target Retirement Funds simplify the investment process, they still require some monitoring to ensure that the portfolio is in line with your current situation.

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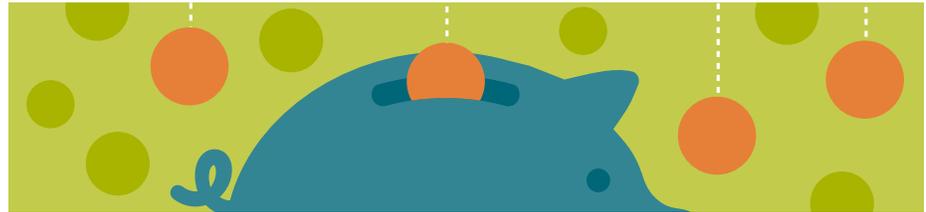
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Let the market do its thing; you do yours



It's almost a given that we'll see turbulence in the financial markets in 2020. A presidential election, speculation about a recession, and global trade issues are just a few of the realities in place that can make the markets jumpy and tempt investors to make changes in their 401(k) plans.

Please don't.

While it might seem that moving investments around—or changing them altogether—will help you keep up with the market, there's a much better chance that these actions will instead put your retirement savings at greater risk. You're investing for the long haul, so don't let short-term twists and turns throw you for a loop. The best way to keep your savings on track is to stick to the plan you've devised—or create a plan if you haven't yet done so.

Below is some advice to help you stay true to your savings path even when the financial markets get bumpy.

1. It's all about the Benjamins (or Grants,

Andrews, and Georges)

For many investors, saving more is the surest way to reach their long-term financial goals. Choosing to be a strong saver could make a big difference in when you can retire.

Many financial experts recommend saving at least 15% of your pay each year for retirement. If you can't save that much right now, take small steps to close the gap. For example, try bumping up your savings a little bit each year. The IBM 401(k) Plus Plan offers an easy way to do this automatically, so you don't even have to think about it. Just log on to your account at netbenefits.com/ibm and sign up for the **Annual Increase Program** under the **Contribution** tab. You choose how much to increase your savings and which month you want it to occur, and we'll take care of it from there.

IBM helps you save by matching a portion of your contributions—both from your base pay and your performance pay. For the specifics, log on to your account at netbenefits.com/ibm. Because of this match, make your first goal saving at least enough to get the full match. Think of it as free money that can boost your retirement savings no matter which way the markets go.

Check—or double check—your elections

Are you contributing the minimum to get the full matching IBM contribution for both your base pay and performance pay? Are you sure? It's worth logging on and checking to ensure you're not leaving free money on the table.

Need some personalized financial planning support? For active employees in the United States, [MoneySmart](#) coaches can help you figure out contribution levels that maximize IBM's match and also align with your goals. Schedule a financial coaching session by calling **877-543-7678** (Monday – Friday 9 a.m. to 8 p.m., ET).

Want to save all that you can?

In 2020, you can save up to \$19,500 (\$26,000 if you will be age 50 or older anytime during the year). You can use the Deferral Maximizer at netbenefits.com/ibm to automatically save the maximum amount you are eligible for. If you will be age 50 or older in 2020, make sure to change your deferral option to Deferral Maximizer Plus Catch-Up.

Are you a super saver?

If you're already contributing the maximum before-tax or Roth amount allowed to the IBM 401(k) Plus Plan, you can step up your savings even more by also contributing on an after-tax basis. That's because the IRS allows you to contribute after-tax money beyond the limits for pre-tax and Roth contributions.

Keep in mind that—unlike before-tax and Roth contributions—after-tax contributions are not eligible for IBM matching contributions.

To learn more, go to netbenefits.com/ibm. Under the 401(k) Plus Plan **Quick Links**, select **Contribution Amount** and click on “Why should I contribute to my retirement savings plan?” There you'll find more information about after-tax contributions, including the automatic Roth in-plan conversion option that automatically converts any after-tax contributions to Roth.

