

Your 2025 Annual Report

Building for tomorrow, today



Welcome to the 2025 Annual Report

MESSAGE FROM THE CHAIR

Welcome to the 2025 Annual Report, my first as Chair of The Pearson Pension Plan.

This report provides a summary of the Plan's finances and investments. However, if you would like to read the full Report and Financial Statements 2024, it can be found on our website – simply scan the code below. In the Library section of the website, you can also find copies of the Chair's Statement, Statement of Investment Principles, the Implementation Statement, and our Climate change report. These documents detail how the Plan is governed and how the Trustee manages the investments of the Plan.

We have recently received an update from the Plan's actuary on our funding position as of 1 January 2025 and I am pleased to report that the Plan is 110% funded against the amount it would need to pay all liabilities. You can find details of the Summary Funding Statement on page 3.

The world of pensions is becoming increasingly complex with stringent regulatory requirements. It is the Trustee's responsibility to ensure that we have up to date information for all members so that we can communicate about the Plan, how it is run, plus any regulatory or legal changes that may

have an impact. It has never been easier to stay in touch. All updates can be made via the website or the secure member portal (for those pensioner and deferred members who have access).

Our email and postal addresses have changed. Please see page 12 for details of how to contact the pensions team.

Your views are important to us, so please complete our quick survey to let us know what we can do to improve our services. Just scan the code below.

Lynn Ruddick
Chair, The Pearson Pension Plan



We would love to get your feedback



Governance and financial reports
www.pearson-pensions.com/library



Summary Funding Statement 2025

The Trustee is responsible for ensuring that the Plan has enough money to pay pensions as they fall due. We use assumptions about future factors, including investment returns and life expectancy, to ensure these obligations are met. All defined benefit pension schemes are required to undertake a full actuarial valuation at least every three years and carry out interim assessments in the years between valuations.

The most recent full valuation was carried out as at 1 January 2024. The Plan Actuary has carried out an interim assessment of the Plan as at 1 January 2025. This used an approach that is consistent with that adopted for the 2024 valuation, allowing for changes in market conditions and in the Plan's membership over the year. It provided a financial health check for the Plan but does not represent a full valuation.

Latest funding position

We are pleased to announce that as at 1 January 2025, the Plan was 110% funded. This compares to 109% as at 1 January 2024.

The main reason for the change in the funding level since 1 January 2024 was due to favourable movements in market conditions as well as the Plan's assets performing better than expected over the year.

As a result of the funding position as at 1 January 2024, the Trustee and Pearson agreed that no further deficit contributions are required from the Company at least until the next full actuarial valuation (expected in 2027).

Solvency

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 needs to be sure there would be enough money to transfer the Plan to an insurance company.

Although there is no intention to wind up the Plan, we are required to inform you of the solvency status at the date of the last formal valuation.

On that basis, the assets as at 1 January 2024 would cover around 109% of the cost of transferring to an insurance company.

Statutory statements

Under pensions legislation, we are also required to confirm that there have been no payments to Pearson from the Plan since the previous Summary Funding Statement was issued in May 2025.

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

Information on our identification, assessment and management of climate change risks is contained in our Climate Change report, a copy of which is published on our Plan website. A hard copy of the report is available on request.

Further information

Should you wish to know more details about the Plan's funding, the full report of the 1 January 2024 valuation and the Plan's actuarial report of the funding position as at 1 January 2025 are both available in the library on the Plan's website.



Library – forms, booklets and plan info
www.pearson-pensions.com/library





The key information for 2025

Are you a deferred member of one of the Defined Benefit sections?

Your secure pension portal now has a new look and new functionality.

As well as being able to find information about your current deferred pension, you can now also run quotations* for transferring your benefit from the Plan (including for divorce purposes) and for retiring from the Plan.

When you log on for the first time, we also recommend that you take the time to review if your personal information and expression of wish are up to date.

We are writing to all deferred members of the Plan inviting them to register or log in. You can find out how to log in on page 7.

* Quotations are available for most members of Plan



Market volatility and your pension pot

If you have a Defined Contribution (DC) pension, it is normal for the value of your pension pot to go up and down. This is because your pension is invested in shares and other investments, which can rise and fall in value. These short-term changes are known as market volatility.

