



The Pearson Retirement Plan 401(k) Features and Highlights

Read these highlights to learn more about your Plan. If there are any discrepancies between this document and the Plan Document, the Plan Document will govern.

About the 401(k) Plan

A 401(k) plan is a retirement savings plan designed to allow eligible employees to supplement any existing retirement and pension benefits by saving and investing through a voluntary salary contribution. Contributions and any earnings on contributions are tax-deferred until money is withdrawn.

Eligibility Requirements

To enroll in the Plan, employees must meet the following criteria:

- No age requirement
- No service requirement

Eligible employees may enroll immediately.

Please contact your Plan Administrator for information regarding excluded employees.

Enrollment

Once you are eligible to participate in the Plan, you will be automatically enrolled at a:

- Before-Tax Election rate of 3%

Also, your contribution rate will automatically increase:

- Before-Tax Election percentage of 1%

annually until you reach:

- Before-Tax Election percentage of 6%

Unless you select a different deferral amount or choose to opt out of the Automatic Enrollment during the 30 day wait period prior to your participation date. If your Plan allows, you may change your deferral amount or opt out via the web or by calling the Voice Response System.

Contribution Limits

Before-Tax Election

In 2017, the Before-Tax Election amount is between 0% and 50% of your compensation or \$18,000.00, whichever is less.

Participants turning age 50 or older in 2017, may contribute an additional \$6,000.00.

Employer Contributions

Discretionary Match

Your plan provides for a match of 100% of deferrals on the first 3% of compensation and 50% of deferrals on the next 3% of compensation.

Profit Sharing

Your Plan may provide for a profit sharing contribution in an amount to be determined by your employer.

Vesting Schedule

Vesting refers to the percentage of your account you are entitled to receive upon the occurrence of a distributable event. The value of your contributions to the Plan and any earnings they generate are always 100% vested (including rollovers from previous employers).

You are 100% vested in the employer discretionary match and the employer profit sharing contribution after three years of service. Prior to three years the vesting schedule is: 0% between 0-1 yrs of svc; 33^{1/3}% between 1-2 yrs of svc; 66^{2/3}% between 2-3 yrs of svc.

Investment Options¹

A wide array of core investment options are available through your Plan. Each option is explained in further detail in your Plan's fund sheets. Once you have enrolled, investment option information is also available through the Web site at www.empower-retirement.com/pearson or call the Voice Response System toll free at 1-844-465-4455. The Web site and the Voice Response System are available to you 24 hours a day, 7 days a week.²

¹All information contained on the Web site, in prospectuses and other investment option documents is offered in English. Please have this information translated for your understanding.

²Access to the Voice Response System and the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades and maintenance, or other reasons. The account owner is responsible for keeping the assigned PIN confidential. Please contact a client service representative immediately if you suspect any unauthorized use.

Transfers and Allocation Changes

Use your Username and Password to access the Web site or you can use your Social Security number and PIN to access the Voice Response System. You can move all or a portion of your existing balances between investment options (subject to Plan rules) and change how your payroll contributions are invested.

Rollovers

Only Plan Administrator approved balances from an eligible governmental 457(b), 401(k), 403(b) or 401(a) plan or an Individual Retirement Account (IRA) may be rolled over to the Plan. Some plans may only allow rollovers from other 401(k) plans. Distributions you receive prior to age 59 1/2 may be subject to the 10% early withdrawal federal tax penalty.

Withdrawals

Qualifying distribution events are as follows:

- Retirement
- Permanent disability
- Financial hardship (as defined by the Internal Revenue Code and your Plan's provisions)
- Severance of employment (as defined by the Internal Revenue Code provisions)
- Attainment of age 59 1/2

- Death (your beneficiary receives your benefits)

Traditional Accounts and Matching Contributions

Ordinary income tax will apply to each distribution. Distributions received prior to age 59 1/2 may also be assessed a 10% early withdrawal federal tax penalty. Refer to your Summary Plan Description for more information about distributions.

Plan Fees

Distribution Fees

The benefit disbursement fee is \$0.00. A fee of \$25.00 is charged for all Overnight/Express mail requests.

Investment Option Fees

Each investment option has an investment management fee that varies by investment option. These fees are deducted by each investment option's management company before the daily price or performance is calculated. Fees pay for trading of securities within the investment option and other management expenses.

Funds may impose redemption fees on certain transfers, redemptions or exchanges.

Professional Management Program

Fee for Advised Assets Group, LLC managed account service deducted from participant accounts on a quarterly basis as follows: 0.60% for first \$100,000; 0.45% for next \$150,000; 0.30% for assets under management in excess of \$250,000.

Loans

Your Plan allows you to borrow the lesser of \$50,000.00 or 50% of your total vested account balance. The minimum loan amount is 1,000.00 and you have up to 60 months to repay your general purpose loan or up to 120 months if the money is used to purchase your primary residence.

There is a \$50.00 origination fee for each loan.

How do I get more information?

Visit the Web site at www.empower-retirement.com/pearson or call the Voice Response System, toll free at 1-844-465-4455 for more information. The Web site provides information regarding your Plan, as well as financial education information, financial calculators and other tools to help you manage your account.

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