

ADP RETIREMENT SERVICES

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# Retirement plan solutions for the restaurant and food service industry

INDUSTRY INSIGHTS  
TO HELP YOU BENCHMARK  
YOUR PLAN



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**ADP**  
Always Designing  
for People®



## Optimism on the menu

A STRONG ECONOMY AND ROBUST CONSUMER DEMAND IS EXPECTED TO DRIVE STRONG GROWTH IN THE RESTAURANT AND FOOD SERVICE INDUSTRY, WITH SALES REACHING \$1.5 TRILLION AND ADDING 200,000 NET NEW JOBS IN 2025.<sup>1</sup>

However, continued labor shortages, inflation, and rising food and labor costs are top concerns for food service operators. Investments in technology continue to transform the industry to better meet customer needs, through digital enablement, operational efficiency, and enhanced cybersecurity.

Yet a critical labor shortage continues in food service. Staffing remains 3.6 percent below pre-pandemic levels.<sup>2</sup> Restaurant jobs are known for long hours and relatively low wages, which complicates employers' ability to attract and retain staff. Nearly half of food and beverage managers name recruitment, retention and training as top challenges they will face over the next year, especially for kitchen staff.<sup>3</sup>



"Creating a positive work culture and offering competitive benefits and career development opportunities are essential for attracting and retaining top talent in the restaurant industry."<sup>4</sup>

— KPMG



1 Restaurant Industry Poised for Growth in 2025. National Restaurant Association, February 6, 2025.

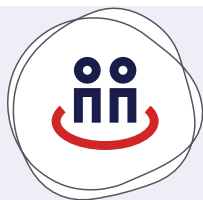
2 The restaurant industry is struggling to recruit and retain. Employer Benefit News, September 17, 2024.

3 Ibid.

4 Restaurant trends for 2025. KPMG, 2024.

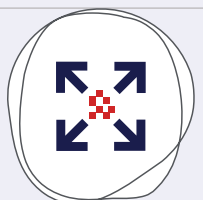
## Top talent wants benefits that support wellbeing

Finding and keeping talented employees will likely always be a challenge in the restaurant industry. Planned strategies for retaining workers include providing a positive work culture (82%), offering opportunities for career development (58%), and leveraging benefits and perks (55%).<sup>5</sup> In fact, better than average pay and meaningful benefits are the top reasons that employees change jobs. And 42 percent of employees prefer better benefits over a pay increase.<sup>6</sup>



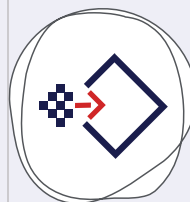
### Build paths to career advancement and fulfillment

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



### Implementing 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.

<sup>5</sup> Restaurant industry trends for 2025. KPMG, 2024.

<sup>6</sup> Employee Sentiment Study. AON, January/February 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.

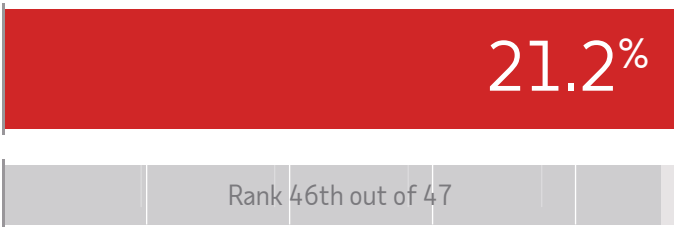
### The challenges

The restaurant and food industry is behind other industries in retirement plan benefits.

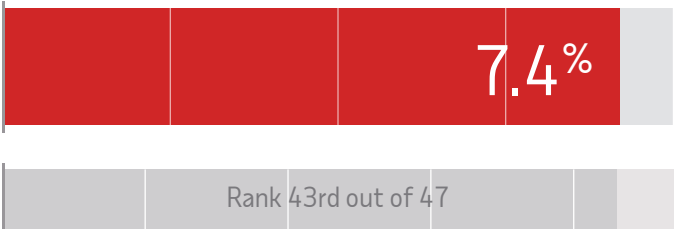
Food service plans rank near the bottom of all 47 industries tracked in the key categories of participation, deferral rates, matching contributions, immediate vesting and account balances.

Plan participation is the lowest of all industries and average account balances place second to last.