2. Look at your mix of stocks, bonds, and cash

Choosing the right asset allocation—your mix of stocks, bonds, and cash—is another thing you can control. And it's also one of the most important decisions you'll make in the IBM 401(k) Plus Plan. Why? Because your asset mix, more than the actual investments themselves, accounts for 91% of your long-term investment results.*

The asset mix you choose should depend on how much time you have until retirement, your risk tolerance, and your financial situation. While (generally) your mix of investments should become more conservative the closer you get to retirement, a good strategy in your accumulation years is to find a mix of stocks and bonds you'll be comfortable holding for long periods of time—and sticking with it whether the markets go up or down. No single investment mix is right for everyone; the one that's right for you is the one that won't keep you up late worrying. For help finding your target mix, you can look to the Target Retirement Fund with the year in the name closest to the date you hope to retire, or you can take advantage of an [advice service](#).

3. Know—and keep low—the cost of your

investments

Even though the markets are unpredictable, take comfort in knowing that costs are not. The lower your investment costs, the greater your share of an investment's return. And research shows that lower-cost investments tend to outperform those with higher costs.

The costs of investing in the IBM 401(k) Plus Plan are among the lowest available anywhere. In fact, the average expense ratio (the cost of running a fund) in the Plan is a fraction of the industry average. Expense ratios are important because costs are subtracted from your investment returns. A lower expense ratio means you get to keep more of what you earn.

IBM average expense ratio	Industry average expense ratio**
0.15% (\$15 a year for every \$10,000 invested)	0.48% (\$48 a year for every \$10,000 invested)

To find the most up-to-date expense ratio information for the funds in the IBM 401(k) Plus Plan, check out the [Fund Flyers](#). They provide information on each fund, such as the fund's objectives, risks, performance, and expense ratio.

4. Keep your cool

The financial markets can be frustrating, uncertain, and worrisome. No matter how much you save or how well you diversify your assets, you can't control your returns. When the market is erratic, you may be tempted to try gaining control by timing it—selling when you think prices are high, and buying when you think they're low.

The problem, unfortunately, is that there's little evidence that market timing works. While it's possible for a market-timing strategy to add value from time to time, on average these strategies have failed to keep pace with market benchmarks. And research has repeatedly shown that the average professional investor persistently fails to time the market successfully.*

So, as we welcome in a new year—and all the economic activity that comes with it—create a sound financial plan and stick with your approach. Your IBM 401(k) Plus Plan gives you the building blocks for

achieving both.

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**Source: Vanguard's Principles for Investing Success.*

***Asset-weighted average expense ratio. Source: Morningstar 2018*

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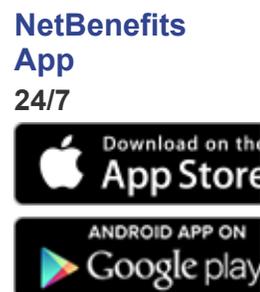
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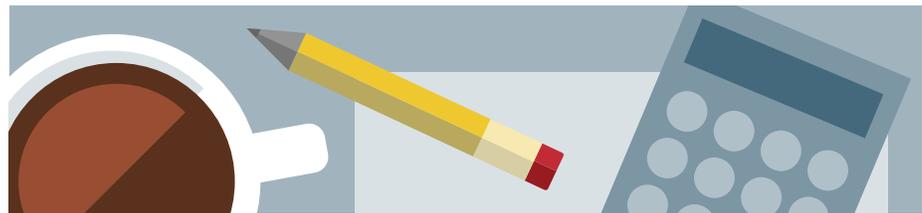
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Make the most of your personalized retirement planning services



It's a wise person who knows when to ask for help. In fact, people who get some kind of advice on investing for their retirement savings have net returns that are about 3% higher than the returns for people who do it alone.*

Services in your retirement plan can provide advice and guidance to help you plan for the future.

Consider IBMers Pat and Chris. Pat is nearing retirement eligibility and has retirement investments in the IBM 401(k) Plus Plan. Chris has just joined IBM and has a long way to go to reach retirement. If you're like Pat or Chris, or somewhere in between, there are retirement planning services just for you.

