

Your 2024 Annual Report

Building for tomorrow, today





MESSAGE FROM THE CHAIRMAN

Welcome

I am delighted to present the 2024 Annual Report

This report provides a summary of the Plan's finances and investments. However, if you would like to read the full report, please use the QR code below. You can also find copies there of the Chairman's Statement, the Statement of Investment Principles, the Implementation Statement and the Climate change report. These documents detail how the Plan is governed and how the Trustee manages the investments of the Plan.

The Investment Committee has undertaken an investment strategy review for our defined contribution (DC) arrangement. They recommended several changes which have been approved by the Trustee. Further details can be found on page 8.

As the Plan is currently undergoing its three-year valuation by the Plan's actuary, there is no summary funding statement in this year's Annual Report. Initial results indicate that the Plan has maintained its strong funding position. We will share full details with members when they are available, which is likely to be early 2025.

In the current climate of regulatory change it is more important than ever that we hold the most up to date personal details for all our members and it has never been easier to stay in touch. You can find how to contact the team on page 11.

Recently, the contact details for the Plan have changed, so please find our new information on page 11. Do not worry if you have recently contacted us using our previous details, this will be redirected to us.

James Joll

Chairman, Pearson Pension Trustee Limited



Governance and
financial reports

[www.pearson-pensions.com/
library/#governance-financial-
reports](http://www.pearson-pensions.com/library/#governance-financial-reports)



Climate change

Our approach

In the UK it is mandatory for the largest companies and financial organisations to disclose their climate-related risks and opportunities. This is part of the government's commitment to making the UK financial systems the greenest in the world.

The Climate change report provides members with the opportunity to find out more about the work carried out by the Trustee in relation to climate change. You can read the full report on the Plan website using the QR code on the previous page.

The following provides an overview of the Trustee's approach to the Task Force on Climate-Related Financial Disclosures (TCFD) guidelines.

1. Governance

The Trustee has a robust framework for managing the Plan, including setting clear expectations and responsibilities in relation to climate change:

- A Climate Governance Statement which defines the responsibilities of everyone involved
- Climate-related risks and opportunities are reviewed regularly in light of the Trustee's beliefs
- The Plan's advisers support the Trustee on climate-related matters.

2. Strategy and Risk Management

The Trustee has taken steps to understand how climate change might affect the Plan and to control the risks it has identified. The Trustee aims to reduce the risks to the Plan in several ways, including:

- Investing responsibly in line with the Trustee's beliefs
- Regularly reviewing the Plan's investment manager's climate practices and engaging with managers if concerns arise.

3. Metrics and Targets

The Trustee has collected and reviewed information about the greenhouse gas emissions, carbon footprint and emissions reductions targets for the assets the Plan invests in, to help it understand the Plan's exposure to climate risks. It has set a target to increase the proportion of companies it invests in with science-based emissions reductions targets. Collecting metrics helps identify climate exposures, but the Trustee is conscious that there remain material data gaps. The Trustee has:

- Collected and reviewed greenhouse gas emissions data for the Plan's investments
- Reported the proportion of investments with no data or estimated data
- Agreed to use data quality as an additional climate-related metric to help monitor climate-related risks.

The Trustee will continue to monitor and manage climate change risks and opportunities as an ongoing process. An updated Climate change report will be published each year to keep you updated on progress.



The Plan's finances

We have summarised below the financial movements in the year ended 31 December 2023

(£m)

Value of the Plan's assets on 31 December 2022	3,255.1
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Money coming in	
Company contributions	9.0
Member contributions	1.3
Transfers in	0.1
Investment and other income	111.9
Total income	122.3

Money going out	
Benefits paid	(113.2)
Payments to and on account of leavers	(16.7)
Other payments	(0.7)
Investment management expenses	(1.5)
Administration expenses	(8.2)
Total expenditure	(140.3)
Change in market value of investments	(53.5)

Value of the Plan's assets on 31 December 2023¹	3,183.6
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¹ 2023 saw continuing market volatility which affected the assets under both the Defined Benefit (DB) and Defined Contribution (DC) sections of the Plan. The DB sections remain in surplus, as the Plan's liabilities decreased to a similar extent to the assets. As funds in the DC sections were also affected, we recommend that members in the DC sections review their chosen investment to ensure it still aligns with their retirement goals.



