

ADP RETIREMENT SERVICES

Retirement plan solutions for the financial services industry

INDUSTRY INSIGHTS
TO HELP YOU BENCHMARK
YOUR PLAN



FOR PLAN SPONSOR DISTRIBUTION ONLY —
NOT FOR DISTRIBUTION TO THE PUBLIC.

ADP[®]
Always Designing
for People[®]



Technology drives workforce transformation

THE FINANCIAL SERVICES INDUSTRY HAS A LONG LIST OF CHALLENGES. Over the last few years, it has weathered extreme economic uncertainty and a tumultuous stock market fueled by rising interest rates, inflation, a banking crisis, global conflict and the COVID-19 pandemic. Further, the industry will be shaped by challenges and opportunities in changing compliance and regulatory requirements, disruption from AI, blockchain and other emerging technologies, and a digital transformation driven by fintech and customer demand — while remaining vigilant about protecting clients and their personal data against cyber threats. As technology, automation and data innovations advance rapidly, financial institutions must implement HR strategies that attract critical, high-demand candidates skilled in areas such as AI, cybersecurity and development to stay competitive.

According to Gallup, half of workers overall are looking to leave their current employer. In a tight talent market with shifting worker expectations, recruiting and retaining employees requires HR strategies that meet employees' needs — such as the transparency, fairness, and work-life balance valued by Gen Z. Experienced workers may also be at risk — considering the average financial advisor's age is 56 and 1 in 5 plan to retire in five years or less, there may be a potential shortage on the horizon.

“Organizations in this sector are seeking to attract the most skilled talent — their success hinges on how well they tackle this task. But demand for hard-to-find technology skills is particularly fierce. In fact, tech skills — such as AI and machine learning, cloud computing, big data, business intelligence and data visualization, UI/UX, mobile app development and cybersecurity — dominate the 10 top in-demand skills.”³



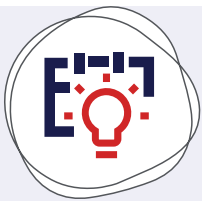
1 2023 State of Global Workforce Report. Gallup, 5/23.

2 J.D. Power 2023 U.S. Financial Advisor Satisfaction Study.SM J.D. Power, 7/22/23.

3 4 talent trends BFSI employers need to build workforce resilience despite relentless change. Randstad Sourceright, 8/2/23.

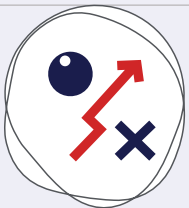
Align HR strategies with workforce values

Generally, today's workers change employers to improve well-being and work life balance (63%), gain better pay and benefits (59%), and advance their careers (57%).⁴ Financial organizations can attract, retain and engage high value talent with HR strategies that champion quality of life and deliver attractive total compensation packages.



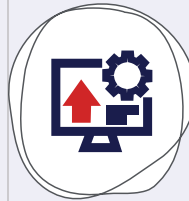
Optimize existing resources by building paths to career advancement and fulfillment.

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



Implement quality of life strategies.

These strategies would improve work/life balance, offer flexible work arrangements and greater economic stability.



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.

⁴ Employee Retention and Attraction report. Gallup, 5/23.

RETIREMENT PLAN REPORT CARD

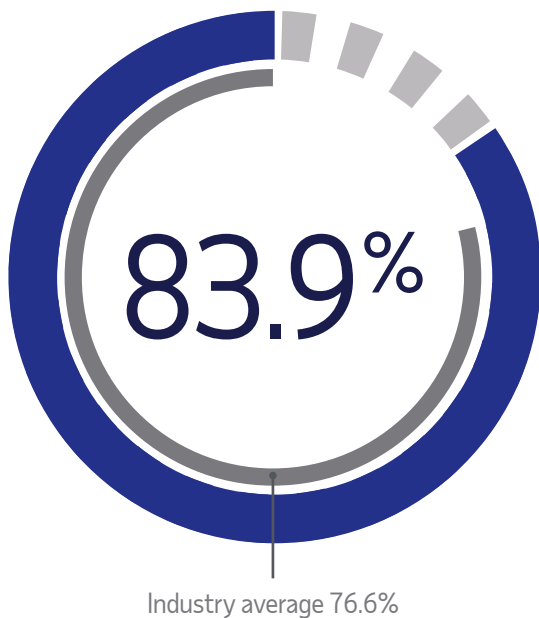
A retirement plan can help your organization attract and retain motivated, productive workers. ADP provides you with insight into how your plan measures up against other industry retirement plans and can help you optimize your plan to achieve your workforce goals.



The good news

The financial services retirement plans are one of the best. Participation rates and account balances are third highest out of all industries, and deferral rates score 4th. If your plan numbers look like these, congratulations.

PARTICIPATION RATE



AVERAGE ACCOUNT BALANCE

\$196,829

Industry average \$123,597

AVERAGE DEFERRAL RATE

9.3%

Industry average 7.8%

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

Retirement plans in the financial services sector are highly competitive, however **automatic plan features, more financial education and outsourced fiduciary services** could enhance the benefit and optimize utilization.



CHALLENGE:

PLANS LACK FINANCIAL WELLNESS AND EDUCATION FOR EMPLOYEES

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



27.4%

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.



65%

Believe employees **will achieve** their retirement goals by age 65



73.7%

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 your fiduciary obligation.
- Everyday financial decisions effect financial wellness. Financial education programs can help participants make better informed decisions — including saving for the future.

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.



