

## **Cooper vs. IBM Subclasses 1 and 2 Settlement Frequently Asked Questions – Payment Administration Questions**

**The following Qs&As have been prepared to provide summary information about key aspects of the Settlement Benefit Payment Commencement Process. This summary information is not designed to answer all questions an eligible class member may have.**

### **General Questions**

**1. Who is eligible to receive a settlement benefit?**

Only class members eligible under the Base Annuity claim are eligible for a settlement benefit. To be eligible under this claim you had to accrue benefits under the IBM Personal Pension Plan for some period between 1/1/1995 and 6/30/1999.

**2. When am I eligible to receive my settlement benefit?**

Class members who are currently employed by IBM will not be eligible to commence the settlement benefit until separation of service from IBM. The settlement benefit generally will be paid at the same time as the class member receives his or her primary qualified plan benefit.

Class members who are separated from IBM and have commenced their full primary qualified plan benefit are eligible to receive an immediate distribution of the settlement benefit.

Class members who are separated from IBM and have not yet commenced their full qualified pension benefit will receive their settlement benefit at the time they elect to commence their primary qualified plan benefit.

**3. I am eligible for an immediate payment of my settlement benefit. What must I do to receive it?**

Class members who are eligible for an immediate payment will automatically be mailed a notification letter and settlement benefit election package within 60 days of the date the *Cooper v. IBM* case concluded (02/12/2007). If you do not receive these materials by 05/05/2007, please call the Cooper Settlement Claims Administration at 1-866-716-4098.

**4. I have recently moved and therefore my information may have been mailed to my old address. What should I do?**

If you have not yet reported your new address to IBM, please do so immediately by calling 1-800-796-9876. All materials will be automatically sent to the address on file with IBM. However, materials returned by the US Postal Service as undeliverable are being actively monitored.

**5. I believe that I am eligible to receive my settlement benefit immediately, but have not yet received an election package. What should I do?**

If it has been at least 75 days from 02/12/2007, you should contact the Cooper Settlement Claims Administration at 1-866-716-4098.

**6. At the time of my separation I was not fully vested and therefore, not eligible to receive a pension plan benefit. Am I still eligible for a settlement benefit?**

You may still be eligible for a settlement benefit as long as you meet all other eligibility requirements. Additional eligibility details may be found in the Settlement Agreement.

**7. I have not yet elected to commence my primary qualified primary plan benefit. At the time I elect to commence my primary qualified plan benefit and my settlement benefit, may I elect a different beneficiary for each benefit?**

No, you are only allowed to make one election. This election will apply to both the primary qualified plan benefit and the settlement benefit.

## **Election Forms and Payment Processing**

**This section pertains to eligible class members who have already commenced their primary qualified plan benefit and are not currently employed by IBM.**

**8. I am in the process of completing my settlement benefit election forms and need to make corrections. How can I obtain additional forms?**

New election forms are available from the Cooper Settlement Claims Administration at 1-866-716-4098. You should receive the forms within 7-10 days of your request, including mail time. Since these forms were designed to be read by advanced technology, photocopies of the original form may be rejected, which can cause delays in processing your benefit payment. In addition, all forms must be completed in blue or black ink and cannot contain cross-outs, white-out or erasures.

**9. Once I have sent in my election forms, what other type of communication should I expect?**

All returned election forms will go through a review process. If your forms are incomplete or contain errors, you will be notified and forms returned to you for proper completion. If your forms are completed correctly, you will not receive any additional communication before the benefit payment is made.

**10. How long should I expect it to take before I receive my settlement benefit?**

Payments will generally be made four to eight weeks after your completed election forms are received; however, due to variances in processing volumes this time may vary.

**11. Is the settlement benefit taxable?**

Yes, settlement benefits will be paid from IBM's Qualified IBM Personal Pension Plan Trust and are considered taxable income. This income will be reported on a 1099R. For settlement benefits paid by 12/31/2007, this income will be reported on a 1099R sent out in January 2008. However, if the settlement benefit is paid as a lump sum and is otherwise eligible, the settlement benefit may be rolled over to another plan or to an IRA, and federal income taxes will be deferred.