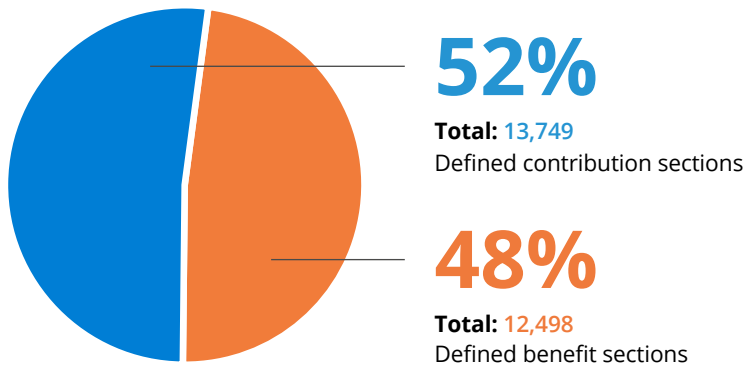
📍 Avebury stone circle, Wiltshire



Membership

On 31 December 2023 there were **26,247** Plan members.

Total Membership



Defined contribution sections



Defined Benefit sections



The Plan's Report and Financial Statements for the year ended 31 December 2023 have been audited by Crowe U.K. LLP, which has confirmed that they show a true and fair view of the Plan's financial transactions over the period.



Investments

Defined benefit sections

Due to the strong funding position, the Trustee has been able to manage the Plan's assets in a way that protects its ability to pay pensions as and when they are due, by making them less vulnerable to changes in market conditions. On 31 December 2023, the assets of the Plan's defined benefit sections were spread across the following investment types:

	Allocation %	
	2023	2022
Return seeking assets		
Property	0.4	0.5
Private equity	0.4	0.5
Trade Finance	2.2	2.0
Infrastructure	4.7	4.2
Total	7.7	7.2
Liability matching assets		
Liability driven investment (mainly government bonds)	25.6	25.0
Bonds	5.7	5.0
Infrastructure	9.4	9.5
Property	5.7	6.5
Cash	0.6	1.1
Total	47.0	47.1
Policies with insurance companies	45.3	45.7
TOTAL	100.00	100.00





Defined contribution sections

The Trustee monitors the performance of the funds provided by Aviva, with the assistance of Lane Clark & Peacock LLP, its Investment Consultant. The Investment Committee investigates any significant departures from benchmarks with fund managers. Details of fund performance at 31 December 2023 are set out in the table below:

Funds	1-year return performance			5-year return performance		
	Fund %	Benchmark %	Difference %	Fund %	Benchmark %	Difference %
Passive funds						
BlackRock over 15 year corporate bond Index fund	10.4	10.6	(0.2)	(1.8)	(1.6)	(0.2)
BlackRock world ex UK equity index fund	18.4	18.6	(0.2)	13.2	13.1	0.1
BlackRock UK equity index fund	6.5	6.7	(0.2)	6.0	6.2	(0.2)
BlackRock over 15 year gilt Index fund	1.5	1.7	(0.2)	(6.7)	(6.3)	(0.4)
Blended global equity fund*	9.8	9.2	0.6	10.3	9.7	0.6
Blended index linked gilt fund	2.7	2.7	0.0	(1.1)	(0.9)	(0.2)
Annuity targeting fund	2.7	2.6	0.1	(1.4)	(1.3)	(0.1)
Active funds						
Blended multi-asset fund*	3.5	8.5	(5.0)	3.4	5.7	(2.3)
CT Pensions property fund	0.2	(1.4)	1.6	1.6	1.3	0.3
Jupiter ecology fund	11.9	15.3	(3.4)	12.5	22.1	(9.6)
MFS Meridian global equity fund*	8.4	19.8	(11.4)	10.3	15.8	(5.5)
BlackRock Sterling liquidity fund*	4.5	4.7	(0.2)	1.2	1.3	(0.1)
CT responsible global equity fund	8.0	17.4	(9.4)	11.9	13.4	(1.5)
Short duration credit fund*	8.2	6.3	1.9	N/A	N/A	N/A

Source: Aviva, underlying managers. Returns are shown net of annual management charge ("AMC"). 5 year performance is annualised.

* You can find more information about the funds and their benchmarks in the full Report and Financial Statements 2023, which can be found in the library section on the Plan website: www.pearson-pensions.com/library

The key information for 2024



Changes to the Plan's investment options

Following advice from the advisers the Trustee decided to make some changes to the investment options available to Money Purchase Plan 2003 (MP03) and Auto Enrolment (AE) members.

The changes, which were implemented in June, are:

- in the drawdown lifecycle option (administered by Aviva):
 - the Blended index linked gilt fund will be replaced by the Annuity targeting fund and,
 - a cash allocation starting three years from retirement will be introduced, leading to a 10% allocation to cash at target retirement date
- the HSBC Islamic global equity Index fund will be added to the self-select option range.

To find out more information about the investment changes, please visit the investment change page on the Plan website: www.pearson-pensions.com/changes-to-investment-options



Pension scams

Unfortunately, pension scams are now very common with victims losing some or all of their hard-earned pension savings.

