

Overview of Available Benefits - Supplemental 2

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, retirement security, and personal interests.

Supplemental 2 employees are eligible for the following plans and programs which address health care and savings and are described briefly below: Medical, dental, vision, flexible spending accounts, IBM 401(k) Plus Plan and Employees Stock Purchase Plan. Supplemental 2 employees are also eligible for time off and 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.

You are eligible

...for these benefit programs, with the exception of 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/partner (some health plans may not offer coverage for partners), and eligible children and other dependents (documentation supporting eligibility is required). IBM provides a range of options, to allow employees to design a personalized program that meets their personal or family circumstances. 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 w/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, wellbeing 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 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. 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, 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.

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 2021 plan year, 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 2021 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 2021, IBM assumes you will receive the maximum IBM contribution possible and limits your HSA contributions as detailed below.

Medical plan coverage level	Total 2021 contribution limit per IRS regulations	Total 2021 contribution limit per IRS regulations (including catch-up contribution of \$1,000 if you're age 55 or over)	Maximum 2021 employee contributions through IBM payroll deductions	Maximum 2021 employee contributions through IBM payroll including catch-up contributions
<i>Self-only</i>	\$3,600*	\$4,600	\$2,800	\$3,800
<i>Family</i>	\$7,200*	\$8,200	\$5,600	\$6,600

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.

Note: If you enroll in a medical plan option with an HSA and you also are Medicare-enrolled, there are some unique tax implications.

Unique Tax Implications if You are Medicare-Enrolled and Enrolled in a Medical Plan Option with an HSA in 2021

Important: If you are enrolled in the IBM PPO with HSA or IBM Enhanced PPO with HSA, and you are also Medicare-enrolled, you may have tax penalties if you contribute, or receive an IBM contribution, to your HSA. Remember: If you are actively working at IBM and enrolled in an IBM medical option and are also enrolled in Medicare, in most situations you will receive primary coverage through IBM.

You are considered Medicare-enrolled if you are enrolled in any part of Medicare. As a reminder, Medicare has four parts:

- Part A: Hospitalization
- Part B: Physician and other services
- Part C: Medicare Advantage
- Part D: Prescription Drugs

If you will be considered Medicare-enrolled during 2021, you will want to consider stopping HSA contributions (and make sure your automatic IBM contributions to your HSA cease) at least six months in advance. Otherwise, you may have tax penalties (enrollment in Medicare Part A coverage is retroactive six months).

Even though contributions to your HSA while you are enrolled in Medicare may result in tax penalties, you can nevertheless use your HSA in the following ways:

- The balance in your HSA can be used to pay for qualified medical expenses.
- At age 65, you may start using funds from your HSA for any reason, with no tax penalty. Just be aware that if you use HSA funds for nonqualified expenses, you'll pay ordinary income tax on those amounts.

Determination of eligibility to contribute to your HSA is your responsibility and you are strongly encouraged to consult your tax advisor if you have any questions about your eligibility or any of the above information. You should also refer to IRS Publications 969 and 502 for a complete list of eligibility rules and details about limits and eligible expenses.

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. To enhance personal health and wellbeing, there are offerings to support physical activity, healthy eating, resilience, personal finance and more on the IBM Benefits Hub/[Wellbeing at IBM](https://w3.ibm.com/w3publisher/us-benefits/wellbeing-at-ibm) (<https://w3.ibm.com/w3publisher/us-benefits/wellbeing-at-ibm>). [Information regarding wellbeing opportunities will be provided into the 2021 program year as details become available.](#)

BluePoints Entries into Quarterly Drawings

When you and/or your covered spouse/domestic partner participate in quarterly campaigns, you will receive BluePoints **entries** into quarterly drawings when requirements are met. The total number of eligible BluePoints entries will vary with each campaign. When your covered spouse/domestic partner participates, they will earn BluePoints entries on your behalf when they meet campaign requirements.

Campaigns for 2021 have not been finalized, and once the planning is complete, they will be promoted on the #well-being-at-ibm Slack channel, as well as on [Wellbeing at IBM](#).

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

Vision Options

You may choose from the following vision options:

- IBM Vision Plan
- EyeMed Discount Plan

IBM Vision Plan

This fully-insured option, 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-and out-of-the Anthem Blue View Vision network. Additional discounts on extras and upgrades are available, in addition to these annual benefits.

EyeMed Discount Plan

The EyeMed 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.

Flexible spending accounts

Overview

IBM offers two flexible spending accounts, designed to help you pay for certain health care and dependent care expenses with pre-tax dollars.

The Health Care Spending Account helps you save on eligible health care expenses not reimbursed by your health plans. You set aside a portion of your pay before taxes, then use that money to pay yourself back for health care expenses during the year. Participation is optional. If you decide to participate, you can contribute up to \$2,750 annually.

The Dependent Care Spending Account helps you save on eligible day care for children or adults. You set aside a portion of your pay before taxes, then use that money to pay yourself back for eligible expenses. Participation is optional. If you decide to participate, you can contribute up to \$5,000 annually per year.

You can choose the Health Care Spending Account or the Health Savings Account

— but not both!

