

ADP RETIREMENT SERVICES

Retirement plan solutions for the engineering industry

INDUSTRY INSIGHTS
TO HELP YOU BENCHMARK
YOUR PLAN



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Always Designing
for People[®]



Workforce instability

THE INFRASTRUCTURE INVESTMENT AND JOBS ACT, THE BUILD BACK BETTER ACT, AND THE CHIPS AND SCIENCE ACT OF 2022 WILL INJECT OVER \$52 BILLION INTO AMERICAN SEMICONDUCTOR RESEARCH, DEVELOPMENT AND MANUFACTURING.

This significant investment will drive growth in the engineering and construction industries, however a shortage of qualified workers, a tight talent market, turnover and wage inflation will make meeting demand difficult. Over 82% of engineering and construction firms say the tight labor market and turnover will be top challenges in the next year.¹

In an industry known for long hours, heavy workloads and complex projects, under half of workers feel highly engaged (46%), and 55 percent would change jobs in the next 12 months for a new opportunity.² Resignations can result from lack of advancement opportunities (53%), compensation (40%) and quality of life factors like stress (32%), not feeling valued (31%) and heavy workloads (26%).³ These employees feel strongly about protecting their quality of life and they're no longer willing to sacrifice their personal well-being for an employer. Fifty-eight percent say work stress affects their health, and 28 percent would switch to contract or freelance work to control their schedule and projects.

"We can't keep talking about a talent shortage **without taking a serious look at why many firms have ongoing high turnover.** The work world has undergone a massive shift: many professionals want greater flexibility to exercise more agency over their time and energy. So far, a sizable number of industry leaders still seem less willing to part with many of our most limiting traditional practices."

— Peter Atherton,
President/Founder ActionsProve



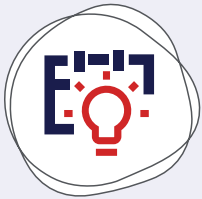
1 2023 Engineering and Construction Industry Outlook. Deloitte, 2022.

2 2023 Present and Future of Work in Engineering and Architecture. Engineering Management Institute and ActionsProve, 3/2023.

3 Ibid.

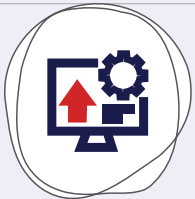
Align HR strategies with workforce values

Engineering professionals view work as just one aspect of their personal fulfillment and satisfaction — and view “better quality of life” nearly on par with “generous financial package” when seeking an employer.⁴ Organizations can set themselves apart by building a workplace that values and supports these needs and goals. HR strategies that champion quality of life and deliver attractive total compensation packages can effectively win high-value talent and deter turnover.



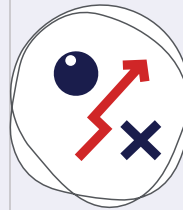
Build paths to career advancement and fulfillment.

Retain and better engage top workers through professional development and growth, foster a flexible and inclusive work environment, and offer best-in-class training.



Enhance compensation and benefits programs.

Invest in your employees to further demonstrate their value to your organization. Support their personal and financial well-being with a strong workplace benefits package that includes financial wellness and retirement plan programs. A well-designed retirement plan is an effective tool for attracting and retaining valued employees.



Promote a positive work culture and prioritize quality of life strategies.

End the culture of overworking to reduce stress, burnout and drive productivity, offer flexible work arrangements to attract more women to the industry, and support “people-first” initiatives.

⁴ 2023 Present and Future of Work in Engineering and Architecture. Engineering Management Institute and ActionsProve, 3/2023.

RETIREMENT PLAN REPORT CARD

A retirement plan can help your organization attract and retain motivated, productive workers. ADP provides you with insight into how your plan measures up against other industry retirement plans and can help you optimize your plan to achieve your workforce goals.



The good news

Engineering retirement plans score well relative to other industries in the five key categories of participation, deferral rates, eligibility, vesting and account balances. If your plan numbers look like these, congratulations.

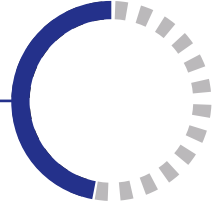
AVERAGE ACCOUNT BALANCE

\$141,569

Rank 11th out of 50

IMMEDIATE ELIGIBILITY

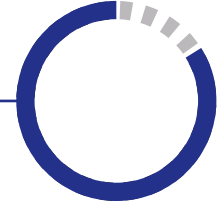
47.1%



Rank 13th out of 50

PARTICIPATION RATE

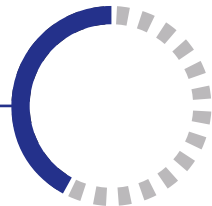
83.9%



Rank 13th out of 50

IMMEDIATE VESTING

42.2%



Rank 17th out of 50

AVERAGE DEFERRAL RATE

8.5%

Rank 14th out of 50

SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2022.

Automatic plan features, more financial education and outsourced fiduciary services could enhance retirement plan benefits in the engineering sector.



CHALLENGE:

MANY PLANS DO NOT OFFER FINANCIAL EDUCATION RESOURCES TO EMPLOYEES.

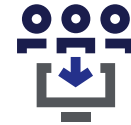
Enhancing plan design and employee education offerings could help employees maximize the benefit and build financial security.



35.1%

Offer no financial wellness education such as budgeting, debt management, saving for long term goals and Social Security withdrawal strategies

SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2022.