Help me do it

Pat has been managing his investments, but still needs professional guidance now and then, especially as retirement nears. Help is available with these options:

IBM Money Smart – Optimize your IBM 401(k) Plus plan options

with one-on-one financial coaching

As an active IBMer, Pat has access to MoneySmart Coaches who are professional financial counselors that provide confidential, one-on-one financial planning sessions at no cost. MoneySmart Coaches can answer questions and provide guidance on investment planning, saving for retirement, IBM benefit plans, and generalized financial planning and wellness. Pat can have a brief one-time session and several follow-up sessions if needed.

To get started with a MoneySmart Coach:

- Call Ayco at **877-543-7678** (Monday through Friday, 9 a.m. to 8 p.m., Eastern time) or schedule your session [online](#) for individual financial counseling, including retirement planning and guidance on your investments.
- Call Fidelity at **800-976-1054** (Monday through Friday, 8 a.m. to 8 p.m., Eastern time) for support in making retirement plan changes.

Online Advice

Pat has questions about investment distribution options and how to continue investing his savings. That's where Online Advice from Financial Engines (a professional investment advisor) can help.

With Online Advice, you can get:

- Independent advice at no additional cost, including a recommended asset allocation for the investments in your IBM 401(k) Plus Plan account based on your personal risk profile.
- Powerful online tools to build an investment portfolio, project retirement income, and explore ways to improve retirement outlook.
- Personalized investment recommendations for your IBM 401(k) Plus Plan account. Online Advice can also help evaluate changes before you make them.

Tip: For more information about Online Advice or to get started, log on to FinancialEngines.com/foribm or call **877-401-5762** and ask to be connected to a Financial Engines advisor.

Log in anytime to see if you're on track. **Keep in mind that when using Online Advice, you're responsible for requesting transactions for your account, including rebalancing.**

Do it for me

Target Retirement Funds

By choosing a Target Retirement Fund that most closely aligns with the approximate year Chris expects to retire or start withdrawing her retirement savings, Chris can:

- Obtain a complete portfolio with just one fund.
- Invest in a diversified, professionally managed, low-cost fund with a self-adjusting asset mix that can serve throughout the long journey into retirement.

Tip: Before you invest, be sure to read the individual [Fund Flyers](#) for more detailed information about each fund.

IBM MoneySmart can help new IBMers too!

New IBMers, like Chris, can receive a personalized review of their enrollment choices in the IBM 401(k) Plus Plan through a one-to-one financial counseling session. A MoneySmart coach can help ensure you're making choices that align with your long-term goals.

To schedule a session with a MoneySmart coach, call **877-542-7678** or schedule your session [online](#).

Here are some of the questions you may consider asking a MoneySmart coach:

- Am I making the most of my benefits?
- Does a health savings account make sense for me?
- Do I need additional insurance coverage?
- Is there anything else that I should be thinking about?

Note: New IBMers can also contact the IBM Benefits Center – provided by Fidelity at **866-937-0720** – with questions about the enrollment process.

Managed Accounts

With the Managed Account service provided by Financial Engines, Chris's entire IBM 401(k) Plus Plan account could be managed by an investment advisor for a market-competitive fee.

Financial Engines can perform the following services:

- Create a personalized investment portfolio by selecting funds based on your total assets, which may include assets held outside of the IBM plans.
- Make transactions on your behalf to keep investments on track and appropriately allocated and diversified over time by adjusting the asset mix as retirement approaches.

Managed Accounts is a voluntary program that you only pay for if you take advantage of the service. But good news! On January 1, 2020, the fee for Managed Accounts was lowered to 0.17% per year for the first \$375,000 of assets under management and 0.12% per year for assets over \$375,000. The fee is deducted directly from your 401(k) account each quarter.

Tip: For more information about Managed Accounts or to get started, log on to FinancialEngines.com/foribm or call **877-401-5762** and ask to be connected to a Financial Engines advisor.

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serve as an investment manager to, any target-date funds. You should decide whether Target Retirement Funds are right for you. See Fund Flyers for details.

*Source: *Putting a value on your value: Quantifying Vanguard Advisor's Alpha*®, Vanguard, 2019.

