

# Explaining your benefits

Money Purchase 2003 (MP03) Section



# 01 Contents

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01 Contents	08 My investment options	13 What happens if?	15 Sources of information
02 Introduction	09 Keeping up to date with my Pension Pot	14 My State Pension	16 Disputes resolution procedure
03 Why it is worth it: Your benefits	10 Additional voluntary contributions		17 What else do I need to know?
04 How the Plan works	11 My options at retirement		18 Who do I contact?
05 How do I join?	12 What benefits are paid when I die?		
06 How much do I have to pay?			
07 How should I invest my Pension Pot?			



# 02

## Introduction

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Although retirement might seem a long way off, it is important to start thinking about it now. It is unlikely that the State Pension alone will be enough to allow you the kind of lifestyle you might want once you retire.

The earlier you sign up to a pension plan the better the chance you have to afford the lifestyle you want.

You could start right away by joining the MP03 Section of The Pearson Pension Plan (the Plan). Apart from building up a Pension Pot, the Plan offers a range of additional benefits which are also worth considering.

If you are interested in joining the MP03 Section or if you became a member after April 2016, then this booklet is for you. This booklet explains how the MP03 Section works, the benefits available to you - including Pearson paying in double the amount of contributions you pay into your Pension Pot - and how you can use the money you save to provide your retirement benefits. It also describes the other benefits which will be provided under the MP03 Section in the unfortunate event of ill-health or death while working for Pearson.

Investments and the investment options available to you are also covered in this booklet. Aviva has been appointed by the Trustee of the Plan as the investment provider for the MP03 Section and

you have the option of self-selecting the funds you wish to invest your Pension Pot in.

If you do not want to get involved in the day-to-day investment management of your Pension Pot, lifecycle options are available and details are provided in the investment section of this booklet and in the lifecycle leaflets which are available on the Plan website.

There is plenty of information in this booklet and online about the investment options available to you including details of the funds currently available. Fund factsheets are available on the Plan's website, the Aviva membersite, or you can request them by email at:

[Pearson@aviva.co.uk](mailto:Pearson@aviva.co.uk) or by telephone: [freephone 0800 781 1378](tel:08007811378)

Please note that neither Aviva, the Trustee, Pearson, nor the pensions team are allowed to give you any investment advice.



# 03

## Why it is worth it: Your benefits

### Do you meet the three point criteria?

Are you aged 22 or over?

+

Do you earn over £10,000 a year (£833 a month)?

+

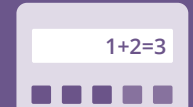
Are you under State Pension age?

### Good news!

You are eligible to join the MP03 Section of the Plan if you want to. Just complete the online MP03 application form here. Once you have confirmation of your membership, you can start enjoying the benefits of being in the Plan! If you meet the three point criteria to join the MP03 Section but do not choose to join, then by default you will be enrolled into the AE Section of the Plan which has less benefits and Pearson will not pay in double what you pay. If you do choose to join the MP03 Section. You will receive the following benefits:

### Pearson pays in double the amount you do -

Did you know that when you contribute into your Pension Pot, Pearson will also pay in double the amount you do! This increases as you age.



PEARSON PAYS IN DOUBLE

### Paying less tax -

Did you know that you could save on tax by paying into the Plan? This is because your contributions are taken out of your salary before tax, which means you pay no tax on the money you pay into your Pension Pot.



### Ill-health benefits -

If you are permanently unable to work due to ill-health, being a part of the Plan means that you may be able to retire early and begin receiving your pension no matter your age.



**A Pension Pot** you can use to fund your retirement.



# 04

## How the Plan works



You decide how much you want to contribute, with a minimum amount of 3% of your pensionable salary deducted on a monthly basis.



Both you and Pearson pay in to your Pension Pot based on your pensionable salary. Your pensionable salary is your base salary at 1 April each year as notified by Pearson (subject to the Plan Earnings Cap).



Pearson pays in double the amount you contribute. For example, if you contribute at 5%, Pearson will pay 10%. This means that 15% will be going into your Pension Pot every month.

Pearson paying in double the amount you pay in is only available if you are in the MP03 Section of the Plan. The maximum amount Pearson will pay double on also increases as you age.



You can choose from lifecycle or self-select investment options.

**Lifecycle options** – there are three lifecycle options: drawdown, annuity and cash which invest in set ranges of funds. You can choose one of the lifecycle options if you do not wish to manage your own investments. The drawdown lifecycle is the default option.

**Self-select option** - there are a range of funds you can self-select if you want to manage your own investments.



You have access to the Aviva membersite where you can:

- Check the value of your Pension Pot.
- Obtain information and monitor your investment funds' performance.
- Switch investment funds quickly and conveniently.



# 04

## How the Plan works



### Death in service benefits



Lump sum of 4x pensionable salary.



33% of pensionable salary to spouse/ civil partner or up to 33% of pensionable salary to a nominated dependant.



Dependent children's pensions.

### Other benefits



Tax-free cash available at retirement within statutory limit.



Early retirement possible subject to Company consent.



Ill-health retirement pension of 50% of pensionable salary.



# 05 How do I join?



Joining the MP03 Section of the Plan is simple.

