

The Pearson Pension Plan secures a further buy-in with Legal & General totalling c.£500m

The Pearson Pension Plan (the Plan), a UK pension plan sponsored by Pearson plc, today announces that it has purchased a further pensioner buy-in policy with Legal & General Assurance Society Ltd (Legal & General) totalling approximately £500m. Together with two policies purchased in 2017, (with Legal & General and Aviva), approximately 50% of the Plan's liabilities (approximately £1.8bn) are now insured.

The Plan's strong funding position has allowed the Trustee to follow a strategy of reducing risk by aligning investments more closely with the pension benefits payable to members. This buy-in transfers further longevity risk to Legal & General, reducing the pension risks being underwritten by Pearson and provides additional security for members.

The combined buy-in policies:

- Will make monthly payments to the Plan equal to the future pensions for approximately 50% of the Plan's liabilities.
- Reduce the risk that Pearson will be required to contribute additional cash to the Plan in future, as the buy-ins transfer a significant proportion of pension risk to the insurers.
- Contain features to provide additional security for the Plan beyond the protections available as standard under the insurance regime.

The buy-in agreements in 2017 allowed for future buy in transactions to be executed using the same terms so that the Trustee could move quickly to take advantage of attractive insurance contract pricing, as was the case in this instance.

The buy-ins are held as investments of the Plan and members will see no change to how their pensions are provided.

LCP was lead adviser to the Trustee on the buy-in transactions and legal advice was provided to the Trustee by Linklaters.

Ends.