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Should I stay or should I roll (over)?



When you leave IBM, whether you're retiring or starting a new career, you'll need to decide what to do with the savings you've accumulated in the IBM 401(k) Plus Plan. To keep the money tax-deferred, you can choose to leave the money in the Plan or roll it over to an IRA.

So, which might be best for you? To help you decide, here's a side-by-side comparison of the potential advantages (+) and disadvantages (-) of each option. The good news is there's no rush to make a decision. Your money will stay in the Plan until you roll it over or until you start making withdrawals.

And, if you decide to roll over, do some comparison shopping among IRA providers. You also might want to consult with a tax or financial advisor. The most important thing is to keep your savings working for you.

	IBM 401(k) Plus Plan	IRA
Investment options	+ Currently 34 low-cost institutional funds are offered through the Plan, as well as more than 150	+ Potentially more investment options to choose from

additional brand-name funds available through the Plan's Expanded Choice—Mutual Funds tier.

(varies by the IRA provider), including individual stocks and exchange traded funds (ETFs).

Fund fees/expenses

+ Funds generally have lower fees and expenses due to institutional pricing.

- Funds may have higher fees and expenses due to retail pricing. (Although low-expense funds may be available.)

Access to funds

+ Some funds, like the Interest Income Fund, are only offered through the Plan.

- No access to funds that are only available through the Plan.

+ You don't need a financial advisor to purchase any fund.

- Some funds only available through a financial advisor.

Account management

- Only active IBMers can consolidate retirement accounts by rolling over other retirement accounts into the Plan.

+ You can consolidate your retirement accounts and other investments with a single investment firm.

Contributions

- Only active IBMers can contribute or roll-in balances from a previous employer's 401(k) plan.

+ You can contribute after leaving IBM.

Required minimum distributions

+ RMDs are not required until you reach age 72* or

- You must take RMDs once you reach age

(RMDs)	retire, whichever is later.	72* even if you are still working.
	- Entire balance, including Roth money, is subject to RMDs.	+ RMDs are not required from Roth IRAs.
Distributions**	+ No federal penalty tax on withdrawals if you leave IBM in the year you reach age 55 or later.	- You generally must be over age 59½ to avoid the 10% federal tax penalty on early withdrawals.
Rules for beneficiaries	<ul style="list-style-type: none"> - RMDs are generally based on original owner's date of birth. - Nonspouses must withdraw or roll over balance within 180 days. 	<ul style="list-style-type: none"> + Spouses have the option to assume ownership of the IRA and base RMDs on their own date of birth. - Effective 2020, nonspouses must withdraw balance within 10 years.
Advice services	+ Multiple advice services and tools available—many at no cost or a competitive cost to you.	- Services offered depend on IRA provider and may be more costly than those offered through the Plan.
Annuities	+ Lower priced annuities available for purchase outside the Plan through Hueler Income Solutions.	- Annuities with potentially higher sales commissions or fees.

IBM Stock Fund

+ Possible favorable tax treatment on investment gains from IBM stock.

- No favorable tax treatment. Gains rolled over into an IRA are treated as regular income when withdrawn.

Creditor protection

+ Protected from all forms of creditor judgements, including bankruptcy.

- Creditor protection varies by state and may not be as strong as in a 401(k) plan.

When deciding whether to roll over or stay put, here are three more things to consider:

- **Check the price tag.** Every dollar you pay in investing costs and account fees reduces the amount you earn. Each year the IBM 401(k) Plus Plan sends you an annual notice of its costs and fees. Compare those fees to what you might pay for an IRA to see which option is less costly.

- **Weigh your investment options.** An IRA may offer more investment options. On the other hand, your Plan may offer less-expensive investment options that are not available to the general public. So, if you're satisfied with your current investments, it may make sense to stay in the Plan.

- **Compare special services.** You can take advantage of special services offered through the IBM 401(k) Plus Plan, such as [investment advice and evaluation of annuity options](#). If you like the services you're getting, you might want to stay put. If you receive similar services through an IRA, just make sure you ask how much you'd pay for those services.

