

Retirement plan solutions for the retail industry

INDUSTRY INSIGHTS
TO HELP YOU BENCHMARK
YOUR PLAN



Opportunities and challenges for the retail industry

EXPERIENCING BOTH GROWTH AND CHALLENGES. The National Retail Federation forecasts retail sales to be between 2.5 to 3.5 percent in the year ahead — a rate that is in line with pre-pandemic spending.¹ However, the potential for tighter consumer budgets, shoppers of all incomes may switch to more affordable brands and discount retailers, spend less and focus on necessities.

Through the pandemic and beyond, retailers heavily leveraged technology to drive growth, and this trend is expected to continue at an accelerated pace. As investments in tech have supported efficiency and enhanced customer experiences, expanding digital efficiency in 2025 includes advancing merchandising, supply chain and marketing efforts. For 70 percent of retail executives, further personalizing experiences for consumers through Artificial Intelligence will be a priority this year² along with developing marketplace strategies.

Talent acquisition and retention is another challenge. Today's retailers need employees who understand and can execute on the needs of their consumers. High turnover rates and labor costs are a concern, especially among frontline workers like store associates, distribution center workers and managers. In response, workforce hiring, retention and future readiness will be a moderate to major investment area for 2 in 3 retail executives.²

Attracting the right people, getting them up to speed quickly, and working to ensure they are productive as soon as possible are essential to the success of the business and the consumer experience. AI tools can guide employees on upcoming tasks or provide quick answers to operational questions, reducing the need for extensive training and allowing staff to operate more efficiently. As an added benefit, this can also free associates to engage directly with customers.

— Deloitte



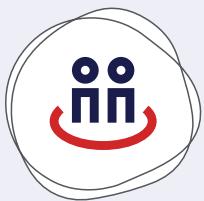
1 Retail Trends: 25 Predictions for the Retail Industry in 2025. NRF, 1/8/2025

2 2025 Retail Industry Outlook. Deloitte, 1/2025

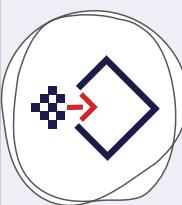
3 Ibid

Top talent requires top benefits

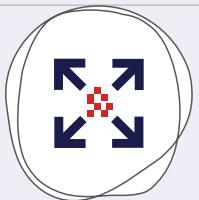
As technology plays a greater role in retail workplaces, retail organizations can more effectively attract, retain and engage high value talent with HR strategies that champion better benefits, total compensation and quality of life. Employees increasingly are motivated to stay or leave jobs based on employer benefit programs. In fact, better than average pay and meaningful benefits are the top reason that employees change jobs. And 42 percent of employees prefer better benefits over a pay increase.⁴ Consider:



Creating career paths
through training and upskilling programs to keep top workers through growth.



Investing in technology and automation to improve productivity, lower costs and streamline a variety of functions from hiring and employee management to connecting to customers. Applying tech to retail can make work easier and efficient by automating inventory management, connecting to customers, enabling customer and employee self-service.



Implementing quality of life strategies
that improve work/life balance, offer flexibility and greater economic stability.

⁴ Employee Sentiment Study. AON, Jan/Feb 2025

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 retail industry is ahead of others in the following categories. If your plan offers these options, congratulations.

401(k) PLANS

97.8% of plans provide formal financial education/guidance to participants on savings strategies.

All-industry average 93.4%

MATCHING CONTRIBUTIONS

69.4%

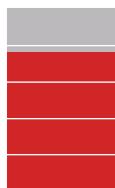
All-industry average 63.0%

SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2024

The challenges

Retail plans are near the bottom of all 47 industries tracked in the key categories of deferral rates and account balances. Plan participation is in the bottom half of all industries and retailers are less likely to allow employees to immediately enter the plan.

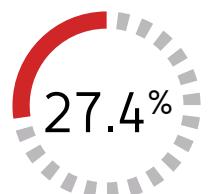
AVERAGE DEFERRAL RATE



7.6%

39th out of 47

IMMEDIATE ELIGIBILITY



27.4%

Rank 40th out of 47

AVERAGE ACCOUNT BALANCE

\$112,922

27th out of 47

SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2024

Retail industry retirement plans can benefit from **utilizing auto features, to improve plan participation and contribution rates.**



CHALLENGE:

PLAN PARTICIPATION AND SAVINGS RATES ARE LOW

Retail retirement plans **have one of the lowest deferral rates and account balances**

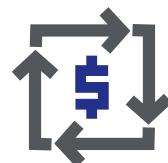


Just 17.4%

of plans say nearly all participants **defer enough to take full advantage** of the match

Automatic plan features can help, **but are underutilized**

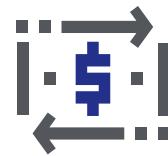
50.0%
OF PLANS
DON'T USE
AUTOMATIC
ENROLLMENT



55.6% DON'T OFFER
AUTOMATIC DEFERRAL
INCREASES TO PARTICIPANTS



27.4%
ALLOW
IMMEDIATE
ELIGIBILITY



SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2024

WHY IT MATTERS

- Employees are missing out on one of the most valuable workplace benefits you offer, including tax advantaged savings and matching contributions.
- Your workers 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.
- Low participation and deferrals can lead to compliance issues for your plan

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.
- A knowledgeable education team is available for live virtual enrollment and ongoing education sessions.



CHALLENGE: FINANCIAL WELLNESS AND EDUCATION FOR EMPLOYEES

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



Believe their employees
will achieve their
retirement goals by age 65



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

SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2024.

WHY IT MATTERS

- Workers expect help with their financial wellness from employers.
- Providing employee education about the plan is your fiduciary obligation.
- Retail careers can be high stress with low pay. Employees may struggle with paying daily expenses, debt, saving for emergencies and other financial challenges.
- Everyday financial decisions affect 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 Financial Wellness 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.
- ADP clients can offer investment advice and guidance for employees through either Edelman Financial Engines or Morningstar.



CHALLENGE:

TOO MANY PLANS MAY BE TAKING UNNECESSARY FIDUCIARY RISK.



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



ADP **can help you mitigate fiduciary risk** and act in your employees' best interests.



Have you or your retirement plan committee members received or participated in **any formal fiduciary training within the past two years?**

→ **49.1% SAID NO OR DON'T KNOW**

33.8%

of plans review their administrative fees annually

SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2024

WHY IT MATTERS

- It is the responsibility of the plan fiduciary(ies) to diligently select and monitor plan investments to ensure they are appropriate.
- Plan sponsors have a fiduciary responsibility to 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) administrative fiduciary services and 3(38) investment management services available to help you mitigate the risks associated with investment option selection and monitoring.

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. 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.

For more information about how ADP can help you solve plan design challenges so you and your workforce can unlock the full potential of your retirement plan visit adp.com/401k.

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