The MP03 Section of the Plan is offered to all full and part-time UK employees of Pearson who are

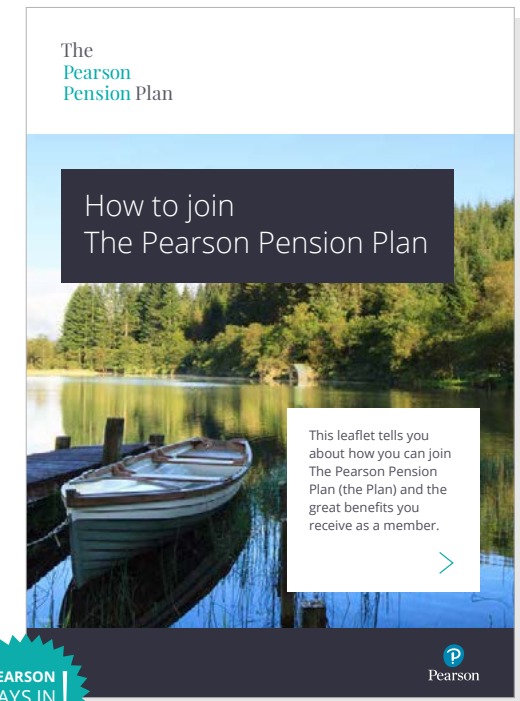
Aged 22 or over

Earning over £10,000  
a year (£833 a month)

Under State Pension age

If you are eligible to join the MP03 Section of the Plan then you can follow the steps below -

1. Just complete the online MP03 application form [here](#).
2. Confirm how much you want to contribute. Remember the minimum is 3% and Pearson will pay in double!
3. Once you complete the form you will receive an acknowledgement email.



# 05

## How do I join?



If you meet the three point criteria to join the MP03 Section but do not choose to join, you will be automatically enrolled into the AE Section of the Plan. If you do not meet the three point criteria, you will not be able to join the MP03 Section and will not be automatically enrolled into the AE Section. However, provided you are between ages 16 and 74, you may be able to choose to join the AE Section. You will be able to switch to the MP03 Section in future, if you meet the eligibility criteria. See the [AE Section booklet](#) for full details of the benefits available in that section.

### HM Revenue & Customs (HMRC) protection

If you have applied to HMRC for protection in respect of your pension benefits you should contact the pensions team in the first instance to discuss the options available to you as joining the Plan may prejudice your protection.

### Cost of not being in the Plan

It is important to know that if you choose not to join the Plan, or to opt-out, you will not have access to all of the benefits highlighted on pages four and six. You will still be eligible for a death in service lump sum, but only up to the equivalent value of 2x salary, rather than 4, and you will not be eligible for an ill-health pension.

If you decide not to join the MP03 Section when first eligible, you may still join at any time before you reach State Pension age.

Joining the MP03 Section may be subject to the provision of such medical information/ examination as required by the Trustee and your benefits may be restricted. You will be notified if this applies to you.

### Your other pension arrangements

If you have benefits in a previous pension arrangement you may be able to transfer the value of them to the Plan. However, the Trustee can refuse to accept a transfer payment. You should seek advice from an independent financial adviser when deciding whether to transfer benefits to the Plan. You can find one local to you by visiting

[www.directory.moneyadvice.service.org.uk/en](http://www.directory.moneyadvice.service.org.uk/en)

Pearson does not pay contributions to any personal pension plans, or stakeholder arrangements, you may have outside the Plan.





# 06

## How much do I have to pay?

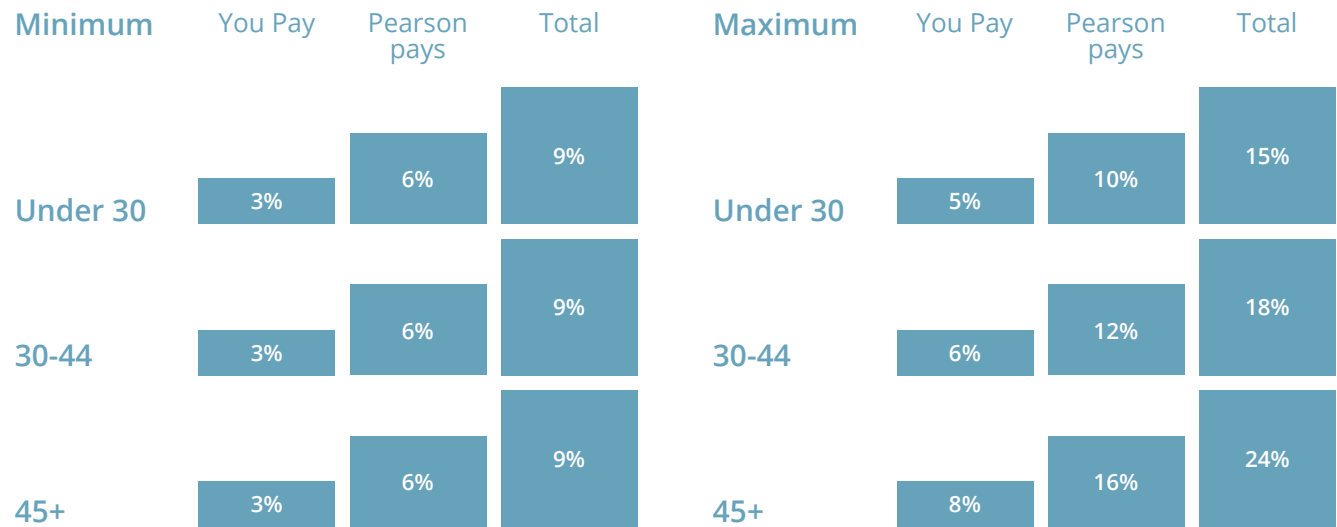


### It costs less than you think

You decide how much you want to contribute; the minimum amount is 3% of your pensionable salary. Pearson will pay in double the amount you contribute. For example, if you pay 5%, Pearson will pay 10% which means a total of 15% will go into your Pension Pot every month.

