

Please note: this leaflet provides information only for deferred members of the Defined Benefit sections. It does not provide financial advice.

Your Normal Retirement Age (NRA) is normally the earliest age that you can take your pension from the Plan without any reduction. When you reach this date, you can take your pension, or you may be able to defer it to a later date.

This leaflet explains how the Plan operates late retirement, which may be helpful as you consider when to take your pension.

The default position is receiving a monthly pension from your NRA. Depending on your section you may receive annual increases and have the option to exchange some pension for cash at retirement.

Deferral works by adjusting the pension you receive from your late retirement date. Late retirement factors are used to 'spread' the pension you would have otherwise received in the period between your normal retirement date and actual date of retirement. It is spread over the period you are expected to receive your late retirement pension.

Generally speaking, if you were to add up all the pension payments received under normal retirement and compare them to the payments under late retirement, it would be during your late '70s' that you would expect them to be equal.

You can read more about the benefits available in your section and your NRA on our website at: www.pearson-pensions.com/library/#section-information



Is deferring right for you?

Whether deferring is right for you depends on your circumstances, including your health, work status, tax position, and whether you receive any means-tested benefits.

Please see page 3 of the leaflet for a simple comparison of the financial impact of deferring your pension compared to taking your pension at your NRA. The actual impact for you will depend on many factors including your pension at NRA, inflation and the section of the Plan you are in.

It is important that you consider your personal circumstances before deciding whether to take your pension now or continue to defer it. Please see page 4 of the leaflet for more information on the other considerations you should take into account before deciding to take or defer your pension.

Where can you get more help?

You can read more about the Plan on our website at: www.pearson-pensions.com



If you would like an up-to-date retirement quotation, you can run this using the secure pension portal at: www.pearson-pensions-portal.com. You can run quotations at different retirement dates and select different amounts of tax-free cash to see the impact this may have on your annual pension.



You can read more about deferring your pension, including deferring your State pension, on the MoneyHelper website at: www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/retiring-later-or-delaying-taking-your-pension-pot



If you have any further questions or would like help accessing the secure pension portal, you can contact the team using the form on our website at: www.pearson-pensions.com/contact-us or by calling 0800 7811378.



You can ask an independent financial adviser to help you. You can read more about how to find an independent adviser in your area on the MoneyHelper website at: www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser. You will have to pay for the advice or services that you receive from the adviser.



A simple illustration (for information only)

Rachel, Owen, Aoife and Kiran all have a normal retirement age of 62 and have a pension of £12,000 a year at age 62. Rachel decides to take her pension at 62, Owen at 63, Aoife at 64 and Kiran at 65.

The table below summarises the differences in the income and pension they each receive at the age of 65.

	Rachel	Owen	Aoife	Kiran
Chosen retirement age	62	63	64	65
Starting pension at chosen retirement age (approx.)	£12,000 per annum	£12,900 per annum	£13,868 per annum	£14,908 per annum
Total income received by age 65 (approx.)	£36,908	£26,123	£13,868	£0
Annual pension at age 65 (approx.)	£12,923 per annum	£13,554 per annum	£14,215 per annum	£14,908 per annum
Number of years it would take to match the total of Rachel's income (approx.)	-	17	16	16

The illustration assumes the following:

- The initial pension at age 62: £12,000 a year.
 - The late retirement factor (LRF) is 7.5% for each year retirement is deferred. The actual late retirement increase applied will be the one in place when you take your pension.
 - The pension in payment will increase by 2.5% a year.
 - The illustration does not take into account tax, any tax-free lump taken at retirement, survivor benefits or the exact timing of increases.
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Here are some things you may wish to consider before making your decision:

Income now versus a higher income later	<p>If you do not take your pension at your NRA, you give up those payments for as long as you defer.</p> <p>The 7.5%* late retirement increase boosts your future annual pension, but you may need to receive the higher pension for a number of years to catch up with the income you did not take.</p> <p>* This is the current factor but is subject to change. The late retirement increase applied will be the one in place when you take your pension, it may be higher or lower than 7.5%.</p>
Tax	<p>Your pension is treated as income and is therefore subject to tax. If you are still working or have other income, starting your pension could put you into a higher tax band.</p>
Means-tested benefits	<p>Pension income is used in assessing means-tested benefits (for example, Pension Credit or Council Tax Support). You may wish to consider the impact on any means-tested benefits when planning when you take your pension. .</p>
Inflation and increases	<p>Pensions in payment typically receive annual increases under the Plan rules.</p> <p>The late retirement increase is a one-off uplift to your starting pension when you retire. The late retirement increase applied will be the one in place when you take your pension.</p> <p>Depending on inflation and the Plan's increase rules, the gap between your deferred pension and what you would have received if you had taken it earlier may be less than the 7.5%* late retirement increase.</p> <p>* This is the current factor but is subject to change</p>
Family and dependants	<p>Survivor benefits (for a spouse, civil partner or other eligible dependant) can differ before and after you start your pension. You can read more about this on the information sheet for your section at: www.pearson-pensions.com/library/#section-information</p>
Lump sum option	<p>You may be able to exchange some pension for a tax-free lump sum (within HMRC limits).</p>

This leaflet is intended as a general guide only and does not change the Rules of the Plan, which will always apply.
