

Your options at retirement

Money Purchase 2003 Section



Your pension pot is used to provide you with benefits at retirement and this leaflet sets out what your options will be from The Pearson Pension Plan (the Plan). We will write to you providing a personal illustration of your benefits, and asking you to make some important decisions, either on request, or six months before your retirement date.

If you were a member of the Money Purchase 2003 Section prior to 6 April 2016 you were contracted out of the State Second Pension up to that date. This means that the Plan has to provide you with a minimum level of pension. If your pension pot at retirement provides less than the minimum level, the Plan will pay a top-up to ensure the correct level of pension is paid. In this case, you will not be eligible to take early retirement from the Plan before age 62 and your Plan retirement options from age 62 would not include option 2 below.

YOUR OPTIONS AT RETIREMENT

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|----------|--|
| 1 | Pension and no cash sum |
| 2 | Up to 25% tax-free cash and a reduced pension |
| 3 | Transfer to another registered pension arrangement for full cash, annuity or flexi-access drawdown options |
| 4 | Full cash |

1 OPTION 1: PENSION

This is provided in the Plan from your pension pot and any additional voluntary contributions (AVCs) at retirement.

Pension increases

The pension will increase each year in line with inflation (measured by the Consumer Prices Index) up to a maximum of 5%.

Benefits on death in retirement

- For death in first five years after retirement, the balance of five years' pension payments is payable as a lump sum.
- Spouse/ nominated dependant pension of 50% of your pension

2 OPTION 2: TAX-FREE CASH AND PENSION

Up to 25% of the value of your pension pot and any AVCs can be taken free of tax. The balance will be used to provide a pension in the Plan (on the same basis as in Option1). This option is only available if your pension pot and any AVCs provide a pension which is above a minimum level.

3 OPTION 3: TRANSFER

If you want to take advantage of the flexibilities to take your pension as cash in stages or flexi- access drawdown*, or to buy an annuity, you will need to transfer the value of your pension pot to defined contribution pension arrangements outside the Plan. If the transfer value is above £30,000, we may need to obtain confirmation that you have received appropriate independent advice from an authorised financial adviser before you do so.

4 OPTION 4: FULL CASH

It is possible for a pension to be paid to you as a one-off cash sum, provided your circumstances meet certain criteria, including:

- You are at least age 55
- The value of your Plan pension rights does not exceed a capital value of £10,000

* Flexi-access drawdown: A facility you can set up outside the Plan by transferring the value of your pension pot, which allows you to take income from your pension investments while they remain invested and so continue to benefit from any growth.

FINANCIAL GUIDANCE AND ADVICE

Pension Wise is a free and impartial guidance service set up by the government, which aims to help you understand what your choices are and how they work.

When you apply to take retirement benefits from the Plan, the Trustee is required by law to refer you to the Pension Wise service for guidance. You can opt out of receiving this guidance, but you will need to tell the Trustee about your decision. You can read more about these additional checks and complete the Guidance confirmation form here www.pearson-pensions.com/additional-checks-benefits-transfer-plan/

You should access the pensions guidance services and we recommend that you consider taking independent financial advice before taking any decisions on your pension. For further information on how to find a retirement adviser, please visit 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.

MoneyHelper brings together the support and services of three government-backed financial guidance providers: the Money Advice Service, the Pensions Advisory Service and Pension Wise.

ANY QUESTIONS?

If you have any questions please contact the Plan:

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|  | You can email us at pensions.helpline@pearsonpensions.com |
|  | Telephone: freephone 0800 7811378 |
|  | You can find further information on the Plan website: www.pearson-pensions.com |