



New Year.  
New Financial Resources.



In your continuing pursuit of overall financial health, the Pearson 401(k) Plan serves as an important benefit that can help you reach your goals. The Plan offers some unique, tax-advantaged savings features that may not be available through other savings opportunities.

Plus, it's easy to contribute to the Plan through automatic deductions from your paycheck, and you have a wide variety of investment options available to you.

Working in partnership with Empower, the service provider for the Plan and second-largest provider in the country,<sup>1</sup> Pearson is adding some exciting new enhancements to bring even more value to the Plan. Continue reading to learn what's new and refresh yourself on some of the other great benefits.

<sup>1</sup> Pension & Investments 2020 Defined Contribution Survey Ranking as of April 2021.

# Introducing Roth 401(k) Contributions

Beginning February 1, 2022, Pearson is offering additional ways to save in your Pearson 401(k) Plan, with Roth 401(k) contributions.\* Roth contributions give you the potential to pay fewer taxes during your retirement. You can designate all, or a portion, of your contributions to your Plan as Roth 401(k) contributions. Before you determine whether Roth contributions are a good fit, though, remember to consider several factors:

- **YOUR CASH FLOW** – Are you OK with less take-home pay today?
- **YOUR CAREER STAGE** – If you're just starting out in your career, you may have a longer time to invest your retirement savings.
- **YOUR AGE** – When you are at a younger age, your savings will have a longer time to grow through compounding earnings. Tax-free earnings and tax-free qualified distributions may be appealing as you look to the future.
- **YOUR OUTLOOK** – Do you expect to be in a higher tax bracket when you retire or expect significant earnings in your savings? If so, Roth may make more sense for you because you pay taxes on your contributions when you make them. You will not pay taxes on your Roth earnings if you take a qualified distribution.

## Roth IRA Compared to a Roth 401(k)

IRAs are individual accounts, not part of your Pearson 401(k) Plan. IRAs have specific eligibility rules based on an individual's income level and age. For 2022, these rules include:

- **SINGLE** – Modified adjusted gross income (MAGI) must be under \$144,000.
- **MARRIED FILING JOINTLY** – MAGI must be under \$214,000.
- **UNDER AGE 50** – \$6,000 maximum contribution
- **50 AND OLDER** – \$7,000 maximum contribution

Roth IRAs are not subject to IRS required minimum distributions.

## How Roth 401(k) Contributions May Affect Your Paycheck

**Name:** Jane Participant

**Salary:** \$2,500 every month (before taxes are taken out)

**Savings rate:** 6%

**The difference:** \$23

The image displays two sample Pearson paycheck stubs for Jane, dated July 2022. The left stub shows a pretax saving of \$1,998, and the right stub shows a Roth saving of \$1,975. Both stubs include the Pearson logo, the employee's name (Jane), the date (July 2022), the amount saved, and the memo (Saving pretax or Roth). The right stub also includes the amount saved in dollars (\$1,975) and the amount saved in cents (00/100).

FOR ILLUSTRATIVE PURPOSES ONLY. Assumes a \$30,000 annual salary and 15% federal, state and local tax rates. Taxes on savings are deferred until withdrawn. Pretax deferrals do not lower your income for FICA and FUTA tax-withholding purposes. This material has been prepared for informational and educational purposes only. It is not intended to provide, and should not be relied upon for, investment, accounting, legal or tax advice.

To help decide which contribution type(s) make(s) the most sense for you, review the [Pretax vs. Roth analyzer here](#)

## More Flexible Ways to Save

In addition to Roth contributions, Pearson is adding traditional After-tax contributions to the Plan.

You may enjoy tax-related benefits from saving through your retirement account. The question is this: Do you want to take advantage now or later? With the addition of both Roth and After-tax contributions, you have three ways to save.

	Pretax 401(k)	Roth 401(k) <b>NEW</b>	After-tax <b>NEW</b>
<b>Employee Contributions</b>	Made with pretax dollars	Made with after-tax dollars	Made with after-tax dollars
<b>Employee Contribution Limits</b>	\$20,500 if you are under age 50; \$27,000 if you are age 50 or over. These are combined limits. You cannot contribute \$20,500 (or \$27,000) to pretax and \$20,500 (or \$27,000) to Roth.		N/A
<b>Employee Compensation Limits</b>	\$305,000	Not applicable	N/A
<b>Withdrawal Rules</b>	Withdrawal of contributions and earnings are taxed. Distributions may be penalized if taken before age 59½ unless you meet one of the IRS exceptions.	Withdrawal of contributions and earnings are not taxed as long as: <ul style="list-style-type: none"> <li>• The account has been held for five or more years.</li> <li>• The distribution is being made because of disability or death or being taken after age 59½.</li> <li>• The distribution is considered qualified by the IRS.</li> </ul>	Withdrawal of contributions is not taxed; withdrawal of earnings is taxed.
<b>Pearson Match</b>	Yes	Yes, but funds go into the traditional (pretax) account.	N/A

## 2022 is the Year of Financial Health

Beginning in February, you'll have the opportunity to get a highly personalized and immersive, three-dimensional financial experience right through your Pearson 401(k) Plan website at [\*\*empower-retirement.com/pearson\*\*](https://empower-retirement.com/pearson).