You may choose the level of contributions you want to pay in increments of 0.5%. The more you pay in the more Pearson will pay.

The maximum contribution level increases with age – up to a maximum of 8% from age 45, as shown in the diagram.



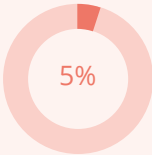
# 06

## How much do I have to pay?




**Holly**  
Academic tutor  
37  
3 years  
£28,000


At the moment Holly saves 5% into her Pension Pot...



Or




After tax relief that's



Plus the Company contributes double

**£233**



So that's £350 going into her Pension Pot each month

**Example: assuming Holly has a pensionable salary of £28,000 p.a. and she has selected a contribution rate of 5%, this is what is likely to go into her Pension Pot each month.**

If she saved just 1% more each month...



Or



After tax relief that's



Plus the Company contributes double

**£280**



So that's £420 going into her Pension Pot each month



# 06

## How much do I have to pay?



### Paying less tax

Did you know that you can also save on tax by paying into the Plan? This is because your contributions are taken out of your salary before tax, which means you pay no tax on the money you pay into your Pension Pot.

You are not generally taxed on the value of Pearson's contributions.

Your tax relief is worked out automatically by payroll, so you don't need to do anything. However, if your total contributions exceed the Annual Allowance (AA), you will have to pay a tax charge. The Plan will contact you if you exceed the AA, but as the allowance applies to all your pension savings over the year, you will have to monitor it if you have other pensions.



# 07

## How should I invest my Pension Pot?

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### What are investments?

Whenever you and Pearson put money into your Pension Pot, it gets invested in either a default fund or funds you choose. Over the long-term the returns on your investments should increase the value of your Pension Pot, although this is not guaranteed and the value of your Pension Pot can fall as well as rise.

If you wish to self-select your funds, you can choose which funds to invest in from a pre-selected range.

### Understanding investment risk

How you decide to invest your Pension Pot may be determined by your personal circumstances and your attitude to risk. By risk we mean how much your investments can potentially go up or down in value.

Higher-risk investments are more likely to be volatile meaning the fund can go up and down in value more frequently and by larger amounts. Investments that are seen as lower-risk are steadier but may give you less money back in the long-term. Watch the [investments animation](#) under the drop down 'What are investments?' to find out the basics about risk and investments.

### Things to consider

To help you decide how you invest your Pension Pot and the appropriate level of investment risk, you can start by considering the points below:

- When you want to retire or take your benefits.
- Whether you have any other savings.
- Whether you want long-term or short-term growth.
- Your financial commitments and any other income you expect to get.
- How you plan to use your Pension Pot at retirement (see pages 17-20 for more details on your options).
- Your attitude to risk.



# 07

## How should I invest my Pension Pot?

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You should weigh up all these things before deciding how to invest your Pension Pot.

You should consider taking advice from an independent financial adviser as neither Pearson, the pensions team, Aviva nor the Trustee can give you any advice.

### Keeping an eye on your investments

Your attitude to risk is likely to change over time, so it is important that you review your investment choices regularly. This will ensure that your investments remain appropriate to your personal circumstances.

While you are still a long way from your target retirement age, you may be willing to accept higher risk investment funds, because even if the value of your Pension Pot falls for a while, you would have longer for it to build up again.

However, as you get closer to your retirement age, there will be less time for your Pension Pot value to recover from any decline. This means that you may prefer to invest in funds with potentially lower volatility in later years.

### Getting financial advice

There is no general rule on how you should invest your Pension Pot throughout your working life, since you will need to take into account your personal circumstances and attitude to risk. It is strongly recommended that you seek financial advice if you are unsure of how you wish to invest your Pension Pot.

You can find an independent financial adviser local to you by visiting [www.directory.moneyadvice.service.org.uk/en](http://www.directory.moneyadvice.service.org.uk/en)



# 08

## My investment options

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### Your investment options

You can invest using one of the three lifecycle options or by self-selecting your funds.

### The lifecycle options

If you do not feel comfortable managing your own investments, or you do not want to get involved in the regular management of your investments, you can choose to invest your Pension Pot in one of the Plan's three lifecycle options.

The lifecycle options are set ranges of funds provided by Aviva. As you get closer to the Plan's retirement age of 62, or your selected retirement age, your contributions are switched to steadier, less volatile funds at set dates with the aim of safeguarding the value of your Pension Pot as you approach retirement.

The three lifecycle options are identical up to five years before retirement and then invest in different ranges of funds, depending on what you intend to do at retirement.

The lifecycle options are tailored to meet different retirement needs depending on whether you wish your Pension Pot to provide:

- a flexi-access drawdown facility (by transferring out of the Plan), which allows you to take income from your Pension Pot whilst it continues to remain invested (the drawdown lifecycle)
- a pension (also called an annuity) at retirement (the annuity lifecycle)
- a cash lump sum at retirement (the cash lifecycle)

The drawdown lifecycle is the default investment option.

If you do not want to retire at 62 you can choose a selected retirement age (SRA). It is important to let the Plan know what this is by completing an SRA form so that your funds are switched at the right time.

Please be aware that the value of investments cannot be guaranteed and can go down as well as up.

