

Pension News

Building for tomorrow, today



Dear Member,

Welcome to the latest edition of Pension News.

Over the past few years we have made significant enhancements and changes to our online platforms. You can find out more on the progress that has been made on page 5.

The full triannual actuarial valuation (as at 1 January 2021) has now been completed. I am delighted to report that the Plan is 104% funded against the amount required to meet all its liabilities despite the Trustee, and the Company, taking an even more prudent approach to the valuation than previously. You can find details of the valuation page 3.

The Trustee has a legal responsibility to ensure that the data we hold for members is up to date and accurate. This is to comply with best practice data protection processes and to protect members from the risk of fraudulent activity. We sometimes partner

with LexisNexis, a specialised company, to verify members' data. If you receive correspondence either directly from the Plan or Lexis Nexis please respond as directed. It helps us keep you up to date with the Plan, and your data safe. You can find out more at www.pearson-pensions.com/keeping-in-touch-with-you

Your views are important, so please let us know what we can do to improve. Simply email pensionfeedback@pearson.com

Stephen Beaven
Pensions Director

MARKET VOLATILITY AND YOUR PENSION POT

It is normal for the value of your pension pot to go up and down over the short term. This is because your defined contribution (DC) pension is invested in shares and other stock market investments that also carry risk. Unlike money held in a bank account, stock market investments tend to go through periods of upwards and downwards price movements, including sudden changes over the short term. This is known as volatility.

Various factors can affect the prices of stock market investments. For example, in recent months, issues like the state of the global economy, rising prices of goods and services, international political developments plus the continuing impact of Covid-19, have all contributed to stock market volatility. This means that the value of your pension can change on a daily basis.

Lifecycle options

If your pension pot is invested in any of the Plan's Lifecycle options, these use a pre-selected mix of investments which include funds that invest in global stock markets. The proportion of your pension pot invested in these funds depends on the time to your Selected Retirement Age (SRA). If you are further away from retirement, more of your pension pot will be invested in these funds. This means that changes to the value of your pension pot over time will continue to be linked to the movement of global stock markets. As you get closer to your SRA, your pension pot is automatically moved into the appropriate diversified funds.

Over the longer term, the Lifecycle options are designed to provide growth for your pension pot. It is important to remember that financial markets can be very volatile so the value of your pension pot may move up or down in the short term.

Self-select options

If your pension pot is invested in the Self Select fund range, you should regularly review your investment choices to ensure they are still in line with your retirement objectives and attitude to risk.

What you need to do

We recommend that you take financial advice before making any significant changes to your investment strategy.

If you are getting close to retirement, we would suggest that you consider your plans carefully. If you are using the Self Select range of investment funds, and are planning to retire in the near future, understanding the recent performance of your investments is particularly important before deciding how and when to withdraw your pension pot.

One thing to keep in mind is that your pension is a longer-term investment, which is likely to be held over many years. So, while short-term changes can be unsettling, it is important not to panic. Maintaining a longer-term view can help you make better investment decisions.

Summary Funding Statement 2021

The Trustee is responsible for ensuring that the Plan has enough money to pay pensions as they fall due. To work out how much is needed, prudent assumptions are made about future variables, such as investment returns, life expectancy. All defined benefit pension schemes are required to undertake a full actuarial valuation, of the Defined Benefit sections of the Plan, at least every three years.

Undertaking a valuation is a complicated exercise that takes many months to complete. It is essentially a very detailed analysis of the Plan’s assets and liabilities. Much of this work is undertaken by the Plan’s actuarial advisers and there are a number of key assumptions that need to be agreed by the Trustee and Pearson.