The Trustee of the Plan is committed to protecting Plan members from fraud and will:

- regularly warn members about pension scams
- follow specific regulatory procedures when a member requests to transfer their pension out of the Plan
- report concerns about a scam to the authorities and communicating this to the member

We would strongly recommend that you visit www.pearson-pensions.com/pension-scams



The changes to Lifetime Allowance (LTA)

The government abolished the LTA with effect from 6 April 2024 and replaced it with three new allowances. These are:

- The Lump Sum Allowance (LSA) which is set at £268,275 applies to certain lump sums taken at retirement and is the maximum amount that can be taken tax free from all pension arrangements. If your lump sum at retirement is more than your available LSA, the excess lump sum will be paid at the Trustee's discretion, which will be taxed at your marginal rate.
- The Lump Sum and Death Benefits Allowance (LSDBA) which most tax-free lump sums will be tested against, including those payable on retirement, death and on serious ill health, is set at £1,073,000. This allowance limits the total amount of tax-free lump sums paid to or in respect of an individual across all pension arrangements.
- The Overseas Transfer Allowance (OTA), which is equal to the member's LSDBA, is the allowance that benefits being transferred to a qualifying recognised overseas pension scheme (QROPS) will be tested against. If your transfer causes you to exceed your OTA, an overseas transfer charge (OTC) will apply to any excess.

If you have LTA protection you will retain the right to higher tax-free lump sums. For example those with Fixed Protection 2012 (FP12) have a LSA of £450,000 and a LSDBA of £1.8 million (representing the level of FP12 protection). Differing rules apply to those who have Enhanced Protection (EP) or Fixed Protection (FP).

Full details can be found at www.pearson-pensions.com/hmrc-limits-and-allowances



MoneyHelper

If you are thinking of withdrawing money from your pension, or just want general guidance, you can contact MoneyHelper, a government-led guidance service, either online at www.moneyhelper.org.uk/en or over the phone on **0800 011 3797**.

Environmental, Social and Governance (ESG) investing

ESG investing has become a consideration for some members in Defined Contribution pension schemes, reflecting a growing awareness of the broader impact of investment choices. ESG investing involves selecting investments not only for their financial returns but also for their positive contributions to environmental sustainability, social responsibility, and ethical governance practices. By incorporating ESG factors, members can help drive corporate behavior towards better sustainability practices, potentially enhancing long-term financial performance and societal well-being. This approach aligns investment portfolios with personal values and global sustainability goals, ensuring that retirement savings contribute to a more sustainable and equitable future.

For members of the Plan that are interested in ESG investing, the CT Responsible Global Equity Fund is available as a self select option. This fund aims to provide long-term capital growth. It seeks to achieve this by investing in companies screened against defined responsible and sustainable criteria, including exclusions on tobacco, alcohol, weapons, gambling, nuclear and pornography. The fund also requires companies to meet sector standards on social and environmental impacts, including systems for managing labour standards, human rights, supply chains, environmental impacts, water, waste and biodiversity.



Some useful information



Your state pension

The current State Pension is £221.20 a week for the 2024/25 tax year if you have at least 35 years of full National Insurance contributions. However, if you have been 'contracted out' of the State Pension at any time, the amount of State Pension you receive may be reduced. You can get an estimate of your State Pension from www.gov.uk/check-state-pension

Your State Pension age is the earliest age you can start receiving your State Pension and is worked out based on your gender and date of birth. For more details go to www.gov.uk/state-pension-age



Looking for previous pensions?

If you have pension pots with different employers it is easy to lose track. The Pension Tracing Service can help you find the contact details for your previous employers, to help you track down any lost pension. To use this service, please find their details below:

Online: www.gov.uk/find-pension-contact-details

Phone: 0800 731 0193 (or +44 (0)191 215 4491 from outside the UK)

Post: The Pension Tracing Service.
Post Handling Site A, Wolverhampton,
WV98 1AF.



Minimum retirement age

With effect from 6 April 2028 the earliest you will be able to retire from a workplace pension such as Pearson is age 57 (currently age 55).



The Pearson
Pension Plan

www.pearson-pensions.com



Looking after the Plan

There are nine trustee directors on the Trustee Board – six 'A' directors and three 'B' directors. They are responsible for managing the Plan in line with the documents that govern it and with the law. The Company appoints three 'A' directors and members nominate the other three. The 'B' directors cannot be Pearson employees or executive directors and they themselves appoint and remove 'B' directors, who have special voting rights and can wind up the Plan if they unanimously decide it is in the best interests of all members and beneficiaries of the Plan.

