

Keeping members up-to-date with their pension

PENSION NEWS

MAY 2025

Building for tomorrow, today



The
Pearson
Pension Plan

Pearson



Blackpool, Lancashire

LETTER FROM THE CHAIR

Dear Member,

Welcome to the latest edition of Pension News and my first as Chair of the Pearson Pension Trustee Limited.

In December 2024, James Joll resigned as Chair of Pearson Pension Trustee Limited ("the Trustee") after 36 years in the role. James was instrumental in the formation of the Pearson Group Pension Plan in 1988. This involved the creation of 13 separate sections in the Plan relating to the pension arrangements of individual companies within the Pearson Group, each with their own benefit structure, investments and administrative arrangements. James had the foresight to recognise the significant potential efficiencies, economies of scale and greater financial security resulting from a merger, to the great benefit of both Plan members and member companies. He truly laid the foundations for the successful Plan we have today.

Since 1988, James has steered the Plan through many significant changes in funding, corporate negotiations, substantial regulatory change and an ever changing investment landscape. Fortunately, James will continue as a Trustee director and Chair of the Alternative Investment Board.

The Plan's strong financial position today is demonstrated by the latest full triannual valuation report (as at 1 January 2024). This has now been completed and I am delighted to report that the Plan is 109% funded (an increase from 104% in 2021) against the amount required to meet all its liabilities. This is despite the Trustee and the Company continuing to take an increasingly prudent approach to the valuation. You can

find details of the valuation page 3.

There have also been other changes to the Trustee board. Joanne Russell, who has been a Company nominated director since 2019, resigned in November 2024 and has been succeeded by Lynsey Found, Vice President Finance Group Reporting, Pearson plc. Our thanks go to Joanne for her services to the Plan.

The term of office of one of the three member-nominated trustee directors will end in February 2026. Therefore, there will be an election process during the last quarter of 2025. More information regarding the process and how you can get involved will be issued later in the year.

The world of pensions is continually changing, and 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 and any regulatory or legal changes that may have an impact.

All updates can be made via the website or the secure member portal (for those pensioner and deferred members who have access).

Finally, on behalf of myself, the board, and the membership I would like to thank James for his years of diligent service and dedication to the Plan.

Lynn Ruddick

Chair

Pearson Pension Trustee Limited

SUMMARY FUNDING STATEMENT 2024

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, like 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.

Undertaking a valuation is a complex exercise that takes many months to complete. It involves a detailed analysis of the Plan's assets and liabilities, largely performed by the Plan's actuarial advisers. The key assumptions must be agreed upon by the Trustee and Pearson.

To help you understand our funding approach, here is a brief description of the types of valuations we conduct.

Technical Provisions

The technical provisions valuation is the primary method for assessing the Plan's financial health and meeting regulatory requirements. It also guides discussions with Pearson on contributions. Technical provisions represent a prudent estimate of the funds required to meet future pension payments.

For the full valuation as at 1 January 2024, the Trustee and Company agreed to adopt more cautious assumptions than were used for the

previous valuation as at 1 January 2021, which will enhance the long-term financial stability of the Plan.

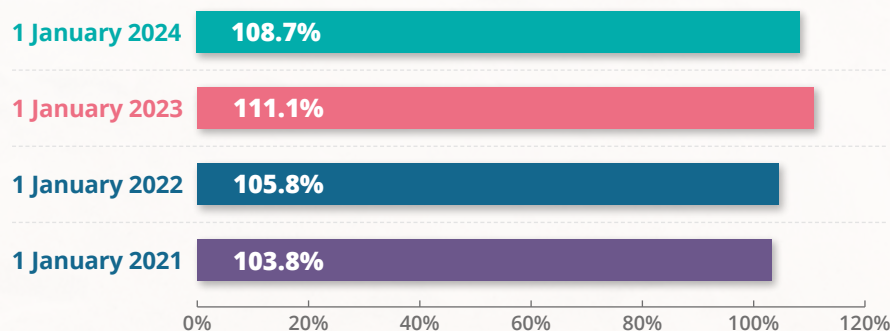
As a result, you will see a decrease in the funding level from 111% as at 1 January 2023 to 109% as at 1 January 2024. The chart below illustrates how the Plan's funding level has shifted over recent years, reflecting updates in assumptions and financial performance.

The Trustee and Pearson have agreed that no deficit contributions are required until the next actuarial valuation, expected in 2027.

Reasons for the change in Funding level

The main reasons for the change in the funding level since 1 January 2023 are:

- **Increased prudence:** The adopting of more cautious assumptions for the 2024 valuation has increased the value of the Plan's liabilities, which has reduced the funding level.
- **Change in financial conditions:** Over the year, the change in interest rates and inflation have caused a larger reduction in the value of the Plan assets, compared to the reduction in the value of the liabilities.



Solvency

Under certain 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 need to secure a buy-out of all members' benefits through an insurance company. Although there is no intention to wind up the Plan, we are required to inform you of the current solvency status.

As of 1 January 2024, the Plan has enough money to meet around 109% of its liabilities in the event of a buy-out from an insurance company, compared to 94% in 2021.

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 2023.

Additionally, 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.

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, you can read the full report of the 1 January 2024 valuation on the Plan website using the QR code below.





SAFEGUARDED BENEFITS

If you were a member of the Money Purchase 2003 Section of the Plan before 6 April 2016, you may be entitled to a minimum level of benefits, known as “safeguarded benefits”. The Plan needs to provide these benefits because it was contracted-out of the State Second Pension up to that date. Having safeguarded benefits may affect when and how you can take your benefits at retirement, and if you will need to receive financial advice if you choose to transfer your benefits out of the Plan. See the safeguarded benefits leaflet at www.pearson-pensions.com/library/#booklets for more information.

PENSION SCAM ALERT

Pensions continue to be a big focus for scammers and the Trustee of the Plan is committed to protecting Plan members from fraud. Visit www.pearson-pensions.com/pension-scams/ for tips on:

- how to spot a scam
- the best way to protect your hard-earned pension savings
- how to report a suspected scam to the authorities
- helpful information on dealing with scams from the Pensions Scams Action Group, the Financial Conduct Authority and MoneyHelper

Don't let a scammer enjoy your retirement.



CHANGE OF TRUSTEE CHAIR

James Joll resigned as Chair of Pearson Pension Trustee Limited (“the Trustee”) at the end of 2024, after 36 years in the role. His replacement is fellow “B” director, Lynn Ruddick, who joined the Trustee Board in 2018.

Lynn Ruddick joined the Investment Committee as an external adviser in 2005. She is a Fellow of the Chartered Association of Certified Accountants and worked as a fund manager and later client strategy adviser for a number of firms, including Mercury Asset Management (which became Merrill Lynch Investment Management), from 1973 to 2004. She has since had a variety of non-executive roles, including Chair of the Scottish & Newcastle Pension Plan and the Western Provident Association Pension Scheme.



CONTACT US



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