There are a few different ways the Plan must be valued and we thought it would be helpful to explain what these are:

TECHNICAL PROVISIONS

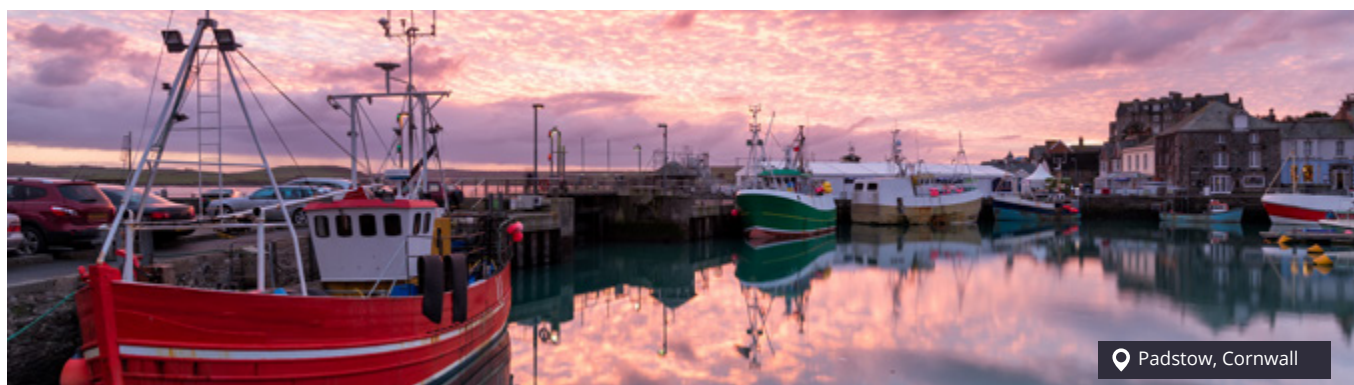
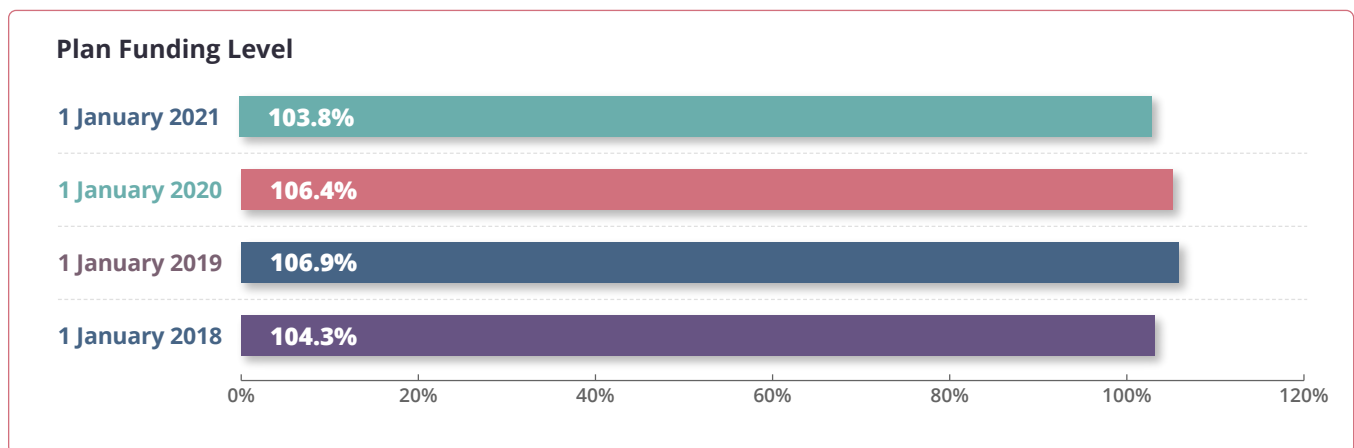
This basis is the main focus for a scheme’s actuarial valuation and is the valuation that is used for regulatory purposes. It is also used as a basis for discussion with Pearson over potential contributions.

This is intentionally a prudent estimate of the amount of money needed to pay pensions as they fall due.

For the full valuation as at 1 January 2021, the Trustee and Company agreed to adopt an even more prudent basis than that used for the previous valuation as at 1 January 2018. Consequently, you will see there has been a headline reduction in the funding level from 106% (as at 1 January 2020) to 104% and the chart below shows how the funding level, on this basis, has changed since the last valuation.

The main reasons for the change in the funding level since 1 January 2020 are:

- an increase in prudence in the assumptions adopted for the 1 January 2021 valuation, which significantly increased the value placed on the Plan’s liabilities.
- a lower than assumed return on the Plan’s growth assets over the period.
- allowing for changes to membership since the 2018 valuation as part of the 2021 valuation resulted in a small reduction to the Plan’s liabilities, which partially offset the reduction in funding level.