Trustee Board

'B' directors

James Joll – CHAIR

John Plender

Lynn Ruddick

'A' directors

COMPANY NOMINATED

Michael Kearton

Will Nash

Joanne Russell

MEMBER NOMINATED

George Graham

Lou Jones

Nim Maradas

Secretary to the Trustee

Stephen Beaven

Other Committees

Investment Committee

James Joll – CHAIR

John Plender

Lynn Ruddick

Joanne Russell

Alternative Investments Board

James Joll – CHAIR

Mark Collins

Patrick Crawford

Michael Kearton

John Plender

Audit and Risk Committee

Ian Armfield – CHAIR

Lou Jones

Michael Kearton

Will Nash

Death Benefits Committee

Nim Maradas – CHAIR

Stephen Beaven

George Graham

Remuneration Committee

John Plender – CHAIR

Lou Jones

Will Nash

Rules Committee

James Joll – CHAIR

George Graham

Will Nash – RESIGNED 19 MARCH 2024

Michael Kearton –

APPOINTED 20 MARCH 2024

Internal Dispute Resolution Process Committee

James Joll – CHAIR

George Graham

Nim Maradas

Advisers to the Trustee

Auditors

Crowe U.K. LLP

Actuary

S Leake

Actuarial Services

XPS Pensions Group plc

Investment Consultants

Lane Clark & Peacock LLP

Aon UK Limited (Infrastructure & Property funds only)

Bankers

National Westminster Bank Plc

Legal Advisers

Linklaters LLP

The pensions team

The Trustee delegates its day to day administration duties to Pearson Pension Trustee Services Limited.

Directors of Pearson Pension Trustee Services Limited

Lynn Ruddick – CHAIR

Stephen Beaven – CEO

Nim Maradas

Will Nash

Amy Thrower – Finance Director



The Pulteney Bridge, Bath

Manage your pension online

Aviva's MyWorkplace

 workplace.aviva.co.uk/myworkplace

Aviva's secure online portal, MyWorkplace is available to members of the Money Purchase 2003 (MP03) Section, Auto Enrolment (AE) Section or who have Additional Voluntary Contributions (AVCs).

A great feature of MyWorkplace is that as well as being able to access MyWorkplace via the web, you can download the app which lets you quickly login to check on your pension using fingerprint or facial recognition.

Through MyWorkplace you can:

- check the value of your pension pot
- change your investment funds
- use their online tools to help you plan for the future.

The Secure Pension Portal

 pearson-pensions-portal.com

The Secure Pension Portal is available to pensioners and deferred defined benefit members of the Plan. The portal now uses multi-factor authentication to provide an additional level of security so you will need a mobile phone in order to log on.

Through the Secure Pension Portal you can:

- update your personal details
- check your benefits
- complete an Expression of wish form and more.

If you have any queries, please contact the pensions team on Freephone **0800 7811378** or by email pensions.helpline@pearsonpensions.com

Keeping your details up to date



[Change of details form](https://www.pearson-pensions.com/change-of-details-form)
[www.pearson-pensions.com/
change-of-details-form](https://www.pearson-pensions.com/change-of-details-form)



[Expression of wish form](https://www.pearson-pensions.com/expression-of-wish-form)
[www.pearson-pensions.com/
expression-of-wish-form](https://www.pearson-pensions.com/expression-of-wish-form)

Contact us

The pensions team is here to help you with any queries you may have about your pension. Using our online form is the best way to contact us, but if you need to contact us another way, please find the information below:



WEBSITE

You can contact the pensions team and the Trustee, securely through our website at www.pearson-pensions.com/contact-us



NEW

EMAIL

You can email us at pensions.helpline@pearsonpensions.com



PHONE

You can call our helpline (Freephone) on **0800 7811378** (+44 203 788856 from overseas). We are open 8.30am to 5.30pm Monday to Friday (except Bank Holidays)



NEW

POST

You can write to us at: The Pearson Pension Plan, PO Box 645 Darlington, DL1 9HP



MEETING

Book a virtual meeting
You can book a meeting with one of the pensions team to discuss any questions you may have regarding the Plan and/or your benefits. Simply go to www.pearson-pensions.com/book-a-meeting



IMPORTANT NOTE:

IMPORTANT NOTE: This communication is issued by the Trustee of the Plan. Your contributions, benefits and options under the Plan are provided on the terms and conditions set out in the Plan Rules, as from time to time amended, and the governing legislation. This Annual Report reflects the Trustee's understanding of the applicable tax rates and legislation at the time of issue. If there are any differences between this communication and the Rules, the Rules, as amended from time to time, and governing legislation will apply.

CONTACT US



Website: www.pearson-pensions.com | Email: pensions.helpline@pearsonpensions.com | Helpline: +44 (0) 800 7811378