You can find out more information on the lifecycle options by visiting [www.pearson-pensions.com](http://www.pearson-pensions.com)



# 08

## My investment options

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### The self-select option

If you feel confident in managing your own investments then you have the option to select your own funds to invest in from the range available within the Plan. You can split your contributions between different listed investment funds of different proportions or you may choose to put all your contributions into one fund. If you select one of the lifecycle options, then 100% of your contributions must be invested in this option.

You may want to take independent financial advice about your options. You can obtain details of independent financial advisers (IFAs) in your area by visiting:

[www.directory.moneyadvice.service.org.uk/en](http://www.directory.moneyadvice.service.org.uk/en)

You can find out more about the self-select option and the funds available by visiting

[www.pearson-pensions.com](http://www.pearson-pensions.com)

### Switching your funds

You may change your investment options, switch your investment funds or redirect future contributions at any time, currently at no extra charge.

If you decide that you want to switch the money that you have already invested, or pay future contributions into a different fund, please access the Aviva membersite at

[www.aviva.co.uk/membersite](http://www.aviva.co.uk/membersite) or call the Aviva helpline on freephone **0800 7811378**

When deciding where to invest, you should bear in mind that the value of funds can go down as well as up and is not guaranteed. You may not receive back the full value of contributions.



# 09

## Keeping up to date with my Pension Pot



### How can I keep up to date with my Pension Pot?

#### Aviva membersite

You can check on the current value of your Pension Pot by logging in or registering on the Aviva membersite at:

[www.aviva.co.uk/membersite](http://www.aviva.co.uk/membersite)

The membersite will:

- Give you information about your investment options.
- Allow you to check the value of your Pension Pot.
- Allow you to switch investment funds quickly and conveniently.

Download [‘Managing your pension online’](#) a guide which explains how to register.

#### Your annual benefit statement

You will receive an annual benefit statement showing the contributions paid into your Pension Pot (both your contributions and the contributions paid in by Pearson) the balance of your Pension Pot and the fund(s) in which you are invested in at the statement date.

The statement also includes an estimate of the pension your Pension Pot could provide when you retire.

#### Calculate your future Pension Pot

To help you calculate your future Pension Pot you can access the independent pension calculator on the Money Advice Service website. With a few easy steps their calculator will allow you to find out how much you might get as an income when you retire.

The screenshot shows a web form for calculating pension contributions. On the left, there are input fields for 'My annual basic pay' (with a £ symbol), 'Date of birth (DD/MM/YYYY)', 'Gender' (with a dropdown menu), 'My contributions' (with a 'Select' dropdown), 'Pearson's contribution' (with a percentage symbol), 'I wish to make an additional voluntary contribution of:' (with a percentage symbol), and 'My current Pension Pot value:' (with a £ symbol). Below these are 'Calculate' and 'View assumptions' buttons. On the right, there are two numbered steps: '1. How much is paid into my Pension Pot?' and '2. What could I get?'. Below step 1, there is a section titled 'How much is paid into my Pension Pot?' with explanatory text and a 'This is calculated below:' label. Further down, there are labels for 'My contributions into my Pension Pot:', 'Tax & NI relief means I save:', and 'Actual cost to me:'. At the bottom right, there is a section for 'PLUS the amount paid into my Pension Pot by Pearson:' and 'Total amount paid into my Pension Pot:'. A large blue arrow points to the right with the text 'Go to step 2 to see how much your Pension Pot could be worth at retirement.'

The Aviva membersite also includes a tool, [eValueate](#), which allows you to measure your attitude to risk.





# 10

## Additional voluntary contributions



### Additional voluntary contributions (AVCs)

If you want to boost your Pension Pot, you can increase your monthly contributions or pay in a one-off lump sum. Any additional contributions above the maximum Plan contribution rates are known as additional voluntary contributions (AVCs).

AVCs are invested separately from your and Pearson's regular contributions. You can choose from a range of investment options with Aviva.

If you make AVCs, you may use the money that builds up in your AVCs Pension Pot to:

- Take a tax-free cash sum or buy a pension at retirement.
- Alternatively, you could transfer the full value of your total AVCs to an external pension arrangement, which may provide the option to use a flexi-access drawdown facility.

AVCs qualify for income tax relief in the same way as your normal Plan contributions, so long as you do not exceed the AA, which means they are a tax-efficient way of saving for your retirement. However, unlike your contributions to the Plan, Pearson will not pay in to your AVCs Pension Pot.

Further details about AVCs can be found on the Plan website: [www.pearson-pensions.com](http://www.pearson-pensions.com)

### Other pension arrangements

You have the opportunity of paying into other pension arrangements, at the same time as contributing to the Plan. You will receive tax relief on contributions in total up to 100% of your annual earnings (or £3,600 if greater), subject to the AA limit.



# 11

## My options at retirement



As a member of the MP03 Section, you have a variety of options for what you can do with your Pension Pot at retirement.

- **Pension**

You can use your Pension Pot and any additional voluntary contributions to purchase a pension in the Plan. The pension will increase each year in line with inflation up to a maximum of 5%. For death in the first five years after retirement, the balance of five years' pension payments is payable as a lump sum. A spouse/nominated dependant pension of 50% of your pension is payable on your death.

You can also take 25% of your Pension Pot as a tax-free lump sum and use the rest to buy a pension. We will tell you more when you get closer to retirement. However, if you were a member of the MP03 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 the tax-free cash option.