What causes market volatility?

Financial market prices can be influenced by many factors. In recent months, issues such as:

- the state of the global economy,
- rising prices of goods and services, and
- international political developments

These factors have all contributed to financial market volatility.

What happened this year?

When we calculated the values for this year's benefit statements (as at 5 April 2025), global financial markets, particularly in the United States, fell in value. Since your pension pot includes funds that track these markets, this affected the value of your pension pot at that time.

The good news is that markets have since begun to recover but remain volatile. It is important to remember that pensions are long-term investments, and short-term ups and downs are a normal part of the journey.

What you can do

- **Take advice before making changes** – If you are thinking about changing your investment strategy, we recommend speaking to a financial adviser first.

- **Approaching retirement? Plan carefully** – If you are nearing retirement and using the Self Select range of funds, it is especially important to understand how your investments have performed before deciding how and when to access your pension pot. If you are invested in one of the Lifecycle options, it is important that you check this is still right for you and that your selected retirement age is in line with your retirement plans.
- **Keep a long-term perspective** – Your pension is designed to grow over many years. While short-term changes can feel unsettling, staying calm and focused on the long term can help you make better decisions.
- **Use MyWorkplace** – You can log into Aviva's secure member site, MyWorkplace, at any time to check the current value of your pension pot and see how it is performing. You can find out how to log in on page 7.





Guaranteed Minimum Pension (GMP) equalisation adjustments

Guaranteed Minimum Pension (GMP) was built up by Plan members who were contracted out of the additional earnings-related element of the State Pension (called the State Earnings Related Pension Scheme or SERPS) between 17 May 1990 and 5 April 1997. Over that period, the State Pension age for men and women differed, which has led to unequal GMP benefits being payable for men and women.

In a series of court cases involving the Lloyds Banking Group pension schemes, the High Court has ruled that where unequal GMP has been paid, pension schemes like the Plan must take steps to make sure the overall Plan benefits built up by men and women between 6 April 1978 and 5 April 1997 are made equal. The shorthand used in the pensions industry for this process is “GMP equalisation”.

We are currently reviewing pensioners', dependants' and deferred members' benefits to work out whether any adjustment is needed to ensure that the Plan meets the requirements of GMP equalisation. If you are an active member, any benefit adjustments will be calculated when you leave the Plan to make sure the requirements of GMP equalisation are met when your benefits are paid to you. Once the Plan benefits have been reviewed and any



GMP equalisation adjustments have been calculated, any pensions in payment will continue to be adjusted throughout retirement to ensure the correct amount continues to be payable (including any dependants' pensions that may be payable after a member's death).

If you are affected by the GMP equalisation adjustments, you will be notified by a letter sent on behalf of the Trustee in the coming months, which will set out the details of what has changed for you.

Please note that no benefits will be reduced as a result of the GMP equalisation adjustments.

The Pensions Dashboard

You may have pension savings in different places, including some you have forgotten about! This can make it hard to plan for your retirement so to help the government is introducing the Pensions Dashboard, a secure online platform where you can log in and see all your pension pots in one place.

All pension schemes are required to provide the appropriate data to allow the dashboard to be helpful to users. The government estimates that the service will be operational by October 2026.

The dashboard will show key information such as current pension values, including your State Pension, projected retirement income, and contact details for each pension provider. This will help you to make better-informed decisions about retirement planning and potentially identify any "lost" pensions you may have forgotten about from previous jobs. As all the information will be in one place, it allows you to see the complete picture.

The system will have strong security measures, and you will need to verify your identity to access your personal pension information, similar to online banking, using the new 'GOV. UK One Login'*. This will be the only way to access your personal data.

You can read more about tracing your pensions in the meantime on page 6.

* GOV.UK One login allows you access to government services such as HMRC, you can read more about this at: www.gov.uk/using-your-gov-uk-one-login



Investing for your future

The Trustee regularly reviews the Plan's investment strategy to ensure it continues to meet members' needs. Following advice from the Plan's investment adviser, the Trustee is making a few small changes to the investment options available to members of the Money Purchase 2003 and Auto Enrolment sections of the Plan.