**12. What tax withholding rate will be applied?**

An automatic 20% federal tax deduction will be made to lump sum payments, unless they are rolled over to an IRA or other tax-qualified plan. Annuity payments will be taxed at the same tax rates that are elected for any current qualified monthly annuity a participant may be receiving. If you are not currently receiving a monthly annuity payment, taxes will be withheld at the federal and state default rates. You may change these tax rates by calling the IBM Service Center at 1-800-796-9876. Any change to tax withholding rates will apply to all qualified annuity payments, not just the settlement benefit payment.

**13. I do not want taxes withheld at the default rates, what should I do?**

At the same time you complete your election forms, you will need to call the IBM Employee Service Center at 1-800-796-9876 and provide your desired tax information. Any tax elections made will also apply to any other qualified pension payments you are currently receiving. Separate tax elections for the settlement benefit are not allowed.

**14. I lost the self-addressed stamped envelope that accompanied my election forms. What should I do?**

You should mail your completed forms and any additional required documentation to the address below:

Cooper Settlement Claims Administration  
P.O. Box 770003  
Cincinnati, OH 45277-0064

**15. My election form only allows for the designation of one beneficiary. I would like to designate multiple persons as my beneficiary.**

The Settlement Agreement specifies that only one beneficiary may be designated for the settlement benefit, if the settlement benefit is the only remaining IBM plan benefit to be distributed. No exceptions will be allowed

**16. If I have already elected a beneficiary for my pension plan benefit that I am currently receiving, must I elect the same beneficiary for my settlement benefit?**

No, you do not need to elect the same beneficiary. Keep in mind, that if you are married and designate someone other than your spouse (or no beneficiary by electing Single Life), a spousal waiver form must be completed.

**17. My package does not contain a form to request Electronic Funds Transfer. I would like my settlement benefit deposited electronically.**

If you are currently receiving monthly annuity payments, and you elect a monthly annuity for your settlement benefit, your settlement benefit will be distributed to the same location (bank or home). There is not an option to elect separate destinations.

If you are currently receiving a monthly annuity payment, and elect a lump sum of your settlement benefit (if allowed), the settlement benefit will be mailed to your home address on file.

If you previously elected a lump sum of your qualified pension benefit, or were not eligible for a qualified core pension benefit, your settlement benefit will be mailed to your home address on file. If you elect to take your settlement benefit as an ongoing annuity, you may call the IBM Employee Service Center at 1-800-796-9876 and elect electronic deposit for future monthly annuity payments.

**18. I am electing a direct rollover of my settlement benefit to an IRA or other tax-qualified plan. My election forms only request the name of the financial institution. Why is more information not necessary (i.e. account number, institution's address)?**

The name of the financial institution is required so that the check can designate both you and your elected financial institution as the payee. Since all lump sum distributions will be mailed to participants' homes, no other additional information is required. You must provide the check and all other required information to your financial institution directly.

**19. How can I obtain additional details of how the settlement benefit specified in my election package was calculated?**

You may obtain additional details of how your settlement benefit was calculated by calling the Cooper Settlement Claims Administration Center at 1-866-716-4098 and speaking with a customer service associate.

**20. What happens if I do not return my election forms within the specified 45 day timeframe?**

Several things may happen if you do not return your election forms within the specified 45 day timeframe, depending upon the length of the delay, and the elections available to you based on the plan and settlement benefit amount. They range from:

- A delay in receiving payment
- The need to receive a new election package and estimate from the IBM Employee Service Center (if beyond 90 days from the date the original letter was mailed)
- Automatic deferment of the settlement benefit to your next earliest commencement age (specified in your notification letter) if your settlement benefit exceeds the Plan's Mandatory Cash-out limit.
- An automatic lump sum payment sent to your home, with appropriate taxes withheld, if your settlement benefit amount is subject to Mandatory Cash-out. It is expected these automatic payments will not occur until after benefits are distributed to all participants who submit forms within the designated timeframe.