

Overview of Available Benefits – Retiree Supplementals

IBM benefits

Your health. Your wealth. Our partnership: The benefits of working at IBM

IBM offers a competitive benefits program, designed to help employees build a solid financial foundation for meeting a diverse array of needs — health care, income protection, and personal interests.

Retiree Supplemental employees are eligible for the following plans and programs which address health care and savings and are described briefly below: Medical, dental, and vision. Retiree Supplemental employees are also eligible for other benefits and services as outlined below. Please contact the IBM Benefits Center - Provided by Fidelity to obtain estimated annual cost for the medical options available in your ZIP code.

As a Retiree Supplemental, you and your dependents will not be eligible to continue participating in the IBM Benefits Plan for Retired Employees. Instead, you and your dependents will be eligible to participate in the plan that active IBM employees are eligible for. The designs of these two plans are similar, but the amount you pay for coverage will vary. When your employment as a Retiree Supplemental ends, you and your dependents will again be eligible to participate in the IBM Benefits Plan for Retired Employees.

You are eligible

...for these benefit programs, with the exception of the IBM 401(k) Plus Plan, IBM Employees Stock Purchase Plan, and health benefits, beginning with your first day of employment as a Retiree Supplemental. Health benefits are effective the first of the month following your date of hire. Important to note: Retiree Supplementals are billed monthly for the cost of their coverage. Contributions are made post-tax.

Health care coverage (medical, dental and vision) is available for you, your spouse/partner (some health plans may not offer coverage for partners), and eligible children and other dependents (documentation supporting eligibility is required) at active rates. IBM provides a range of options, to allow employees to design a personalized program that meets their personal or family circumstances. In general, you are covered for pre-existing conditions under IBM's health plans.

Medical

Benefits options

IBM's medical options include the IBM Preferred Provider Organization (PPO), IBM PPO Plus, IBM PPO with Health Savings Account (HSA), IBM Enhanced PPO with Health Savings Account (HSA), the IBM Exclusive Provider Organization (EPO), and health maintenance organizations (HMOs), where available. **Coverage under the IBM PPO/HSA plan is available at no cost for employee-only coverage.** Employees who decline medical benefits receive a "no coverage" credit of \$30 per month. IBM continues to invest in quality health programs, wellness and preventive care, which include providing you with a variety of resources to support your health and 100% coverage under most plans for routine check-ups and preventive services received in-network.

Medical cont'd

Comparing medical options

Depending on your location, as an IBM employee you may choose from among several medical options, including the IBM PPO (preferred provider organization), IBM PPO Plus, IBM PPO with HSA, IBM Enhanced PPO with HSA, IBM Exclusive Provider Organization (EPO), and a health maintenance organization (HMO), if available in your area.

The medical options comparison chart (see separate document) provides a high-level summary of the coverage and provisions available under each of the medical options IBM offers, including prescription drug coverage and mental health/substance abuse benefits. If you have a specific question about coverage for a particular procedure or condition, you may call the health plan directly, or contact the IBM Benefits Center – Provided by Fidelity at 866-937-0720, (TTY: 800-426-6537). Support specialists are available weekdays from 8:30 a.m. to 8:30 p.m. Eastern time on business days (excluding holidays recognized by the New York Stock Exchange except Good Friday). Please note the IBM PPO plan options cover in-network services only with a few exceptions. Out of network coverage is still provided for most mental health/substance use services. Beginning in 2020, Mental Health/Substance Use coverage will be provided by your medical carrier. Please contact your medical carrier for more details.

When you enroll in your health benefits on NetBenefits, you'll see a personalized list of your medical options and costs, along with health plan detail sheets which provide additional information on each of the plans available to you.

Medicare-Eligible Retirees

If you are rehired after turning age 65 and were entitled to and/or receiving funding from a Health Reimbursement Account (HRA) through Via Benefits, your access to that account will cease for the duration of your active employment. Once you terminate, your eligibility will be restored to the HRA as long as you are enrolled in a medical and/or prescription drug plan through Via Benefits.

Health Savings Account (HSA)

If you select the IBM PPO with HSA or IBM Enhanced PPO with HSA as your medical plan option, you will be eligible to earn up to \$800 in tax-free HSA contributions for self-only coverage or \$1,600 for family coverage. For the 2020 plan year *only*, you will receive the full financial incentive for enrolling in an HSA medical plan option – there will be no program completion requirements.

In summary, you will be eligible for the following contributions directly into your HSA account:

		HSA Plan Options	
		Individual Coverage	Family Coverage
IBM Gives You	IBM Base Contribution*	\$250	\$500
	HSA Jump Start Contribution	\$250	\$250
You Earn	Additional Incentive Contribution <i>No program requirements for the 2020 plan year</i>	\$300	\$850
	Total IBM Contribution Potential	\$800	\$1600

*The IBM Base Contribution is pro-rated based on the date of hire.

HSA's offer triple tax advantages. You can make before-tax contributions to your account investments up to the annual contribution limit set by the Internal Revenue Service, earnings can grow tax-free, and funds withdrawn to pay for current and future qualified medical expenses are not subject to federal taxes.

For 2020, IBM assumes you will receive the maximum IBM contribution possible and limits your HSA contributions as detailed below.

Medical plan coverage level	Total 2020 contribution limit per IRS regulations	Total 2020 contribution limit per IRS regulations (including catch-up contribution of \$1,000 if you're age 55 or over)	Maximum 2020 employee contributions	Maximum 2020 employee contributions through IBM payroll including catch-up contributions
<i>Self-only</i>	\$3,550*	\$4,550	\$2,750	\$3,750
<i>Family</i>	\$7,100*	\$8,100	\$5,500	\$6,500

The HSA funds that you do not use roll over from year to year, stay in your account and can grow over time. You own the account, so it is yours to keep even if you leave IBM. What's more, interest and investment earnings are not subject to federal taxes.