Here is what is changing

New global equity fund:

The current blended global equity fund will be replaced with a new, specially designed global equity fund, the bespoke global equity fund. This change will apply to both the lifecycle strategies and the self-select fund range.

The new fund aims to deliver similar returns to its benchmark by investing in a wide range of global shares, including those from emerging markets.

The good news is that the annual fee for this new fund will be slightly lower, 0.25% compared to the current 0.26%.

Lower fees for multi-asset fund:

The annual fee for the blended multi-asset fund is being reduced from 0.68% to 0.53%.

These changes are planned to take effect in September. We will send you more detailed information closer to the time.



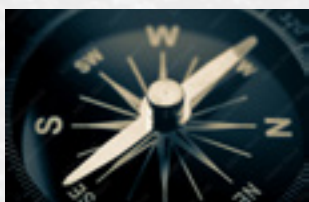
Some useful information



Your state pension

The current State Pension is £230.25 a week for the 2025/26 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

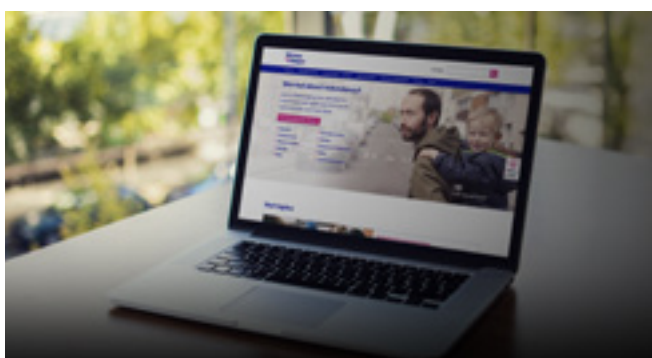
Phone: **0800 731 0175** (or **+44 (0)191 218 7777** from outside the UK)

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 The Pearson Pension Plan is age 57 (currently age 55).



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. You can contact them through their website at:

Web: www.moneyhelper.org.uk/en/contact-us



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

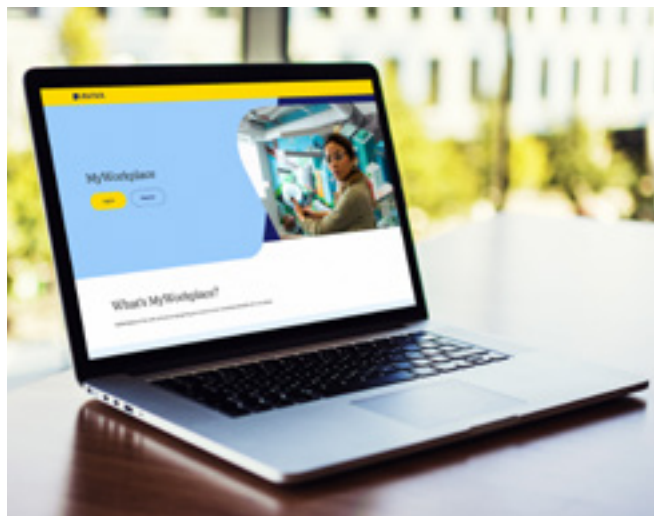
We would strongly recommend that you visit www.pearson-pensions.com/pension-scams



The Pearson Pension Plan
www.pearson-pensions.com



Manage your pension online



Aviva's MyWorkplace

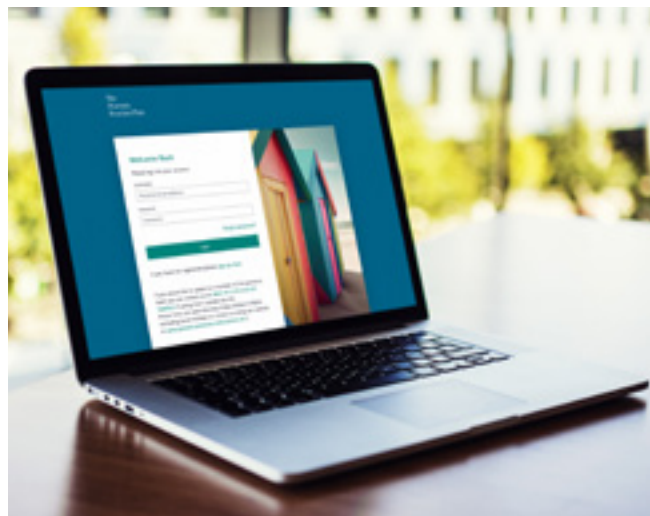
 workplace.aviva.co.uk/myworkplace

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





The Plan's finances

We have summarised below the financial movements in the year ended 31 December 2024