How to take action

If you want to leave your money in the Plan, you don't need to take any action. If you decide to roll over to an IRA, log on to your account at netbenefits.com/ibm. Or call a Benefits Center Representative at **866-937-0720**.

Before investing in any investment option of the IBM 401(k) Plus Plan, please carefully consider its investment objectives, risks, charges, and expenses. For this and other important information, or to obtain a free copy of the Fund Flyers for the All-in-One Life Cycle/Core Building Block/Expanded Choice Institutional funds or a mutual fund prospectus or, if available, a summary prospectus, call the IBM Benefits Center - Provided by Fidelity at 866-937-0720. Benefit Center representatives are available Monday through Friday (excluding New York Stock Exchange holidays except Good Friday) from 8:30 a.m. to 8:30 p.m., Eastern time. Read and consider all fund flyer and prospectus information carefully before you invest.

There are important factors to consider when rolling over assets to an IRA or leaving assets in an employer retirement plan account. These factors include, but are not limited to, investment options in each type of account, fees and expenses, available services, potential withdrawal penalties, protection from creditors and legal judgments, required minimum distributions, and tax consequences of rolling over employer stock to an IRA.

*This is valid for participants who reach age 70½ after December 31, 2019.

****Tax implications:** You will be responsible for paying any federal, state, local, or foreign taxes on a distribution or withdrawal. Early withdrawals may be subject to a 10% federal penalty tax.

How can we help?

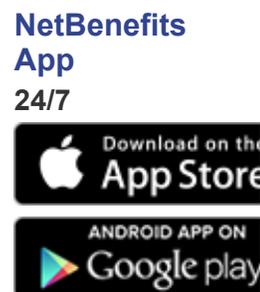
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Whenever you invest, there's a chance you could lose the money. Bond funds are made up of IOUs, primarily from companies or governments. These funds risk losing value if the debt isn't repaid on time. Also, bond prices can drop when interest rates rise or the issuer's reputation suffers. The performance of a company stock fund depends on the price of a single stock, which can move up or down dramatically. So, this type of fund can be riskier than a stock mutual fund, which may own hundreds or thousands of stocks. Diversification does not ensure a profit or protect against a loss.

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Target Retirement
Funds: A popular choice
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thing; you do yours

Make the most of your
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Should I stay or should I
roll (over)?

ESG funds are available
through the Plan

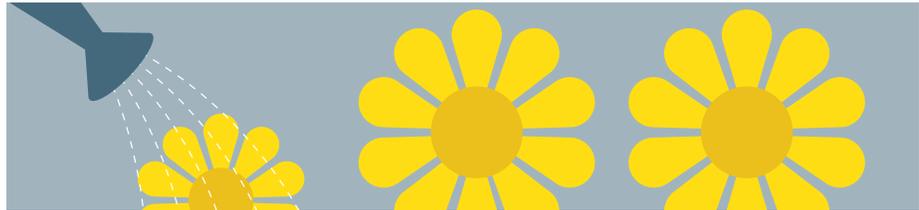
Turn your retirement
savings into income

IBM® 401(k) Plus Plan: 2020 Update

A Review of Investing for Your Financial Future Prepared by Vanguard
for IBM

January 2020 | [Print or download the 2020 Updates](#) [Feedback](#)

ESG funds are available through the Plan



Environmental, Social, and Governance (ESG) funds allow IBMers to select funds that do good while also trying to do well at investing. The IBM 401(k) Plus Plan offers five such funds through the Expanded Choice–Mutual Funds tier.

How do these funds work, and what funds are available in the Plan? Here’s a quick overview.

It starts with an objective

All funds have an investment objective, such as growth or income. ESG funds also have a mission of improving the world, focused on efforts such as sustainability, human rights, or corporate responsibility.

Many ESG funds turn a cold shoulder to industries such as alcohol, tobacco, weapons manufacturing, gambling, and pornography. Some also weed out companies believed to have poor records in employment policies, environmental impact, and competitive practices.