The enhancements are designed to create a stronger connection between your current financial situation and your overall financial health. This new, personalized financial wellness experience is based on sophisticated technology paired with real, human advice and offers a three-dimensional view of your:

- Current savings progress.
- Future estimated income after you're no longer working.
- Outside assets, savings and debt.



**Let your 2022 financial health begin!**



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## Your Complete Financial Wellness Experience

1. See a personalized monthly income forecast and your Lifetime Income Score<sup>SM</sup>.
2. Link your other accounts and sources for a comprehensive view of your financial picture, including your overall net worth.
3. Take advantage of new financial wellness tools that are available based on the linked accounts you add.
4. Translate the web content into Spanish with one easy click and save your preference for ongoing web sessions and quarterly statements.
5. Get easy access to the most popular transactions.
6. Receive timely and relevant personalized messages that encourage you to reach your financial wellness goals.

Visit [empower-retirement.com/pearson](https://empower-retirement.com/pearson) to get started

## Link Your Accounts to Unlock Additional Personalized Services

While your enhanced web experience helps empower you to take greater control over your personal finances, it's nice to know you're not alone along your journey toward financial wellness. When you link your accounts, you open up more opportunities for yourself — including the option to connect with a financial consultant to talk about your specific situation at no additional cost.\*

Your consultation may include:

- A review of your investment choices.
- Guidance on creating a strategy for your financial future.
- Additional ways to save toward your goals.
- Help with other financial needs, such as saving for college.

In addition to giving you access to financial consultants, linking your accounts allows you to receive additional communication and education through a personalized financial review communication program.

The types of communications you'll receive may include emails, web messages and phone calls. You can opt out of these additional communications at any time.



\*Point-in-time advice provided by an Empower representative may help you with reviewing investment options, consolidating outside retirement accounts, rollovers and providing retirement investment advice and education relating to financial goals.



## More Valuable Benefits

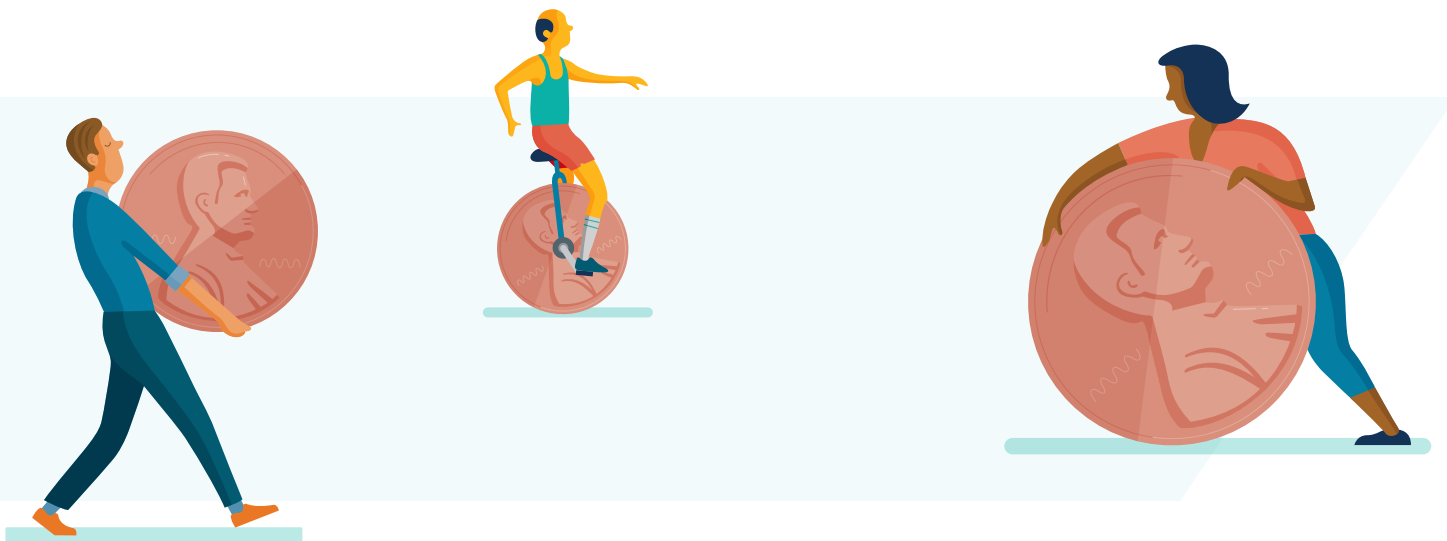
In addition to the new enhancements coming in February 2022, there are other important features associated with your Plan that are important to know and understand. As you learn more about these available features, you'll be better able to create a financial health strategy that can help you reach your goals.

