

ADP RETIREMENT SERVICES

Retirement plan solutions for the healthcare industry

INDUSTRY INSIGHTS
TO HELP YOU BENCHMARK
YOUR PLAN



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Always Designing
for People®



Critical condition

THE HEALTHCARE INDUSTRY CONTINUES TO FACE CRITICAL WORKFORCE CHALLENGES. Hospitals and other healthcare facilities are experiencing on-going staff shortages, employee burnout, inefficient technology and changing customer preferences. And as the aging U.S. population drives increased healthcare demand, many older healthcare workers are also eyeing retirement and widening the gap.

A 10 percent shortage of nurses is anticipated for 2027.¹ Nursing staff turnover is a problem, and retaining these essential workers is a challenge—over half of nurses change jobs within 2 years.² In addition, 1 in 5 nurses plan to retire in the next 5 years which will further reduce the pool of qualified workers.³

At the same time, it's projected that the shortage of physicians will reach 86,000 by 2036. Retirements are also imminent in this profession as an alarming number of physicians — 42 percent — are over the age of 55.⁴

The talent shortage, retention and employee well-being are priorities global health system leaders cannot ignore. Nearly 70 percent plan to take action through investments in workers' engagement, retention, mental health and well-being. Advancing digital technologies and improving customer experiences are other top strategies of focus.⁵

“Attractive compensation packages go beyond just salary. With the increasing competition for healthcare workers, organizations must offer comprehensive benefits, including healthcare coverage, retirement plans, paid time off, and flexible scheduling.”⁶

— Marni Allon,
All Medsearch



1 A crisis by the numbers: Nursing shortages in 2025 by state. Vivian Health, February 7, 2025.

2 Data Deep Dive: A Nursing Crisis. U.S. Chamber of Commerce, January 29, 2024.

3 New AAMC Report Shows Continued Physician Shortage. AAMC, March 21, 2024.

4 2025 Global Healthcare Outlook. Deloitte, January, 2025.

5 Ibid.

6 Innovative solutions for healthcare staffing shortages. All Medsearch, September 30, 2024.

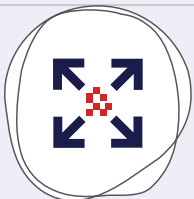
Benefits that support workforce needs

Increasingly, employees are motivated to stay or leave jobs based on employer benefits programs. In fact, better benefits are the number two reason that employees change jobs. Sixty percent cite benefits as extremely important when considering changing employers.⁷ And one in three would prefer better benefits over a pay increase.⁸ Healthcare organizations can more effectively attract, retain and engage high value talent with HR strategies that champion better benefits, total compensation and quality of life. Hiring trends for the industry include:



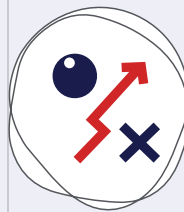
Confronting stress and burnout.

Healthcare jobs can be high stress and workplaces that prioritize mental health and wellness services for employees, offer work/life balance, flexible schedules and time off can reduce employee stress and prevent burnout.



Effectively leveraging technology.

AI, automation, telehealth, mobile apps and wearable devices can transform patient care, ease administrative burdens and offer remote work and shift flexibility to support work/life balance.



Differentiating your organization with competitive benefits.

A high quality benefits program tailored to your workforce needs, including a retirement plan and financial wellness program, can help foster employee retention and help your organization stand out in a competitive talent market.

⁷ Employee Benefits In 2024: The Ultimate Guide – Katherine Haan and Cassie Bottorff. Forbes Advisor, May 2024.

⁸ 2024 Employee Health & Benefits Trends: The Evolving Workforce. MarshMcLennan Agency, February 2024.

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 healthcare industry is one of the top industries for retirement plan account balances.

The challenges

Although participation and deferral rates appear somewhat reasonable, the healthcare industry ranks in the bottom half of all industries tracked for these plan metrics.

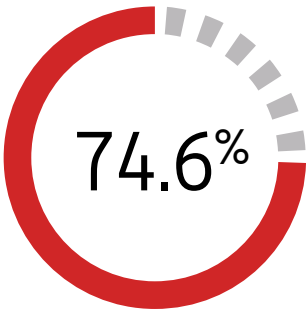
AVERAGE ACCOUNT BALANCE

\$162,836

Rank 9th out of 47

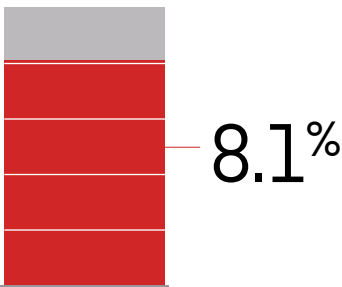
SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2024.