Other ESG managers may “screen in” desirable companies, such as those that have embraced diversity or clean technology. When these

screens are completed, ESG managers (like all fund managers) seek investments with the potential to earn shareholders a competitive return.

Environmental	Social	Governance
Conservation and protection of the natural environment.	Relationships with employees, suppliers, clients, and communities.	Standards for company leadership, risk controls, and shareholder rights.
Examples:	Examples:	Examples:
<ul style="list-style-type: none"> • Air emissions and air quality. • Energy use and conservation. • Natural resources and land use. • Waste management and water quality. • Hazardous material use. 	<ul style="list-style-type: none"> • Labor standards and employee relations. • Production quality and safety. • Local community impact. • Equal employment opportunities. • Health care, education, and housing services. 	<ul style="list-style-type: none"> • Ethical business practices. • Board independence and diversity. • Voting rights. • Executive pay vs. employee pay. • Accounting and tax transparency.

What ESG funds are available in your Plan?

The IBM 401(k) Plus Plan offers five ESG funds through the Expanded Choice–Mutual Funds tier. Click on the fund name to review its fact sheet.

Stock funds

[Vanguard FTSE Social Index Fund](#)
[American Mutual Fund](#)
[American Washington Mutual Investors Fund](#)

Bond funds

[PIMCO Low Duration ESG Fund](#)
[PIMCO Total Return ESG Fund](#)

The Vanguard fund screens companies for workplace policies, environmental issues, product safety, human rights practices, and corporate responsibility. It does not invest in companies in the tobacco, alcohol, gambling, weapons manufacturing, and nuclear power industries.

The American funds exclude companies primarily involved with tobacco or alcohol.

And both PIMCO funds exclude investments from industries engaged in health care, pharmaceuticals, alcohol, tobacco, military equipment, gambling, coal, and pornography.

Learn more

You can learn even more about each fund and how it defines “socially responsible” by reading its prospectus. To access the prospectuses or to invest in these funds, log on to your account at netbenefits.com/ibm.

Remember: Additional fees may apply when you invest in the Expanded Choice–Mutual Funds tier.

Before investing in any investment option of the IBM 401(k) Plus Plan, please carefully consider its investment objectives, risks, charges, and expenses. For this and other important information, or to obtain a free copy of the Fund Flyers for the All-in-One Life Cycle/Core Building Block/Expanded Choice Institutional funds or a mutual fund prospectus or, if available, a summary prospectus, call the IBM Benefits Center - Provided by Fidelity at 866-937-0720. Benefit Center representatives are available Monday through Friday (excluding New York Stock Exchange holidays except Good Friday) from 8:30 a.m. to 8:30 p.m., Eastern time. Read and consider all fund flyer and prospectus information carefully before you invest.

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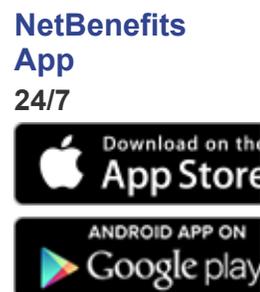
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Turn your retirement savings into income



Many retirees are reluctant to start drawing from their retirement accounts for fear that they'll outlive their savings. In fact, 68% of retirees don't begin to tap their retirement accounts until they need to take required minimum distributions.*

Luckily when you retire, the IBM 401(k) Plus Plan offers ways you can convert your Plan savings into steady income while making sure your savings last for the long haul. You can take withdrawals directly from the Plan. Or you can purchase an annuity outside the Plan. Consider the pros and cons of each option, or a combination of the two.

Make sure your savings will last

Sign up for Online Advice from Financial Engines at FinancialEngines.com/foribm. With Online Advice, you can see your projected retirement income and explore ways to improve your retirement outlook.

Option 1: Create a cash flow with installments

Your Plan offers two flexible installment withdrawal choices that can help you schedule your income in retirement.

- **Flat-dollar installments:** Choose how much money you'll receive with each installment—your installments will stop when the money in your Plan account runs out.
- **Fixed-period installments:** Choose how long your payments will last in retirement (the amount you receive will change based on your investment performance and your account balance). You can elect installments on a semi-monthly, monthly, quarterly, semi-annual, or annual basis.