#### IMMEDIATE ELIGIBILITY

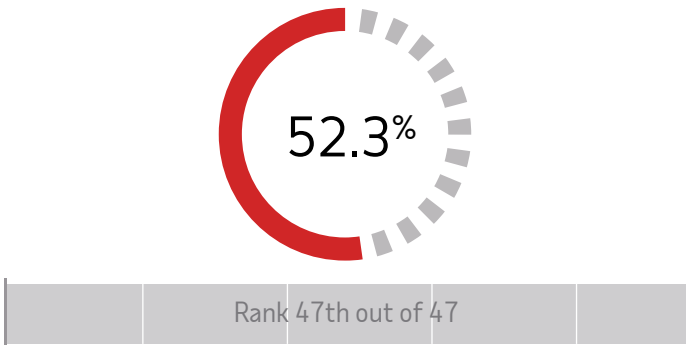


#### AVERAGE DEFERRAL RATE



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

#### PARTICIPATION RATE



#### AVERAGE ACCOUNT BALANCE



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

Restaurant and food service industry retirement plans can benefit from utilizing auto features, offering financial well-being resources and outsourcing fiduciary responsibilities.



## CHALLENGE:

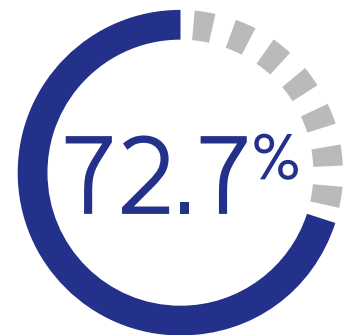
PLAN PARTICIPATION AND SAVINGS RATES ARE LOW.

Restaurants have **low deferral rates and account balances**. The industry also reports **below average participation rates** with under utilization of automatic enrollment.



# 25.1%

of participants defer enough to get the full employer match, according to plan sponsors



of plans **do not take advantage** of automatic enrollment.

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



# 72.2%

OF PLANS DON'T USE AUTOMATIC ENROLLMENT

**66.7%** DON'T OFFER AUTOMATIC DEFERRAL INCREASES TO PARTICIPANTS



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 automatic enrollment 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.

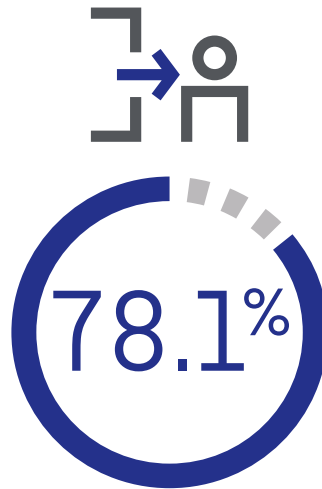




## CHALLENGE:

PLANS LACK FINANCIAL WELLNESS AND EDUCATION FOR EMPLOYEES.

Restaurant employees **are missing out on** one of the most valuable workplace benefits offered



of plan sponsors overall **do not believe** that their employees will achieve their goals by age 65.



81.8%

of plan sponsors overall believe **they have a responsibility to improve the financial wellness of their employees.**

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 part of your fiduciary obligation.
- Everyday financial decisions affect 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

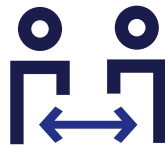
- The ADP Achieve Financial Wellness program delivers personalized insights, messaging and meaningful education resources to help solve challenges and meet the specific needs of each participant.
- Easy to understand and guided experiences help participants gain knowledge and make better financial decisions.
- ADP clients can offer investment advice and guidance for employees through either Edelman Financial Engines or Morningstar.



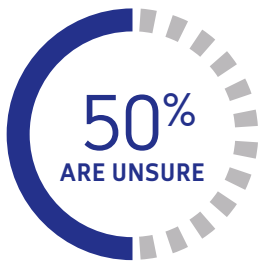
## CHALLENGE:

TOO MANY PLANS MAY  
BE TAKING UNNECESSARY  
FIDUCIARY RISK.

ADP clients may choose from a range of administrative and investment fiduciary services to **help reduce plan risk and make plan administration easier.**



## PLAN OVERSIGHT AND INVESTMENT FIDUCIARY RESPONSIBILITIES



how often they formally  
**review** their plan's  
administrative fees.

31.3%

of plans formally evaluate  
their recordkeeper's overall  
performance **at least annually**

41.4%

of plan sponsors **have not  
had** fiduciary training within  
the past 2 years

SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2024

### WHY IT MATTERS

- It is the responsibility of the plan's fiduciaries to act solely in the interest of plan participants and their beneficiaries.
- Fees are just one of several items fiduciaries need to consider. This includes investment and administrative fees to ensure the fees being charged are reasonable and regularly monitored.
- Plan sponsors are also responsible for establishing a formal review process at reasonable intervals to monitor service providers.

### HOW ADP CAN SOLVE YOUR RETIREMENT PLAN CHALLENGES

- Administrative fiduciary services including third-party administrators (TPAs) to support specialized plan needs and 3(16) service providers help make plan administration easier while reducing plan risk.
- 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.
- 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.

Let's talk about how ADP can help you solve plan design challenges. For more information, visit [adp.com/401k](http://adp.com/401k).

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