PARTICIPATION RATE



Rank 35th out of 47

AVERAGE DEFERRAL RATE



Rank 28th out of 47

Health care plan participation and deferral rates could be better, if plan sponsors used automatic enrollment and auto escalation (i.e. automatic deferral increases).



CHALLENGE:

PLAN PARTICIPATION
AND SAVINGS RATES
COULD BE IMPROVED.

Healthcare participants **aren't taking full advantage of their employer match** even though the account balances look impressive.

Upgrade plan design to include auto features and immediate eligibility to improve employee savings

50.0% do not use automatic enrollment

63.6% do not offer automatic deferral increases



IMMEDIATE ELIGIBILITY



64.6% of plans offer a match. However, healthcare plan sponsors estimate that only 36.6% of participants contribute enough to qualify the plan match.

27.1% of plans offer immediate vesting placing the healthcare vertical in the **bottom 50%** of industries based on key plan areas

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

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 CHALLENGE

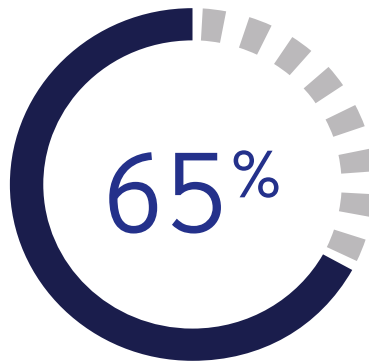
- Automatic plan features like ADP's Save Smart lets participants schedule their savings rate to automatically increase at designated intervals (like at annual review time) to help them meet their retirement savings goals.
- Our personalized, guided enrollment process makes it easy for participants to make sound decisions and stay engaged in their retirement planning.
- Our knowledgeable education team is available for live virtual enrollment and ongoing education sessions.



CHALLENGE:

FINANCIAL WELLNESS
AND EDUCATION FOR
EMPLOYEES.

A financial wellness program that includes personalized insights and persona-driven messaging can **help employees maximize their benefit.**



of plan sponsors
do not believe their
employees will achieve
their retirement goals
by age 65.

SOURCE: PLANSPONSOR Defined Contribution
(DC) Survey, 2024



ADP EMPOWERS EMPLOYEES
with **personalized insights**
and **smart tools** for
planning and saving.



63.9%

Plan sponsors believe **they**
are responsible to improve
the financial wellness
of their employees.

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.
- Employees may struggle with paying daily expenses, debt, saving for emergencies and other financial challenges. Financial stress can distract workers and reduce productivity.

HOW ADP CAN SOLVE YOUR RETIREMENT PLAN CHALLENGES

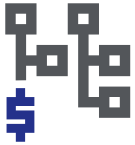
- The ADP Achieve Financial Wellness program supports employees through every stage of their financial journey. It uses educational resources, intuitive tools and the unmatched data of ADP with the power of technology to help employees achieve financial well-being.
- Easy to understand and guided experiences help participants gain knowledge and make better financial decisions
- ADP clients can offer investment advice and guidance for employees through either Edelman Financial Engines or Morningstar.



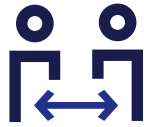
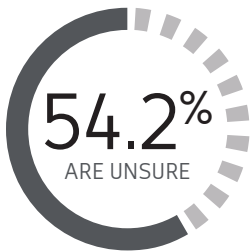
CHALLENGE:

TOO MANY PLANS MAY
BE TAKING UNNECESSARY
FIDUCIARY RISK.

ADP can help you meet your plan administrative and investment fiduciary responsibilities and **help mitigate your fiduciary risk.**



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



Many plans may be **assuming unnecessary fiduciary risk.**

30.1% formally review their recordkeeper on an annual basis.

38.6% of retirement plan committee members have received formal fiduciary training in the last two years.

55.3% of plan sponsors are unsure how often they formally review plan administrative fees.

43.3% Of plans **do not have or are unsure** if they have an Investment Policy Statement (IPS)



SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2024

WHY IT MATTERS

- It is the responsibility of the plan fiduciary(ies) to diligently 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 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. As a result, plan recordkeeping fees are calculated and charged separately providing greater fee transparency.
- ADP's knowledgeable team can help you conduct a plan review to determine ways to potentially lower fund lineup costs and reduce fiduciary plan risk.
- Administrative fiduciary services including third-party administrators (TPAs) and 3(16) service providers help make plan administration easier.

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.
- Flexible 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 us at adp.com/401k.

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