(£m)

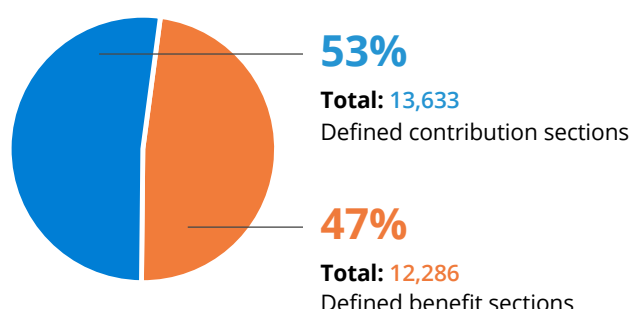
Value of the Plan's assets on 31 December 2023	3,183.6
Money coming in	
Company contributions	16.9
Member contributions	0.8
Transfers in	0.2
Investment and other income	115.3
Total income	133.2
Money coming out	
Benefits paid	(118.3)
Payments to and on account of leavers	(18.0)
Other payments	(0.4)
Investment management expenses	(1.2)
Administration expenses	(8.5)
Total expenditure	(146.4)
Change in market value of investments	(183.3)
Value of the Plan's assets on 31 December 2024¹	2,987.1

¹ 2024 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.

Membership

On 31 December 2024 there were **25,919** Plan members.

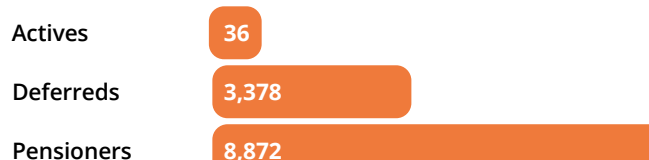
Total Membership



Defined contribution sections



Defined Benefit sections



The Plan's Report and Financial Statements for the year ended 31 December 2024 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 2024, the assets of the Plan's defined benefit sections were spread across the following investment types:

	Allocation %	
	2024	2023
Return seeking assets		
Property	0.3	0.4
Private equity	0.4	0.4
Trade Finance	2.6	2.2
Infrastructure	5.1	4.7
Total	8.4	7.7
Liability matching assets		
Liability driven investment (mainly government bonds)	24.9	25.6
Bonds	5.3	5.7
Infrastructure	10.4	9.4
Property	6.4	5.7
Cash	1.9	0.6
Total	48.9	47.0
Policies with insurance companies	42.7	45.3
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 2024 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	(5.5)	(5.6)	0.1	(5.9)	(5.9)	0.0
BlackRock world ex UK equity index fund	21.0	21.0	0.0	12.9	12.7	0.2
BlackRock UK equity index fund	8.4	8.5	(0.1)	4.2	4.2	0.0
BlackRock over 15 year gilt Index fund	(11.4)	(10.7)	(0.7)	(10.8)	(10.5)	(0.3)
Blended global equity fund*	15.8	15.3	0.5	9.6	9.1	0.5
Blended index linked gilt fund	(4.4)	(4.2)	(0.2)	(2.4)	(2.4)	0.0
Annuity targeting fund	(7.1)	(6.5)	(0.6)	(3.3)	(3.1)	(0.2)
HSBC Islamic Global Equity	29.8	29.5	0.3	15.1	15.1	0.0

Active funds

Blended multi-asset fund*	6.4	9.3	(2.9)	2.7	6.9	(4.2)
CT Pensions property fund	5.1	4.7	0.4	2.4	1.4	1.0
Jupiter ecology fund	3.5	18.8	(15.3)	8.2	19.4	(11.2)
BlackRock Sterling liquidity fund	5.2	5.2	0.0	2.2	2.2	0.0
CT responsible global equity fund	14.4	20.8	(6.4)	9.4	12.5	(3.1)
Short duration credit fund*	4.7	6.8	(2.1)	1.7	3.8	(2.1)