You can use an HSA to pay for your share of eligible qualified medical expenses as defined by the IRS.

Please note: According to IRS rules governing HSAs, you may enroll in either an HSA or the Health Care Spending Account, but not both.

Live Well. Live Better Rewards Program

IBM wants you to be as healthy as you can be across all 5 Dimensions of Health: Physical, Mind, Social, Financial and Purpose. We take health and well-being support to another level with our Live Well. Live Better Rewards Programs. To enhance personal health and well-being, we offer program options to support physical activity, healthy eating, resilience, personal finance and more through CaféWell, our one-stop shop for health and well-being. Once you're registered on CaféWell, you can create (and update) your health profile, be rewarded for completing well-being programs and engage in quarterly challenges and campaigns. The programs are made available to you at no cost.

Well-being Credits

All IBMers will have the opportunity to earn Well-being Credits when you engage and complete well-being programs. Your Well-being Credits can then be redeemed for health and fitness devices such as kitchen appliances, cooking aids, fitness/strength kits, and more to support your well-being journey.

Quarterly Challenges/Campaigns for BluePoints Drawings

Each quarter, up to two challenges/campaigns will be available for you to participate in, including steps and workout challenges, and nutrition, financial or resilience campaigns. You will earn BluePoints entries each time you meet the challenge/campaign requirements. (There may be opportunities to earn multiple entries for a single challenge/campaign, depending on the requirements.) Eligible employees will be entered into the quarterly BluePoints drawing. 50 winners per quarter will be chosen and awarded 2,400 BluePoints (a \$600 value). Employees will earn additional BluePoints entries when your covered spouse/domestic partner participates and meets the requirements.

Dental

Benefits options

IBM offers two dental options, to meet a range of dental care needs. These include IBM Dental Basic and IBM Dental Plus.

Vision

Benefits options

IBM offers two options for vision care: the IBM Vision Plan, offered through Anthem Blue View Vision, which provides benefits for eye exams and eyewear, and the EyeMed Discount Plan, available at no cost, which helps you save money on eyewear purchases. You may choose either of these options, or you may decline vision coverage.

Other benefits and services

In addition to its competitive array of health care benefits, IBM offers some other programs to support employee needs.

Employee Assistance Program

IBM's Employee Assistance Program (EAP), administered by Optum by United Behavioral Health, provides information, support and counseling to IBMers and their eligible family members. Through the EAP, you may receive up to eight face-to-face counseling sessions each year for each situation at no cost to you. Support and resources are available to help you deal with "the blues," premarital or marital counseling, bereavement and a wide range of other issues.

Life Insurance Program

IBM also offers to all active employees (including Retiree Supplemental employees), the opportunity to purchase employee-paid insurance under the IBM Group Life Insurance Plan from MetLife. This includes coverage options for you, as well as your dependents. There are two options available: Optional Term Life (OTL) and Accidental Death & Dismemberment (AD&D). You can choose to enroll in one or both.

Paid Time Off

Retiree supplemental employees may be eligible for nationally observed holidays and those holidays recognized by the work location.

Special Care for Children Assistance Plan (SCCAP)

The IBM Special Care for Children Assistance Plan (SCCAP) is designed to help you meet expenses for certain treatment and therapy outside the scope of the coverage available under the IBM medical, dental, vision and behavioral health plan options for eligible children with mental, physical or developmental disabilities.

Transitional Medical Program (TMP)/COBRA

The Transitional Medical Program (TMP) provides for continuation of health care coverage to IBM employees and their dependents who lose coverage due to termination, divorce, death, leave of absence without benefits and certain other circumstances. This coverage is not subsidized by IBM. TMP satisfies the requirements of the Consolidated Omnibus Budget Reconciliation Act of 1987, also known as COBRA.

Travel Accident Insurance

If you die or are injured as a result of an accident while traveling on official company business, the IBM Travel Accident Insurance Plan will pay up to five times your annual salary to help loved ones cope financially. "Travel" is considered being away from your regular home or job location on company business, not commuting. IBM pays the entire cost of the program; you pay nothing for this coverage.

Please note that as IBM retirees, you remain eligible for the Employee Assistance Program, Matching Grants, Community Grants and the Thomas J. Watson Memorial Scholarship Program. You may also remain eligible for Group Life Insurance (GLI). Please contact the IBM Benefits Center – Provided by Fidelity to check.

Important Notice

This information included in this document is intended to provide an overview of certain benefits plans in which you may be eligible to participate. The official plan documents are the final authority and shall govern in all cases. The Plan Administrator retains exclusive authority and discretion to interpret the terms of the benefits plans. IBM reserves the right, at its discretion, to amend, change or terminate any of its benefits plans, programs, practices or policies, as the company requires. Nothing contained in this document shall be construed as creating a contract of any kind or an express or implied obligation on the part of IBM to maintain such benefits plans, programs, practices or policies. Because of the need for confidentiality, decisions regarding changes to IBM's benefits plans, programs, practices or policies are generally not discussed or evaluated below the highest levels of management. Managers and their representatives below such levels do not know whether IBM will or will not change or adopt, for example, any particular benefit, separation or retirement plan. Nor are they in a position to advise any employee on, or speculate about, future plans. Employees should make no assumptions about future changes or the impact changes may have on their personal situation until any such change is formally announced by IBM.