

# The Pearson Pension Plan

## Annuity lifecycle

If you do not want to get involved in the day-to-day investment management of your Pension Pot, you can choose to invest in one of The Pearson Pension Plan's (the Plan) lifecycle options. A lifecycle option is an investment selection process, under which contributions are invested in different investment funds at different proportions as you get closer to your chosen retirement age. Your Pension Pot is switched between funds at set dates. This process aims to reduce the risk of swings in the value of investments by moving to a fund with lower potential volatility as you get closer to retirement age. This will help to safeguard the value of your Pension Pot as you approach retirement (although the value of investments cannot be guaranteed as the price of units in the funds may fall as well as rise in all funds).

Please note that the annuity lifecycle has been designed on the understanding that members will wish to take the maximum tax free lump sum and purchase a pension from their Pension Pot. If you do not intend to take the maximum tax free lump sum and purchase a pension at retirement you may prefer to make alternative fund choices, including either the drawdown lifecycle or the cash lifecycle.

The table below shows how the percentage of your Pension Pot invested in the different funds used in the annuity lifecycle changes, in the years leading up to your selected retirement age (SRA) or, if you have not chosen one, the Plan's normal retirement age of 62. It also shows the weighted annual management charges (AMC) at each year.

Years to your SRA	Blended global equity fund	Blended multi-asset fund	BlackRock over 15 years corporate bond index fund	Blended index linked gilt fund	BlackRock sterling liquidity fund	Total	Annual weighted AMC
15	100.0%	0.0%	0.0%	0.0%	0.0%	100%	0.29%
14	91.0%	9.0%	0.0%	0.0%	0.0%	100%	0.34%
13	81.0%	19.0%	0.0%	0.0%	0.0%	100%	0.40%
12	72.0%	28.0%	0.0%	0.0%	0.0%	100%	0.45%
11	63.0%	28.0%	5.0%	4.0%	0.0%	100%	0.44%
10	53.0%	28.0%	10.0%	9.0%	0.0%	100%	0.43%
9	50.0%	28.0%	12.0%	10.0%	0.0%	100%	0.43%
8	46.0%	28.0%	14.0%	12.0%	0.0%	100%	0.42%
7	43.0%	28.0%	16.0%	13.0%	0.0%	100%	0.42%
6	39.0%	28.0%	18.0%	15.0%	0.0%	100%	0.41%
5	36.0%	28.0%	20.0%	16.0%	0.0%	100%	0.41%
4	29.0%	22.0%	16.0%	33.0%	0.0%	100%	0.36%
3	21.0%	17.0%	12.0%	50.0%	0.0%	100%	0.32%
2	14.0%	11.0%	8.0%	59.0%	8.0%	100%	0.27%
1	7.0%	6.0%	4.0%	67.0%	16.0%	100%	0.23%
At retirement	0.0%	0.0%	0.0%	75.0%	25.0%	100%	0.18%

 Growth phase  Consolidation phase