The options you could access if you transferred your Pension Pot out of the Plan to another provider include:

- **Single lump sum**

You could take all your Pension Pot as a one-off lump sum. 25% of this would be tax-free and the rest would be taxed as income. Please consider this option carefully, especially if you have a large amount of pension savings, as the tax could be significant.

- **Drawdown**

This option allows you to take a regular or irregular income from your Pension Pot while still keeping it invested. You would still get 25% of your Pension Pot tax-free.

- **A mixture**

You could do a mixture of the options, for example use some of your Pension Pot to buy a pension, and keep the rest invested to use for drawdown.



# 11

## My options at retirement



### Financial guidance and advice

Pension Wise is a free and impartial guidance service set up by the government, which aims to help you understand your choices and how they work. As long as you have defined contribution pension benefits and are aged 50 or over, you can contact them for an appointment. You can find out more on the Pension Wise website [www.pensionwise.gov.uk](http://www.pensionwise.gov.uk)

You can also visit the Money Advice Service at [www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk) to find an independent financial adviser in your area.

The amount of your pension or cash lump sum will depend on the size of your Pension Pot at your retirement date which will vary according to several factors including:

- How much money has been invested and for how long.
- The investment performance of your fund.
- The age you access your benefits.
- The cost of exercising any right to transfer your fund and any charges payable.
- The cost of buying a pension (if this is what you choose to do).

### Small pots

If the total value of your Pension Pot is under £10,000 you can take it all as a lump sum. This is called a small pot lump sum. 25% of the lump sum would be tax-free with the remainder taxed at your marginal rate of income tax.

### When can I take my benefits?

The Plan's normal retirement age is 62, but you can retire at any time after the age of 55 and before age 74, as long as Pearson agrees.

If you do not want to retire at age 62 you can choose a selected retirement age (SRA). If you are in one of the lifecycle options it is important to let us know your SRA by completing an SRA form so that your funds are switched at the right time.

It is important to consider the age at which you plan to retire when choosing how your Pension Pot should be invested.



# 11

## My options at retirement

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### Early retirement

Remember, if you do choose to retire at an earlier age, your retirement benefits are likely to be less than the pension you would have received if you retired at the Plan's normal retirement age of 62.

### Late retirement

If you plan to continue working after the Plan's normal retirement age of 62, the following options are open to you:

- You may remain a contributing member of the Plan and continue to build up your Pension Pot and benefit from death in service benefits in the same way as you have been doing.

- You may take your benefits on or after the Plan's normal retirement age whilst continuing to work, in which case you and Pearson will no longer pay contributions to build up your Pension Pot. You will also no longer be covered for death in service benefits (the only death in service benefit to be provided automatically will be a lump sum of twice your pensionable salary).
- You may stop paying in contributions but keep your Pension Pot and benefits in the Plan until you decide to draw on them. In which case deferred pension benefits will apply, with the option to take a transfer, as described on page 24, and the only death in service benefit to be provided will be a lump sum of twice your pensionable salary.

### Providing your benefits

The pensions team will send you a statement showing full details of your pension options when you get near to retirement. You will also be notified if the Rules place any limits on the level of your benefits. You may want to obtain independent financial advice about your options at this time.



# 11

## My options at retirement

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### Current tax position of pension payments

The pension you receive is taxable as earned income and there is a maximum 25% tax-free cash sum.

#### Lifetime Allowance (LTA)

When you take your benefits from any pension arrangement, they are checked against HMRC's Lifetime Allowance (LTA). The LTA is the total amount you can have in all your pension arrangements without paying an additional tax charge. The LTA for the 2019/20 tax year is £1.055 million.

The total value of all your pension benefits, excluding State Pension, cannot exceed the LTA, without attracting a tax charge on the excess.

### Annual Allowance (AA) and Money Purchase Annual Allowance (MPAA)

Your contributions are paid tax-free, providing you are under HMRC's Annual Allowance (AA). The AA is the limit on pension contributions you and your employer can make tax-free in any tax year. The AA for the 2019/20 tax year is £40,000. For higher earners the AA may be reduced, down to a minimum of £10,000.

If you take some of your benefits flexibly (for example by doing drawdown or taking them as cash), then you will only be able to make future money purchase pension contributions up to the value of the Money Purchase Annual Allowance (MPAA). The MPAA is currently £4,000. Taking a small pot lump sum does not trigger the MPAA.



# 12

## What benefits are paid when I die?

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### Death in service

It is not something we like to think about, but how would your family cope if you were to die? As a contributing member of the Plan, you can rest easier knowing that the Plan provides valuable death in service benefits to your loved ones. If you die in service while contributing to the Plan, the following benefits will be payable:

- A lump sum of four times your pensionable salary.
- A pension of 33% of pensionable salary to your spouse/civil partner or up to 33% of pensionable salary to your nominated dependant/s.
- Pensions for your dependent children of 8.5% of your pensionable salary each for up to four children.

The amount of your Pension Pot will be used to offset the cost of providing these benefits.

If you are not a Plan member, the only benefit payable if you die in service is a lump sum of two times your pensionable salary.

### Lump sum

The lump sum of four times your pensionable salary is paid by the Trustee of the Plan. This means that it is normally free from inheritance tax. It is important that you tell the Trustee who you would like to receive this benefit. You can nominate one or more beneficiaries by completing an 'expression of wish' form available in the library from the Plan's website at [www.pearson-pensions.com](http://www.pearson-pensions.com)

Although the form is not legally binding, the Trustee will take your wishes into consideration. You should remember to keep your 'expression of wish' form up to date and consider whether you need to complete a new form if your personal circumstances change. If you need a form, please see the Plan website or contact the pensions team.



