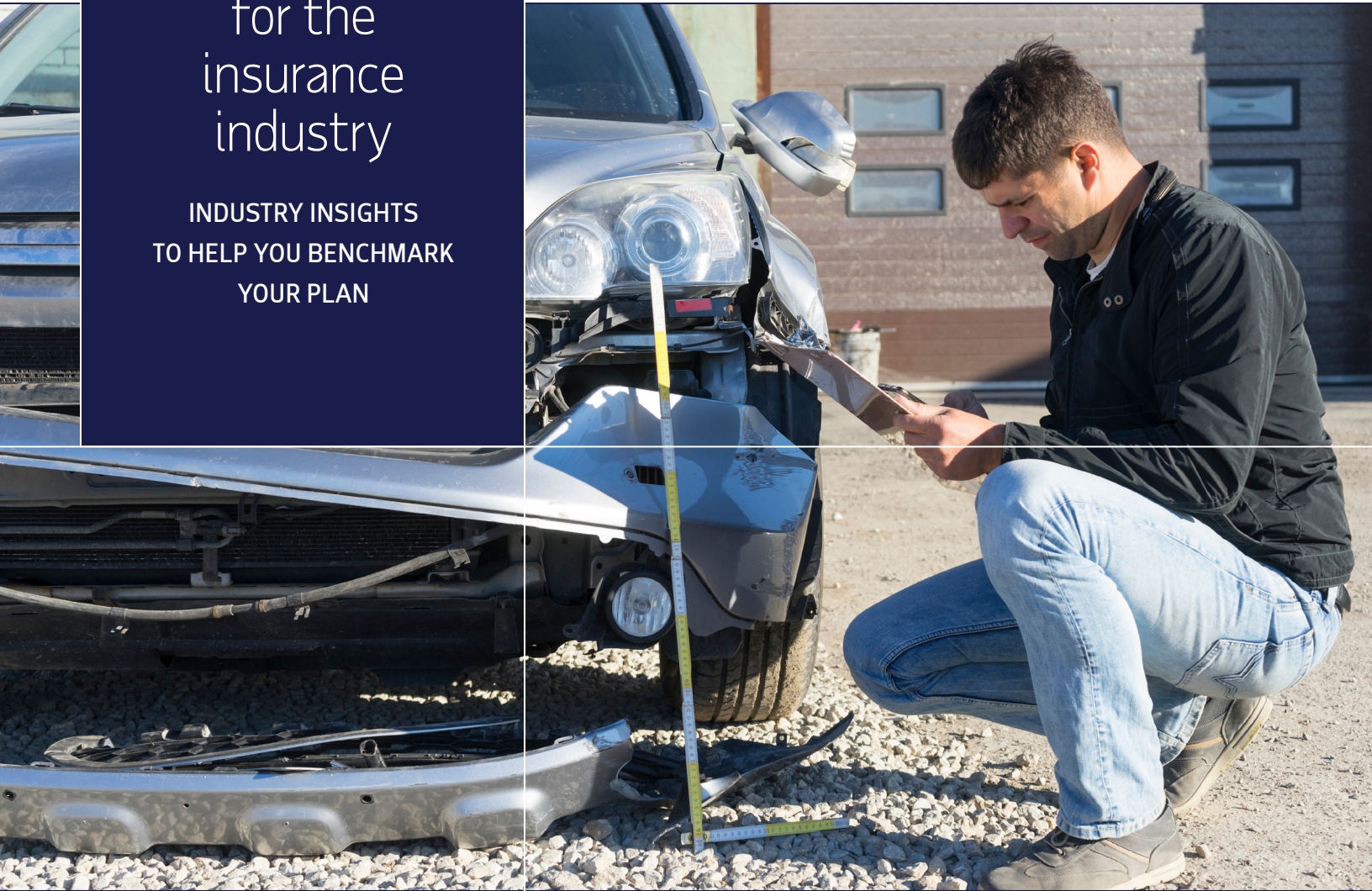


ADP RETIREMENT SERVICES

Retirement
plan solutions
for the
insurance
industry

INDUSTRY INSIGHTS
TO HELP YOU BENCHMARK
YOUR PLAN



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ADP[®]
Always Designing
for People[®]



Adapting to changing expectations

Over the last decade, the insurance industry has been shaken by unprecedented extremes — a global pandemic, severe weather events, violent political unrest, supply chain disruptions and high inflation. Intensifying climate change, social instability and global conflict present long-term implications for insurers' growth and profitability going forward, as risks become increasingly complex and unpredictable. In addition, the industry faces significant operational disruption and shifting customer expectations. To thrive, insurers must pivot to embrace consumer-first product design and service models with a focus on customization, commoditization and technology. According to PWC, "The companies that most effectively cope with disruption will be ones that reinvent themselves by focusing intently on the customer."¹ Hiring the right talent is vital to meeting growth goals and customer expectations. Employee retention and talent acquisition are priorities — 67 percent of carriers plan to increase staff, but filling vacancies is a challenge, especially for technology, actuarial and underwriting roles.²

"Overall, recruiting remains challenging and retention is a key focus for 2023. Carriers are adapting to meet evolving business needs, while staying competitive in terms of employee expectations and preferences. The vast majority of insurers plan to continue offering flexible work accommodations, with a quarter of companies sharing most employees remain fully remote."