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 2024, which can be found in the library section on the Plan website: www.pearson-pensions.com/library



Looking after the Plan

There are nine trustee directors on the Trustee Board, who are responsible for managing the Plan in the interests of its members, in accordance with the Rules and the law. The Trustee delegates its day to day administration duties to a dedicated pensions team headed by the Chief Executive Officer (CEO) of Pearson Pension Trustee Services Limited. The pensions team administer the Plan in accordance with the Rules in the interests of its beneficiaries.



How the Plan is run

[www.pearson-pensions.com/
how-the-plan-is-run](http://www.pearson-pensions.com/how-the-plan-is-run)

Could you be a trustee?

The term of office of one of the three member-nominated trustee directors ends in February 2026. This means that we will be inviting members to apply to become a member-nominated trustee director, although the current post-holder may stand for re-selection.

Member-nominated trustee directors are provided with the training they need and have a key role in ensuring the smooth running of the Plan.

Further details will be sent out in August, setting out the process and explaining how to apply for this rewarding role.



Securing your information

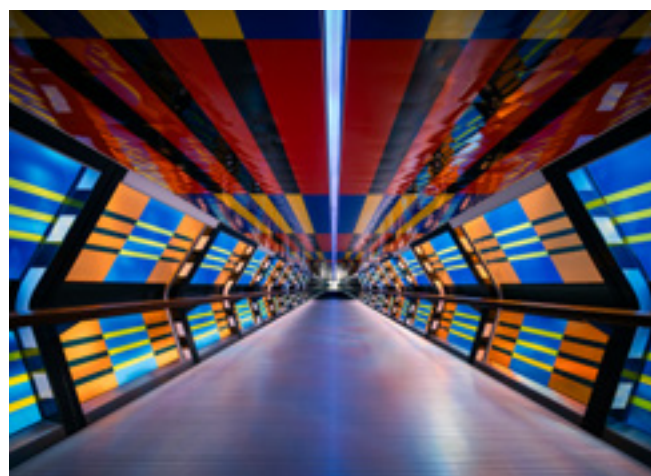
The Trustee takes the security of the Plan's assets and members' data extremely seriously and has commissioned Kroll, an expert in their field, to undertake regular independent reviews of our cyber security. Their brief is to ensure that the Pearson Pension Trustees Limited Services (PPTS), the Plan's administrators, have the necessary safeguards in place to protect the Plan and its members.

Cyber Essentials (CE) is government-backed, industry-supported scheme to help organisations protect themselves against common online threats. It is a voluntary scheme that is considered best practice for organisations of all sizes and helps protect against almost all cyber threats.

To maintain the certification each year, the Plan must demonstrate significant levels of control in the following areas:


- user access control
- secure configuration
- security update management
- firewalls and routers
- malware protection

CE certification demonstrates that an organisation has implemented the most important cyber security controls, you can read more about CE at: www.ncsc.gov.uk/cyberessentials/overview



It was confirmed that PPTS had received certification on 4 February.

Cyber Essentials Plus goes beyond CE and provides a more in-depth review of security measures and provides additional assurance that PPTS is adhering to the CE scheme by confirming that the required technical controls are not just in place but also functioning correctly. A further independent assessment was undertaken in April and certification was received on 2 May.

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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/



Email

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



Phone

You can call our helpline (Freephone) on **0800 7811378** (+44 203 7888562 from overseas). We are open 8.30am to 5.30pm Monday to Friday (except Bank Holidays)



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

Keeping your details up to date



Change of details form

www.pearson-pensions.com/change-of-details-form



Expression of wish form

www.pearson-pensions.com/expression-of-wish-form



Pensions explained – check out our jargon buster

www.pearson-pensions.com/information-centre/jargon-buster/



To avoid any delays in your correspondence being received, please ensure that you are using our current email and postal address.

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.help@pearsonpensions.com

Helpline: +44 (0) 800 7811378 (or +44 203 7888562 if you are calling from outside the UK)