# 12

## What benefits are paid when I die?



### Pension for your spouse/civil partner or nominated dependant

If you are married, a pension of 33% of your pensionable salary at date of death will be payable to your spouse/civil partner. If you are not married, this pension can be paid to your nominated dependant, or another dependant, however it may be reduced by the Trustee if your nominated dependant is more than 10 years younger than you.

You should make your nomination in writing on a 'Nominated dependant form' available from the Plan website at [www.pearson-pensions.com](http://www.pearson-pensions.com). Please note that this nomination may automatically be revoked if you marry or remarry.

### Pensions for your dependent children

Your dependent children will receive a pension. The amount of the pension is calculated as 8.5% of your pensionable salary at date of death for each dependent child, up to a maximum of four. If no pensions are payable to your spouse/civil partner, nominated dependant or another dependant, the pensions will be doubled. The Trustee decides how this is shared out between your dependent children. The pension is normally paid until the child reaches age 18. However, if the Trustee agrees, it may continue until age 23 if the child is in full-time education or vocational training, or longer if the child is disabled.

### Death after leaving service

If you die after leaving Pearson, but before you begin receiving retirement benefits, the following benefits are payable:

- Your Pension Pot will be used to provide a lump sum of your own contributions plus interest payable to one or more of your beneficiaries as the Trustee may determine.
- Any balance of your Pension Pot remaining after the lump sum has been provided will be used to purchase pensions for one or more of your dependants as the Trustee may determine.

### Death after retirement

If you die after retirement, the benefits payable will depend on the options you chose on retirement. See pages 17-20.



# 13

## What happens if?

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### I want to leave?

If you leave Pearson before you reach retirement age, you will need to decide what to do with the benefits that have built up in the Plan while you were a member.

If you leave the Plan mid-way through a month, no member contributions will be deducted for that month and Pearson's contributions will also not be paid.

#### **If you leave with at least 30 days' qualifying service, you have these options:**

You may leave your Pension Pot invested in the Plan until retirement. You will not be able to pay any more contributions into your Pension Pot but it will still remain invested.

Fund management charges will be deducted from your Pension Pot. You should regularly review your investment choices and you will still be able to switch your choice of funds. Full details of how you can change your investment choices can be found on page 15.

#### **Or**

You can transfer the full value of your Pension Pot, including Pearson's contributions, to another registered pension arrangement that you choose. If you leave with less than three months' qualifying service you can only take a transfer if the Trustee consents.

#### **If you leave with less than 30 days' qualifying service and have had contributions deducted, you have two options:**

A payment equal to that part of the proceeds of your Pension Pot which represents your own contributions. Tax is deducted from your payment to reflect the tax relief you gained when paying your contributions. You receive no payment in respect of Pearson's contributions.

#### **Or**

Provided the Trustee consents, a transfer of the value of your Pension Pot, including Pearson's contributions, to another registered pension arrangement. If you do not inform the pensions team of your choice within a specified period you will automatically be paid a refund. The pensions team will write to you with details of your options after your date of leaving.





# 13

## What happens if?



### I want to opt-out?

You can leave the Plan at any time while remaining in Pearson service, in which case your benefits will be treated as already described in this section. If you decide to opt out:

- You will need to request an 'opt-out form' from Pearson People Services.
- Your death benefits will be limited to twice your pensionable salary.
- You will not be eligible for an ill-health pension.
- You may be allowed to re-join the MP03 Section of the Plan before you reach State Pension age subject to medical information/examination if requested by the Trustee.
- You may be automatically enrolled into the AE Section of the Plan at a later date (usually every three years) if you meet the age and earnings criteria.

For more information on 'What if' scenarios, visit the 'What if' section of the website at [www.pearson-pensions.com](http://www.pearson-pensions.com)

### I have to retire because of ill-health?

If you are permanently unable to continue in Pearson employment because of illness or injury, Pearson may agree to your retiring on an ill-health pension, subject to appropriate medical evidence. In this case, you will be able to retire and take your benefits immediately, even if you are under 55.

Your ill-health pension will be 50% of your pensionable salary, subject to former statutory limits as incorporated within the Plan Rules. The amount of your Pension Pot will be offset against the cost of providing the ill-health pension benefits.

### I am on family leave?

- Pearson will continue to pay contributions based on the pensionable salary you would have been receiving had you been working normally.
- You need pay contributions only on the salary you actually receive.
- You will still be entitled to death in service benefits based on your normal salary.

#### During unpaid family leave:

- During unpaid family leave you are not required to pay contributions but you may do so on your return to work. If you do, Pearson will also pay contributions based on the pensionable salary you would have received if you were working normally.
- You continue to be covered for full death in service benefits even if you choose not to pay contributions.



# 13

## What happens if?

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### I get divorced?

The courts are required to take pension rights into account in divorce settlements. They can do this by offsetting the value of your pension against other assets, issuing an earmarking order, or issuing a pension sharing order. Further details can be obtained from the pensions team.

If your personal circumstances do change please ensure you keep your 'expression of wish' form updated.

### I am working part-time?

The contributions that both you and Pearson pay in will be based on your new salary. If your salary changes because of a change in working hours, the contributions will be revised at the date of the change.

The value of your Pension Pot at retirement will be reduced if you move from full-time to part-time working, simply because your contributions and Pearson's contributions will be reduced.

Your benefits at retirement depend on how much money has built up in your individual Pension Pot in the Plan.