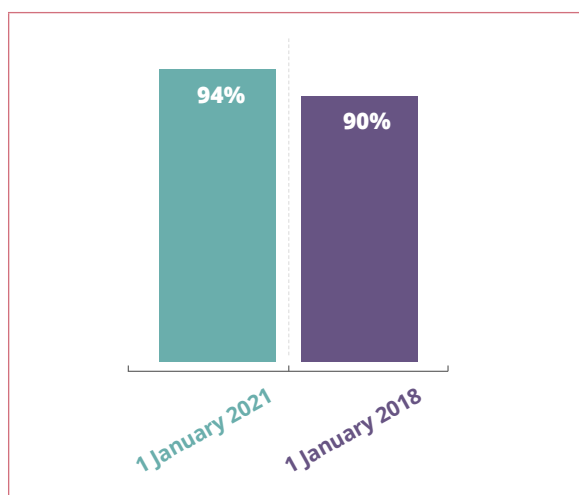


Padstow, Cornwall

The 104% funding position reflects a funding surplus of £160m. This is excellent news and means that on latest estimates there are enough assets for the Plan to meet its obligations. As a result, it has been agreed between the Trustee and Pearson that no further deficit contributions are required from the Company at least until the next actuarial valuation (expected in 2024).

SOLVENCY

Solvency is the most prudent basis used for pension scheme valuations. Under some specific circumstances, such as if the Company supporting a pension scheme goes out of business, the pension scheme may be terminated (known as 'winding up'). In this scenario, the Trustee might have to secure a buy-out of all the member benefits from an insurance company. Although there is no intention to wind up the Plan, we are required to let you know that as at 1 January 2021, if this was to happen, the Plan has enough money to meet around 94% of the Plan's liabilities in the event of a buy-out from an insurance company, compared to 90% in 2018.



Under pensions legislation we are also required to let you know that there have been no payments to Pearson from the Plan since the previous Summary Funding Statement was issued in 2020.

In addition, we can confirm that the Pensions Regulator has not used its powers in relation to the Plan to modify the future benefits, provided direction regarding the calculation of the Plan's liabilities or imposed a Schedule of Contributions.

Should you wish to know more details about the Plan's funding, the full report of the 1 January 2021 valuation is available in the library on the Plan's website: www.pearson-pensions.com

Pension scams



A pension scam is the transfer of someone's pension savings to an arrangement that will allow them to access their pension before they are entitled to receive them or the investment is unregulated. This activity can be fraudulent where members are not informed, or are misled, about the consequences of these schemes. It can also lead to a lifetime of savings being lost.

To protect scheme members from scams, the Pensions Regulator has encouraged all trustees and organisations to commit to do what they can to protect scheme members.

The number, and complexity, of pension scams continue to rise. To help our members keep their pension savings safe we will be taking the following steps:

- Communicating the risks of scams to all members on a regular basis
- Encouraging members to obtain impartial guidance and advice
- Reviewing transfer requests to identify the warning signs of a scam
- Undertaking due diligence on pension transfers which includes sending transfer documents to both you and your adviser and telephoning you to discuss the receiving arrangement
- Communicating concerns about high-risk transfers (the Trustee can refuse the transfer request if it is believed to be high risk)
- Reporting scams to the authorities