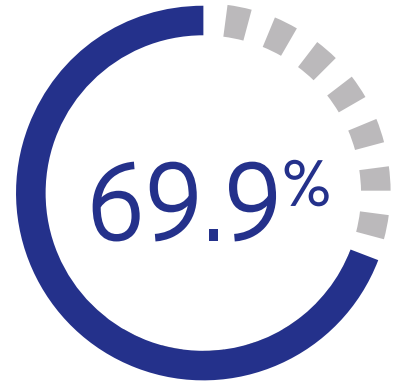
CHALLENGE:

UPGRADE PLAN DESIGN
TO HELP EMPLOYEES REACH
THEIR FINANCIAL GOALS.

Competitive retirement plans offer an employer match, Roth contributions, immediate eligibility and automatic features.



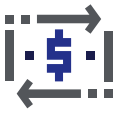
The vast majority of employees in the financial services industry **are saving enough to maximize the employer match.**



ALLOW ROTH CONTRIBUTIONS



Roth contributions can diversify participants' tax liability



Auto features and immediate eligibility **can improve employee savings**

47.4% do not use automatic enrollment

53.1% do not offer automatic deferral increases

60.8% 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

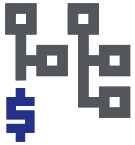
- ADP can help you design effective automatic plan features, including auto enroll and automatic deferral increases using Save Smart, a feature that lets participants schedule their savings rate to automatically increase at designated intervals (like at annual review time).
- Our personalized, guided 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.



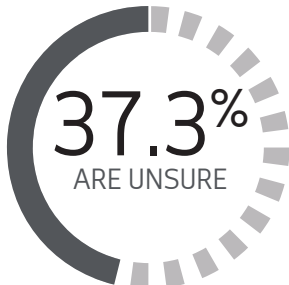
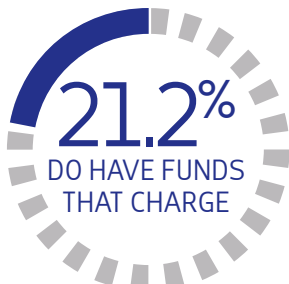
CHALLENGE:

TOO MANY PLANS MAY BE TAKING UNNECESSARY FIDUCIARY RISK.

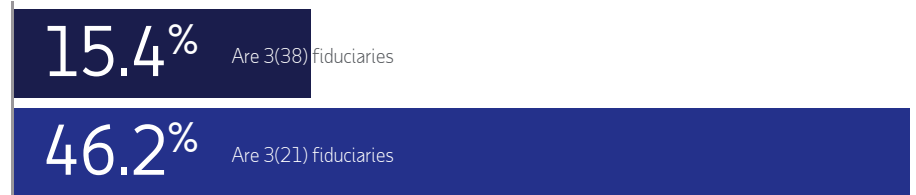
ADP clients may **choose to offer investment advice and guidance** for employees through either Edelman Financial Engines® or Morningstar®.



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



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



69.2% target date funds are the default investment option and 23.3% don't think the IPS covers them and other underlying plan funds



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 optional 3(21) investment advisory and 3(38) investment management services available to help you mitigate the risks 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. For more information, visit adp.com/401k.

Morningstar Retirement ManagerSM is offered by Morningstar Investment Management LLC, a registered investment advisor and wholly owned subsidiary of Morningstar, Inc., and is intended for citizens and legal residents of the United States and its territories. Investment advice generated by Morningstar Retirement Manager is based on information provided and limited to the investment options available in the defined contribution plan. Projections and other information regarding the likelihood of various retirement income and/or investment outcomes are hypothetical in nature, do not reflect actual results, and are not guarantees of future results. Results may vary with each use and over time.

Edelman Financial Engines[®] Professional Management is a service of Edelman Financial Engines, LLC that provides participant investment advisory and investment management services.

Participant investment advisory and investment management services provided by Morningstar Investment Management LLC or Edelman Financial Engines, LLC (each an "Investment Advisor") is made available through ADP, Inc. ("ADP"), however neither Investment Advisor is affiliated with ADP nor any of ADP's affiliates, parents, or subsidiaries. The provision by ADP, Inc. of non-discretionary administrative services in connection with the participant advisory and management services offered by these Investment Advisors is in no way a recommendation or endorsement by ADP of either, nor does it imply a certain level of skill or services offered by either.

Unless otherwise disclosed or agreed to in writing with a client, ADP, Inc. and its affiliates (ADP) do not endorse or recommend specific investment companies or products, financial advisors or service providers; engage or compensate any financial advisors to provide advice to plans or participants; offer financial, investment, tax or legal advice or management services; or serve in a fiduciary capacity with respect to retirement plans.

Investment options are available through the applicable entity(ies) for each retirement product. Investment options in the "ADP Direct Products" are available through either ADP Broker-Dealer, Inc. (Member FINRA), an affiliate of ADP, Inc., One ADP Blvd, Roseland, NJ (ADP BD) or (in the case of certain investments) ADP, Inc. Only licensed representatives of ADP BD or, in the case of certain products, of a broker-dealer firm that has executed a marketing agreement with ADP, Inc. may offer and sell ADP retirement products and services or speak to retirement plan features and/or investment options available in any ADP retirement product. Nothing in these materials is intended to be, nor should be construed as, advice or a recommendation for a particular situation or plan. Registered representatives of ADP Broker-Dealer, Inc. do not offer investment, tax or legal advice to individuals. Please consult with your own advisors for such advice.

ADP, the ADP logo and Always Designing for People are trademarks of ADP, Inc. All other trademarks and service marks are the property of their respective owners. 99-5469-PS-1023 ADPRS-20231026-5105 Copyright © 2023 ADP, Inc. All Rights Reserved.

FOR PLAN SPONSOR DISTRIBUTION ONLY — NOT FOR DISTRIBUTION TO THE PUBLIC.