26%

Don't have a financial wellness program



63.2%

Plan sponsors believe they are responsible for helping employees with their financial wellness

WHY IT MATTERS

- Workers expect help with their financial wellness from employers.
- Providing employee education about the plan is part of your fiduciary obligation.
- Everyday financial decisions effect financial wellness. By providing financial education programs, participants can make better informed decisions — including saving for the future.
- Food service careers can be high stress with low pay. Employees may struggle with paying daily expenses, debt, saving for emergencies and other financial challenges.

HOW ADP CAN SOLVE YOUR RETIREMENT PLAN CHALLENGES

- The ADP Achieve employee education program delivers messaging and educational resources that can help solve challenges and meet the specific needs of each participant.
- Easy to understand and guided experiences help participants increase their knowledge and make better decisions.



CHALLENGE:

UPGRADE PLAN DESIGN TO INCREASE UTILIZATION AND HELP EMPLOYEES REACH THEIR FINANCIAL GOALS.

Best-in-class retirement plans offer Roth contributions, immediate eligibility and automatic features.



Just 61.4% allow Roth contributions

Roth contributions **can diversify** participants' tax liability

AUTO FEATURES AND IMMEDIATE ELIGIBILITY CAN IMPROVE EMPLOYEE SAVINGS

45.9% do not use automatic enrollment

39% do not offer automatic deferral increases

53% do not allow immediate eligibility

SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2022.

WHY IT MATTERS

- Employee satisfaction and retention are strongly linked to employer benefits so helping workers understand, value and take advantage of them can boost retention.
- Some employees are missing out on a valuable workplace benefit, including tax advantaged savings and matching contributions.
- Your employees may need to work longer and retire later to make up for under saving and may not have enough money for the retirement they want.

HOW ADP CAN SOLVE YOUR RETIREMENT PLAN CHALLENGES

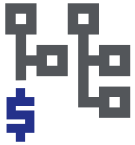
- ADP can help you design effective automatic plan features, including auto enroll and automatic deferral increases using Save Smart, a feature that lets participants schedule their savings rate to automatically increase at designated intervals.
- Our personalized, guided enrollment process makes it easy for participants to make sound decisions and stay engaged in their retirement planning.
- Our knowledgeable education team is available for live virtual enrollment and ongoing education sessions.
- ADP has flexible plan options so you can design a plan to best meet the needs of your business and your workforce.



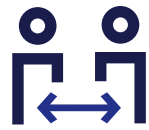
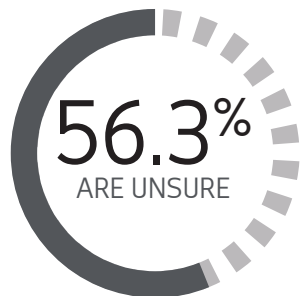
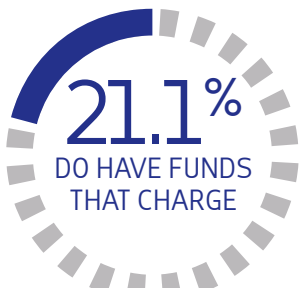
CHALLENGE:

TOO MANY PLANS MAY BE TAKING UNNECESSARY FIDUCIARY RISK.

ADP clients may **choose to offer investment advice and guidance** for employees through either Edelman Financial Engines or Morningstar.



Have investment lineups that **include funds that charge 12-b1 or sub-TA fees?**



90% Work with a retirement plan advisor or institutional investment consultant... **but most do not provide fiduciary services**

16.7% are 3(38) fiduciaries

66.7% are 3(21) fiduciaries

35.2%

Of plans **do not have or are unsure** if they have an Investment Policy Statement (IPS)



SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2022.

WHY IT MATTERS

- It is the responsibility of the plan fiduciary(ies) to diligently select and monitor plan investments to ensure they are appropriate, provide an IPS that accurately reflects the plan investments, and act in their employees' best interests, including paying reasonable fees for investments.
- Funds with 12-b1 or sub-TA fees may not be in participants' best interests and may increase your fiduciary risk.

HOW ADP CAN SOLVE YOUR RETIREMENT PLAN CHALLENGES

- ADP offers a selection of low-cost funds (referred to as zero revenue funds) that pay no 12b-1 or sub-TA shareholder servicing fees or compensation in general to ADP or its affiliates. Plan recordkeeping fees are calculated and charged separately providing greater fee transparency.
- ADP makes 3(21) investment advisory and 3(38) investment management services available to help you mitigate the risk associated with investment option selection and monitoring.
- ADP makes a sample Investment Policy Statement available for your use.

MORE THAN A PROVIDER, ADP IS YOUR RETIREMENT ALLY.



ADP connects you and your employees to data and technology that make retirement plans easy and engaging. Seamless access to data and insights keeps everyone in control of saving for retirement. And our extensive, real-world experience in HCM and data security means we make work easier so you and your employees can thrive. We offer:

- Seamless, automatic flow of data through our ADP platforms to make retirement planning easy and accessible.
- A data-driven approach to employee education that solves unique challenges, uncomplicates retirement planning and empowers employees to make better decisions.
- Plan design to best meet the needs of your business and workforce.
- Industry-recognized security to ensure that your employee data is secure, compliance is managed and risk is mitigated.

Let's Talk.

Let's talk about how ADP can help you solve plan design challenges so you and your workforce can unlock the full potential of your retirement plan.

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