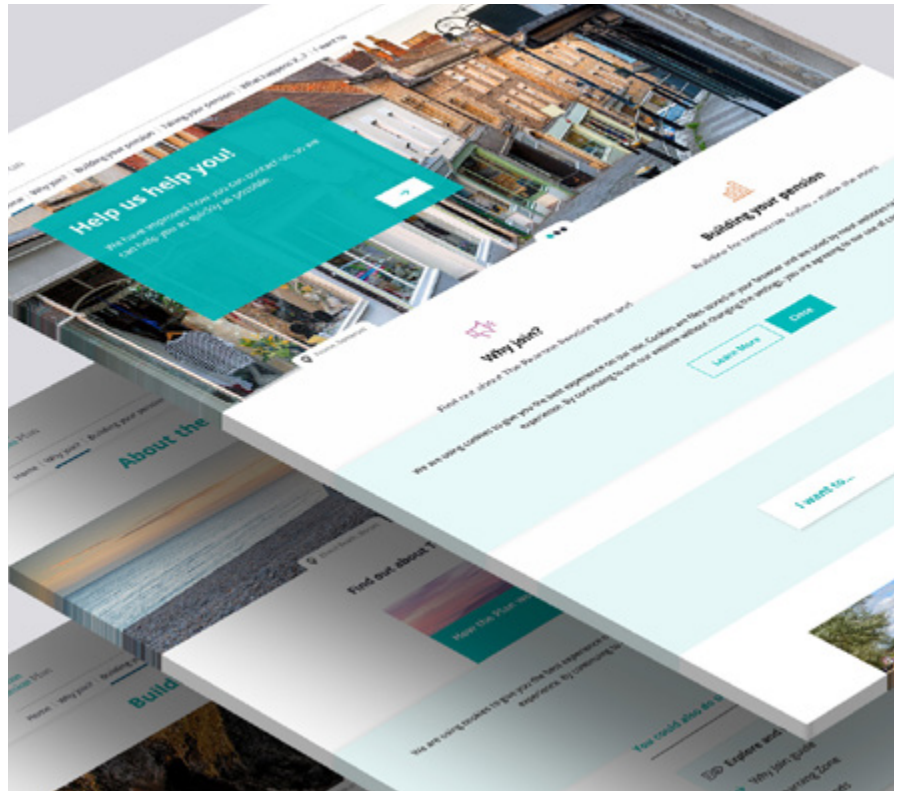
To be able to follow through on this commitment we have added further checks to our processes and increased the support and information we provide to our members. You can find out more about pension scams and our processes at www.pearson-pensions.com/learning-zone/dont-get-scammed

At your fingertips

Over the past few years we have introduced various online options for our members. The aim is to make it as easy as possible for you to find the information you want or take any actions that may be needed.

Our online options are explained below. This development represents an important part of our digital strategy but rest assured that we will continue to send printed communications to members as well.

We are always interested in hearing your views on what we could do better or ideas about what you would like to see on the website. Please email your feedback to pensionsfeedback@pearson.com



PLAN WEBSITE

The Plan website is available to all members and can be found at:

 www.pearson-pensions.com

Our website has lots of information to help you:

- Maximise your savings
- Plan for your retirement
- Find out more about the Plan and how it works
- Keep up to date with developments in the Learning Zone
- Change your personal details, request a retirement or transfer quote or book a meeting with the team. You can also upload any documents you need to send us. Simply go to the 'I want to' section
- Get your questions answered by visiting the 'What happens if...' section
- Find out what section you are in
- Visit our Wellbeing hub.

There is something for everyone – visit today and take control of your pension.



ONLINE MEMBER AREA

For our pensioner and deferred Defined Benefit members

Our pensioner members can now access their pension information, such as pension slips and P60's, online. Our eligible deferred Defined Benefit members can access their personal information and deferred pension value. You can also update your personal information, such as address, beneficiaries or if appropriate, bank account details through your online account.

How to register

The first time you visit the site you will need to register. Visit <https://pearson-pensions-portal.com/register> and fill in your details.

Once there, complete the instructions on screen to register for your account. You will need to have the following details to hand:

- Your activation code. If you do not have this, please contact **0800 7811378**
- Your date of birth
- Your National Insurance number
- A personal email address



MYWORKPLACE

AVIVA Defined Contribution (DC) members

Aviva have launched a new secure online portal where you can access and manage your pension savings – called MyWorkplace. When you log on to the new site you will be able to:

- See an up-to-date valuation of your pension as easily as checking an online bank account
- Monitor how your pension pot is doing using the Aviva tools
- Choose or change the funds your pension pot is invested in, or your investment approach
- Add, or update, your beneficiary details

Get the App!


- A key feature of MyWorkplace is that you can access it through the Aviva MyWorkplace app which will be available through the App Store or through Google Play and you can log in using fingerprint or facial recognition!
- To register go to <https://workplace.aviva.co.uk/myworkplace> and follow the instructions.



Contact us

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