### I work overseas?

If you transfer overseas you may remain a member of the Plan if you remain directly employed by the UK company, or if you are seconded on a temporary basis.

Please note that if you are based in a European Union location, there are stricter conditions on retaining membership of the Plan due to cross-border regulations. Contact the pensions team for full details.

If you are directly employed by an overseas company then you must leave the Plan from the date your new employment starts.

For more information on 'What if' scenarios, visit the 'What if' section of the website at [www.pearson-pensions.com/defined-contribution-member/what-if](http://www.pearson-pensions.com/defined-contribution-member/what-if)



# 14

## My State Pension

### What about my State Pension benefits?

You will receive State Pension benefits in addition to Plan benefits.

The current State Pension is £168.60 a week for the 2019/20 tax year (for those with at least 35 years of National Insurance contributions).

However, if you have been contracted out of the State Pension at any time e.g. as a contracted out member of the MP03 Section of the Plan, or any other pension scheme, the amount of State Pension you receive may be reduced in certain circumstances.

You can receive an estimate of your State Pension from [www.gov.uk/check-state-pension](http://www.gov.uk/check-state-pension)

### Finding out about your State Pension

If you want an estimate of your State Pension go to [www.gov.uk/check-state-pension](http://www.gov.uk/check-state-pension)  
You can also request a forecast from the Department for Work and Pensions by submitting an application form to the postal address below or by calling them on:

Future Pension Centre  
The Pension Service  
9 Mail Handling Site A  
Wolverhampton  
WV98 1LU  
United Kingdom

Tel: [0345 3000 168](tel:03453000168)  
Website: [www.gov.uk/future-pension-centre](http://www.gov.uk/future-pension-centre)



Click this image to get to the library section of the website and view the State Pension animation.



# 15

## Sources of information



### Information

### What is it?

### Where to find it?

The Money Purchase 2003 member booklet (this booklet)	This interactive booklet explains the key features and benefits of the Money Purchase 2003 (MP03) Section	This booklet is available on the Plan website or from the pensions team.
The Plan website	A website containing up to date information about the Plan as well as interactive tools and resources to help you make the most out of your pension, Q&As and the latest news items.	The Plan website address is <a href="http://www.pearson-pensions.com">www.pearson-pensions.com</a>
Aviva membersite	Information on the investment funds available and the value of your Pension Pot or additional voluntary contributions	The Aviva membersite address is: <a href="http://www.aviva.co.uk/membersite">www.aviva.co.uk/membersite</a>
Annual benefit statement	Shows the value of your Pension Pot and an estimate of the pension you might receive at retirement	You will receive a benefit statement each year.
Trustee's Report and Accounts	A full report of the Plan's finances and operations	The full report is available from the library section of the Plan website
The Rules	The legal document governing the Plan and the benefits it provides	You can obtain a copy of the Rules from the pensions team.



# 16

## Disputes resolution procedure



### Disputes resolution procedure

From time to time problems or misunderstandings may arise in connection with membership of or benefits under the Plan. If you have a problem relating to the Plan you should, at the earliest opportunity, contact the pensions team by

Email: [pensions.helpline@pearson.com](mailto:pensions.helpline@pearson.com)

Freephone: 0800 7811378.

If the matter cannot be resolved informally, the Trustee has a formal process called the internal disputes resolution procedure which applies to:

- Plan members
- the dependants of members
- prospective members

If you have already begun Court proceedings or the Pensions Ombudsman is already investigating your complaint, the procedure will not apply to you. Grievances about your employment are not covered by this procedure. You should refer to your local management to find out how to deal with these.

### Internal disputes resolution procedure

You should contact the Trustee setting out your complaint by:

- Writing to:  
The Pearson Pension Plan, 80 Strand, London WC2R 0RL or
- Email [pensions.helpline@pearson.com](mailto:pensions.helpline@pearson.com).

Please note that although your complaint will be emailed to the pensions team, it will be passed to the Trustee for consideration.

Please provide:

- Your full name, address, date of birth and National Insurance number.
- A statement that you want your complaint to be considered under the disputes resolution procedure.
- A statement as to the nature of your disagreement, with details showing why you feel aggrieved, along with any supporting documents.
- If you are the dependant of a member who has died, your relationship to the member and the member's full name, address, date of birth and National Insurance number.
- If you are being represented, your representative's full name, address and profession.



# 16

## Disputes resolution procedure

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The letter should state whether you would like correspondence about the matter to be sent to your address or your representative's address, and the letter must be signed by you or your representative.

The Trustee will consider your complaint and will write to you telling you of its decision within two months. If a response cannot be sent within two months, you will be given an explanation for the delay and an expected date for the Trustee's decision.

### External resolution

You have the right to refer your complaint to The Pensions Ombudsman free of charge.

The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the event(s) you are complaining about happened – or, if later, within three years of when you first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:

10 South Colonnade,  
Canary Wharf,  
E14 4PU

Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)  
Website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

You can also submit a complaint form online:  
[www.pensions-ombudsman.org.uk/our-service/make-a-complaint/](http://www.pensions-ombudsman.org.uk/our-service/make-a-complaint/)

If you have general requests for information or guidance concerning your pension arrangements contact:

The Pensions Advisory Service  
11 Belgrave Road,  
London,  
SW1V 1RB

Telephone: 0800 011 3797  
Website: [www.pensionsadvisoryservice.org.uk/](http://www.pensionsadvisoryservice.org.uk/)



# 16

## Disputes resolution procedure

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### Group disputes

It is possible that from time to time a problem may arise that affects a number of members in the same way. In such an event Pearson and the Trustee would initially seek to resolve the matter internally by using the steps outlined above, suitably adapted as necessary.