- **ELIGIBILITY** – Full-time employees are immediately eligible to begin saving in the Plan. Part-time employees are eligible to start saving in the Plan after completing 1,000 hours of service in a 12-month period.
- **ENROLLMENT** – If you don't enroll on your own, you'll be automatically enrolled at a contribution amount of 6%. That amount will increase by 1% each year until it reaches 8%. Your savings will be invested in a target date fund with the year that most closely matches the year in which you expect to retire (assumed to be at age 65).
- **CONTRIBUTION LIMITS** – You can save between 1% and 50% of your pay up to the 2022 standard IRS limit of \$20,500.\* If you will reach age 50 in 2022 or have already turned 50, you can contribute an additional \$6,500 through catch-up contributions.
- **MATCH AND VESTING** – Pearson matches the first 3% you contribute at 100% and the next 5% you contribute at 50% for a total match of 5.5% when you save 8% of your own earnings. After three years, any matching contributions are fully vested, meaning you are entitled to that money. Your own contributions are always immediately 100% vested.  
Full-time employees are immediately eligible for the employer match. Part-time employees are eligible for the employer match after completing 1,000 hours of service in a 12-month period.
- **INVESTMENT OPTIONS** – You have a wide variety of investment choices to help you build a balanced and diversified portfolio based on your tolerance for risk and personal financial goals.  
Visit [empower-retirement.com/pearson](https://empower-retirement.com/pearson) for a full listing of your investment options, including investment overviews and prospectuses where appropriate.
- **EMPOWER RETIREMENT ADVISORY SERVICES**  
– If you'd rather leave investment decisions to investment professionals, you can elect to enroll in the Professional Management Program, which provides a personalized retirement strategy created by our experienced professionals potentially for additional fees. If you prefer to manage your own investments, you can choose Online Advice at no additional cost.  
There is no guarantee provided by any party that participation in any of the advisory services will result in a profit.
- **LOANS** – You can take a loan from your account (up to two outstanding loans at the same time). There are fees and interest associated with taking a loan, and you'll also miss out on potential investment growth. Be sure to consider these factors when deciding whether or not to take a loan.

Participants residing in Puerto Rico are eligible to save between 1% and 50% of their pretax pay, up to IRS limits, and between 1% and 10% of their (non-Roth) after-tax pay.

Online Advice and the Professional Management Program are part of the Empower Retirement Advisory Services suite of services offered by Advised Assets Group, LLC, a registered investment adviser.





- **WITHDRAWALS** – Taking withdrawals or distributions from your Plan account can negatively affect your savings. Distributions taken prior to age 59½ may also be assessed a 10% early withdrawal federal tax penalty. However, the Plan does allow for certain qualifying distribution events:

- Retirement
- Permanent disability
- Financial hardship (as defined by the Internal Revenue Code and your Plan's provisions)
- Severance of employment (as defined by Internal Revenue Code provisions)
- Attainment of age 59½
- Death (your beneficiary receives your benefits)

**You can learn more about all these features on your Plan website, where you also can:**

- Initiate a **rollover** to simplify your financial health strategy. The Plan accepts balances from eligible 457(b),\* 401(k), 403(b) and 401(a) plans and from Individual Retirement Accounts (IRAs).  
Consider all your options and their features and fees before moving money between accounts.
- Make sure your beneficiary information is current.
  - Go to **[empower-retirement.com/pearson](https://empower-retirement.com/pearson)**.
  - Select *View/edit beneficiary information* from the *I want to* drop-down menu.
  - Update your information.
- Get important account information more quickly and conveniently by **adding your preferred email** address and **choosing e-delivery** as your communication preference.

\*Governmental 457 funds rolled into another type of plan or account may become subject to the 10% early withdrawal penalty if taken before age 59½.

# 80%

of people want help managing competing financial priorities<sup>2</sup>

To help you move toward a more holistic approach to your finances, Pearson is providing you with the resources and information you need to help you be successful in achieving financial health today and beyond. Most importantly, these improvements are aligned with the type of help many people want to receive.

Now is a good time to take advantage of the many features and benefits of your Plan! Create the unique web experience you want by adding additional financial details, such as your outside assets, liabilities, spending and more. When you do that, you'll get a 360-degree view of your personal finances — all in one place.

Make 2022 the year you get a complete view of your financial health and begin taking steps toward arriving at the financial future you imagine.

## Begin exploring your new enhancements in February 2022

<sup>2</sup> EBRI Retirement Confidence Survey, April 2020.

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Investing involves risk, including possible loss of principal.

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