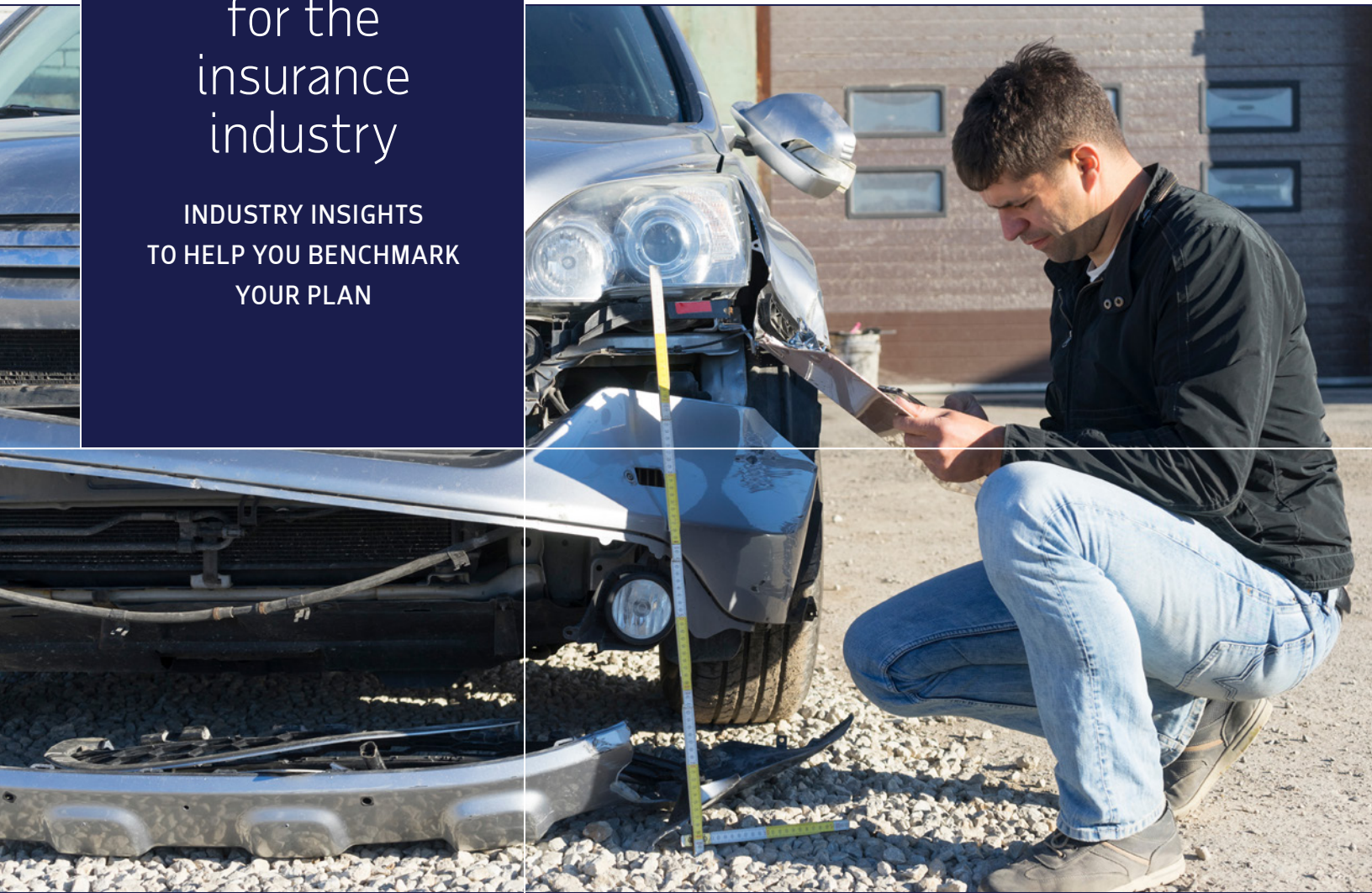


ADP RETIREMENT SERVICES

Retirement plan solutions for the insurance industry

INDUSTRY INSIGHTS
TO HELP YOU BENCHMARK
YOUR PLAN



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ADP
Always Designing
for People®