If you want to enroll in the Health Care Spending Account, you'll need to choose a medical option other than the IBM PPO with HSA or the IBM Enhanced PPO with HSA. Based on IRS regulations:

1. you may not enroll in both the Health Care Spending Account and the Health Savings Account at the same time, and
2. you should not enroll in an IBM plan option with an HSA if you have other medical coverage (e.g. through a parent, spouse, or Medicare). Additionally, because the administration of an HSA is a taxpayer responsibility, it is strongly encouraged that the account holder consult his or her tax advisor before establishing an HSA.

Saving for retirement

401(k) Plus Plan

The 401(k) Plus Plan lets you defer up to 80% of your eligible compensation on a before-tax or Roth 401(k) basis. You can also save up to 10% of your eligible pay on an after-tax basis. Your contributions are subject to the IRS limits.

You are eligible to make employee contributions into your 401(k) Plus Plan, however, you are not eligible to receive IBM contributions (match or automatic contributions) and you are not eligible to enroll in the 401(k) Disability Protection Program.

Please note: employees hired into IBM US as a Supplemental 2 under IBM's Global IBMer Program, or any successor program, are not eligible to defer their own contributions or receive IBM contributions under the 401(k) Plan.

Employees Stock Purchase Plan

IBM's Employees Stock Purchase Plan (ESPP) offers eligible employees the opportunity to invest in IBM stock at a 5% discount off the market price on the date of purchase each pay period. Participation is voluntary. In general, employees may designate between 1% and 10% of pay, up to a maximum of U.S. \$25,000 worth of shares in a calendar year.

A per-offering limit on total ESPP share purchases helps IBM manage the rate of share consumption and more closely align the ESPP with shareholder interests.

Supplemental employees are eligible to participate once they have worked at least 21 weeks in the calendar year of the offering and have worked 20 or more hours in at least 16 of these weeks. Typically, the offering periods are six months and start on January 1 and July 1 of each year.

Eligible employees may join the ESPP at any time during the offering period, as long as they are actively employed and on the IBM payroll on the first day of the offering period. Participants may also increase or decrease their ESPP contributions, change registrants, or withdraw from the ESPP at any time.

Vacation & Sick Time

Supplemental 2 employees may be eligible for paid time off, in addition to nationally observed holidays and those holidays recognized by the work location.

Supplemental 2 employees are eligible for up to ten days of paid vacation per calendar year. In addition, Supplemental 2 employees will receive paid sick time consistent with IBM's Paid Sick Time Policy.

In 2021, IBM will observe the following national holidays:

New Year's Day – Friday, January 1
Martin Luther King Jr. Day – Monday, January 18
Memorial Day - Monday, May 31
Independence Day – Monday, July 5
Labor Day - Monday, September 6
Thanksgiving Day - Thursday, November 25
Day after Thanksgiving – Friday, November 26
Christmas Day – Friday, December 24

Other benefits and services

In addition to its competitive array of health care, savings, income protection, and time off benefits, IBM offers a range of other programs to support employee needs.

Employee Assistance Program

Your wellbeing is essential at IBM. *Whether or not you enroll in any medical coverage under the IBM medical plan*, the plan offers resources to support your mental and emotional wellbeing. Through IBM's Employee Assistance Program (EAP) -- Resources for Living -- you, your eligible dependents and all members of your household, can receive mental health support, as well as a variety of other services, including referrals for child and elder care, at no cost to you.

With Resources for Living (administered by Aetna), you can access up to 12 counseling session per incident or issue, for a range of topics such as:

- Elder and childcare services
- Relationship support
- Stress management
- Work/life balance
- Family issues
- Grief and loss
- Depression
- Anxiety
- Substance misuse
- Self-esteem and personal development

Through Resources for Living, you can receive dedicated care from a licensed counselor through text, voice or video messages – anytime, anywhere. Resources for Living can help you find a counselor in your area and even make appointments for you.

Transitional Medical Program/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.

Life Insurance

To support your income protection needs, IBM offers **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. You may purchase this voluntary coverage through **semi-monthly** premium deductions from your paycheck on an after-tax basis.

MetLife Legal Plans

MetLife Legal Plans are a group legal plan that provides many legal services to you. Getting legal help shouldn't be difficult or unaffordable. But when the average rate for a lawyer is \$370/hour, common legal expenses can really dig into your savings. A legal plan covers professional legal counsel for everyday personal legal needs, at a reasonable rate, including:

- Access to legal advice and representation from a network of vetted attorneys
- Typically covers a wide range of legal matters, including but not limited to:
- Wills/Living Wills
- Power of Attorney (a document that let's someone conduct transactions on your behalf)
- Health Care Proxy (appoint someone to make medical decisions on your behalf)
- Landlord/Tenant Disputes
- Creditor/Debt Collection
- Reproductive Assistance legal services: These services cover you and/or your spouse/domestic partner for the first twenty hours of legal services and court work related to reproductive assistance matters including, but not limited to, as permitted by law: surrogacy, egg/ sperm/ gamete/ embryo donation, and embryo adoption.
- 4 Hours for Non-Covered Services
- Access to Digital Estate Planning Services
- No copays, deductibles or waiting periods

Note that MetLife Legal Plans are provided to you directly by MetLife. IBM does not sponsor or administer MetLife Legal Plans.

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.

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.