If the internal procedure fails, it is likely, because the services of TPAS are not available in group disputes that Pearson and/or the Trustee would then seek to employ an external alternative dispute procedure of the type offered by the Centre for Dispute Resolution (CEDR).

### Future changes

The above procedure complies with the Pensions Act 2004. The Trustee reserves the right to make alterations to reflect experience and changes of circumstance or law.

If you want more information about the disputes resolution procedure, there is a 'Disputes Resolution Procedure' leaflet available on the website in the library section.

Alternatively, you can write to the Pensions Director at 80 Strand, London, WC2R 0RL.

### The Pensions Regulator (tPR)

tPR is responsible for monitoring the running of occupational pension schemes. It can intervene where trustees, employers or professional advisers have failed in their duties. tPR's address is:

Napier House  
Trafalgar Place Brighton  
BN1 4DW

Tel: 0870 606 3636

Email:

[customersupport@thepensionsregulator.gov.uk](mailto:customersupport@thepensionsregulator.gov.uk)

Website: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

### The Pension Tracing Service

The Pension Tracing Service acts as a tracing agency for members of pension schemes who have lost touch with their former employers, or the trustees or providers of their previous schemes.

The address of the Pension Tracing Service is:

The Pension Service  
9 Mail Handling Site A  
Wolverhampton WV98 1LU

Telephone: 0345 6002 537

Website: [www.gov.uk/find-lost-pension](http://www.gov.uk/find-lost-pension)



# 17

## What else do I need to know?

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### Tax approval

The Plan is a registered pension scheme under the Finance Act 2004.

This means that within certain limits, you receive tax relief on your contributions and you do not have to pay tax on Pearson's contributions to the Plan. In addition, certain Plan benefits and some investment returns are tax-free.

The tax regime for pension schemes includes the concept of authorised and unauthorised payments. Unauthorised payments can trigger tax charges for members and other beneficiaries and schemes. In view of this, no benefits which would constitute unauthorised payments will be paid from the Plan unless Pearson and Trustee agree. You will be notified if you are affected by this restriction.

### EU General Data Protection Regulation (GDPR)

The GDPR imposes various obligations on organisations which process information about you. The Trustee is regarded as a 'data controller' for the purposes of the GDPR. The Trustee holds personal data about you in order to administer the Plan, to calculate and pay benefits and for statistical and reference purposes. This may include passing on data about you to the Plan's professional advisers, administrators and other third parties involved in the running of the Plan.

The Trustee may also need to transfer your information to Pearson, as Pearson provides several services to the Trustee to assist the Trustee running the Plan. You have the right to obtain a copy of the information the Trustee holds on you on payment of a fee. To request this information please contact the pensions team at 80 Strand, London, WC2R 0RL.

### Assigning your benefits

Your Plan benefits are strictly personal and, with the exception of pension sharing orders, cannot be assigned to anyone else or used as security for a loan.

### Changes to the Plan

Pearson aims to maintain the Plan in the form described in this booklet. However, it has the right to amend or discontinue the Plan at any time, subject to the provisions of the Rules and, where required, the consent of the Trustee. You will be kept fully informed of any changes that are introduced.





# 18

## Who do I contact?

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### About investment options

On joining the MP03 Section you will receive details of how to register with the Aviva membersite. You can also find out how to register at [www.pearson-pensions.com/defined-contribution-member](http://www.pearson-pensions.com/defined-contribution-member)

Once registered you will be able to do things like:

- Check the value of your Pension Pot.
- Obtain information and monitor your investment funds performance.
- Switch investment funds quickly and conveniently.

Alternatively, you can contact Aviva direct:

Aviva helpline: Freephone 0800 7811378

Aviva membersite:

[www.aviva.co.uk/membersite](http://www.aviva.co.uk/membersite)

### Plan website

Detailed information about the Plan, news updates along with interactive tools and resource are available on the Plan website to help you understand and make the most of your pension.

So, whether you are approaching retirement or still a long way off there is information to help you. The Plan website is: [www.pearson-pensions.com](http://www.pearson-pensions.com)

The website also holds Plan literature, interactive tools and animations, leaflets and forms all located in the library which you may need at a later date.

### About your contributions

If you have any questions about the deduction of your Plan contributions from your salary please contact your payroll department.

### Other queries about the Plan

If you have a general enquiry about the Plan, would like to raise any questions for the directors of the Trustee board, have a question about your pension payments, or if you would like to give feedback on the website, please go to [www.pearson-pensions.com/contact-us](http://www.pearson-pensions.com/contact-us) and complete the online enquiry form.



# 18

## Who do I contact?

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Alternatively, you can contact the pensions team with your choice of contact details below

The Pearson Pension Plan  
Mezzanine Floor  
80 Strand  
London  
WC2R 0RL

Pensions Helpline (Freephone): [0800 7811378](tel:08007811378)  
Email: [pensions.helpline@pearson.com](mailto:pensions.helpline@pearson.com)  
Website: [www.pearson-pensions.com](http://www.pearson-pensions.com)

### Plan management

The Plan is managed by Pearson Pension Trustee Limited ('the Trustee'). This Company currently has nine directors. Collectively, they are responsible for managing the Plan in accordance with the Rules, and in the best interests of the members. To carry out these duties effectively the Trustee uses the services of various professional advisers.