Pro: When you take installments, the money remaining in your account can experience market growth and will eventually be passed on to your beneficiaries. Installment distributions can also help you satisfy your required minimum distribution, which you must start taking from the IBM 401(k) Plus Plan at age 72,** unless you're still working.

Con: The money remaining in your account can also experience market declines. Plus, the income is not guaranteed, so you could run out of money over a long retirement.

Tip: You can avoid having to take RMDs from your Roth money in the Plan by rolling it over to a Roth IRA. You aren't required to take RMDs from a Roth IRA.

It's easy to set up installment distributions. Just log on to your account at netbenefits.com/ibm.

Option 2: Lock in income for life with an annuity

You can use a portion of your retirement savings to buy a lifetime income annuity outside of your Plan account. With this option, you can roll over the amount of money you choose to purchase an annuity which would not be a taxable event. The annuity will begin providing guaranteed monthly income payments beginning on the start date you select. The payments will continue for the rest of your life, and the life of your spouse or partner, if selected, no matter how the market performs.

- **Immediate income annuities:** Start receiving payments within 12 months after making your initial investment. You might consider purchasing an immediate annuity as you approach or reach retirement in order to start receiving monthly payments to cover your fixed expenses.

- **Deferred income annuities:** Defer receiving income payments for as soon as 13 months to as late as your 85th birthday, or any date in between. By deferring the start date, you typically receive a higher amount of income when payments begin.

Pro: Income annuities may be a good fit if you want to secure lifetime income or supplement your other income sources during retirement. Purchasing an annuity helps reduce the risk of outliving your savings and provides stability during market downturns. Annuities are issued by insurance companies, which provide the income guarantee.

Con: Your money is removed from the market and does not experience the potential upside of market growth. In addition, an income annuity does not provide access to cash for emergencies or other short-term financial needs.

Tip: The monthly income you receive usually depends on the prevailing interest rates when you buy the annuity. Because interest rates change over time, you might consider using the Hueler Income Solutions® tool to buy several smaller annuities over the course of your retirement.

Learn more about income annuities and use the [Hueler Income Solutions® tool](#) to shop for income annuities at institutional prices—which often leads to higher income payouts than retail income annuities.

More about Hueler Income Solutions

You can evaluate immediate income and deferred income annuities with the Hueler Income Solutions® tool. In just minutes, you'll receive quotes from multiple annuity providers so you can compare payments, features, and fees.

To get started, go to incomesolutions.com or call a Hueler lifetime-income specialist at **866-297-9835**.

Blend both strategies to give your savings a boost

Consider combining the flexibility of installment payments with the dependability of an annuity by using a partial annuitization strategy.

Studies suggest that doing so can provide retirees with more income than either strategy alone.***

When choosing how much of your savings to annuitize, you may want to consider whether you have enough guaranteed income from other sources—annuities, pension plans, and Social Security—to cover your fixed living expenses (such as your rent or mortgage, food, utilities, and your health- and long-term-care costs) in retirement.

Which strategy is best for you?

The IBM 401(k) Plus Plan offers [advice and guidance services](#) that can help you figure out which income strategy works best for you.

Because tax rules are complex, you should also consult a tax advisor regarding your 401(k) Plus Plan withdrawals.

*Source: *Retirement income: Making your money last*. The *Making Money Last* study was created by Ameriprise Financial, Inc. and conducted online by Artemis Strategy Group December 8-21, 2017 among 1,075 U.S. retirees between the ages of 40-79 with at least \$100,000 in investable assets.

**This is valid for participants who reach age 70½ after December 31, 2019.

***Source: *New Approaches to Retirement Income: An Evaluation of Combination Laddered Strategies*, by Mark J. Warshawsky, Ph.D., *Journal of Financial Planning*.

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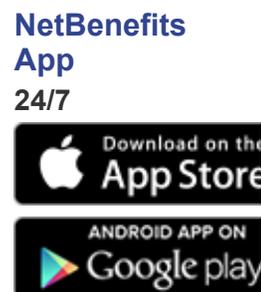
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