— Gregory Jacobson,
CEO, The Jacobson Group

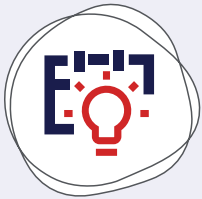


1 <https://www.pwc.com/us/en/industries/financial-services/library/insurance-industry-trends.html>

2 <https://www.businesswire.com/news/home/20230223005837/en/Q1-2023-Insurance-Labor-Market-Study-Indicates-Continued-Growth> Q1 2023 Insurance Labor Market Study Indicates Continued Growth. The Jacobson Group, 2/23/2023.

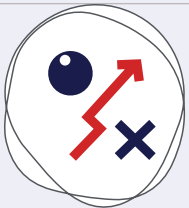
Align HR strategies with workforce values

Long considered a “conservative” industry, insurers can reinvent themselves to job seekers as an industry of innovation to increase interest. Workers’ expectations also now demand workplace cultures that support financial wellness, job flexibility, career advancement and diversity.³ HR strategies that champion quality of life and deliver attractive total compensation packages can win high-value talent and discourage turnover.



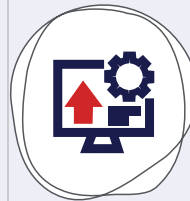
Build paths to career advancement and fulfillment.

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



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.

³ 2023 Insurance Outlook. Deloitte, 2022. <https://www2.deloitte.com/content/dam/Deloitte/cn/Documents/financial-services/deloitte-cn-fsi-2023-insurance-outlook-en-221021.pdf>.

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 insurance industry has one of the top participation rates (5th) and highest account balances (6th), out of the 50 industries tracked. If your plan numbers look like these, congratulations.

PARTICIPATION RATE



AVERAGE ACCOUNT BALANCE

\$173,356

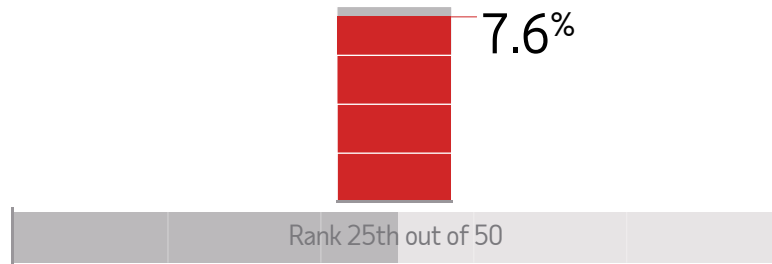
Industry average \$123,597

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

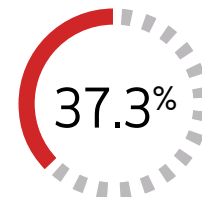
The challenges

Insurance retirement plans have a slightly lower average deferral rate relative to other industries, and many other industries are more likely to allow employees to immediately enter the plan.

AVERAGE DEFERRAL RATE



IMMEDIATE ELIGIBILITY



Rank 20th out of 50

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

Insurance industry retirement plans can benefit from **utilizing auto features,**
offering financial wellness resources
and considering outsourcing fiduciary responsibilities.



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.



21.5%

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.



54.4%

Offer onsite one-on-one meetings with a financial advisor outside the plan



67.2%

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.

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 **72.1%** allow Roth contributions

Roth contributions allow participants to diversify their tax liability

AUTO FEATURES AND IMMEDIATE ELIGIBILITY CAN IMPROVE EMPLOYEE SAVINGS

55.2% do not use automatic enrollment

53.1% do not offer automatic deferral increases

37.3% 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

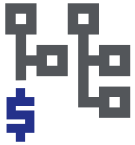
- ADP can help you design effective automatic plan features, including auto enroll and automatic deferral increases using Save Smart, a feature that lets participants schedule their savings rate to automatically increase at designated intervals.
- Our personalized, guided enrollment process makes it 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.



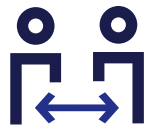
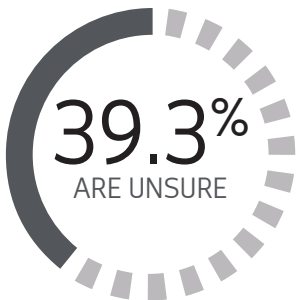
CHALLENGE:

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?**



60% Work with a retirement plan advisor or institutional investment consultant... **but most do not provide fiduciary services**

44.4% are 3(38) fiduciaries

44.4% are 3(21) fiduciaries

81.1% target date funds are the **default** investment option but nearly $\frac{1}{3}$ **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 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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