Turning toward tech

SEVERE WEATHER EVENTS HAVE BECOME INCREASINGLY COMMON, CHALLENGING THE INSURANCE INDUSTRY'S ABILITY TO FULFILL ITS CORE MISSION: PROVIDING PROTECTION TO ITS CUSTOMERS. According to PWC, "This is causing a growing disconnect between the coverage carriers can provide and the protections customers and communities require, jeopardizing the very purpose of insurance."¹

Recruiting talent to the industry is essential. By 2026, it's expected that attrition will reduce the industry workforce by 400,000, and about half of insurance workers are expected to be lost to retirement by 2028.² To respond to changing customer needs while remaining competitive and profitable, requires that insurance companies innovate and adopt technologies to manage risks, increase efficiencies, build a customer centric model, and more. To meet the moment, attracting employees with technology expertise such as generative AI, cybersecurity, data analytics and digital marketing is critical.



To address the talent shortage, companies will need to focus on both attracting tech-savvy talent while also upskilling current employees with Generative AI skills for the changing work environment.³

— KPMG



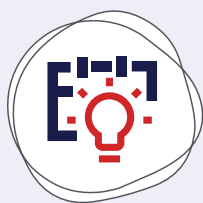
1 Next in insurance 2025. PWC, 2025

2 Stay Competitive In A Tight Insurance Job Market With A Compensation Strategy. Don Folino, MarshBerry - February 28, 2024

3 2024 Insurance Industry Forecast: Embracing M&A, AI, Talent, and Climate Change Mitigation. KPMG

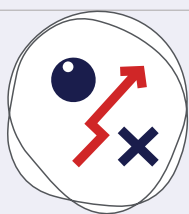
Align HR strategies with workforce values

Innovation, stability and competitive employee benefits are critical recruiting strategies for attracting top talent to insurance companies. Employees increasingly are motivated to stay or leave jobs based on employer benefit programs. In fact, better than average pay and meaningful benefits are some of the top reasons that employees change jobs. And 42 percent of employees prefer better benefits over a pay increase.⁴ Insurance organizations may be able to attract, retain and engage high value talent with HR strategies that champion better benefits, total compensation and quality of life.



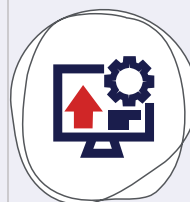
Build paths to career advancement and fulfillment.

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.

⁴ 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 good news

The insurance industry has one of the top participation rates (13th) and highest account balances (10th), out of the 47 industries tracked. If your plan numbers look like these, congratulations.

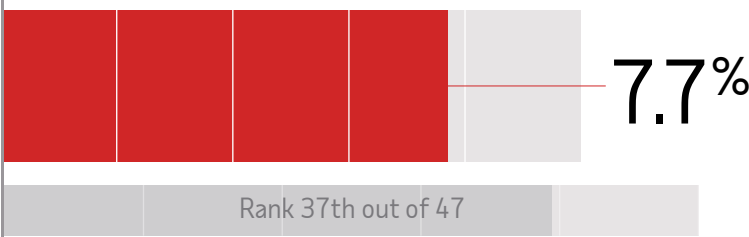
PARTICIPATION RATE



The challenges

Insurance retirement plans have a lower average deferral rate relative to other industries, and slightly higher outstanding loan balance per participant compared to the average of industries surveyed.

AVERAGE DEFERRAL RATE



AVERAGE ACCOUNT BALANCE



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

OUTSTANDING LOANS



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

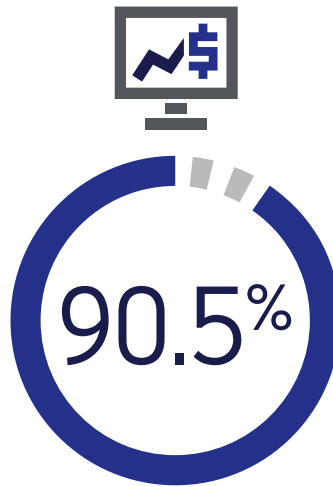
Insurance industry retirement plans can benefit from **focusing on financial wellness** to help employees achieve their retirement savings goals.



CHALLENGE:

FINANCIAL EDUCATION
RESOURCES FOR EMPLOYEES.

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




of plans offer a financial wellness program, yet **they are not confident** their employees will achieve their retirement goals.

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

 **50.8%**

Do not believe the majority of their employees will achieve their retirement goals by age 65

 **59.0%**

Plan sponsors believe **they have a responsibility 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.

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.
- Retirement Readiness Tool calculates a Readiness Score using personal retirement data and objectives to measure how close participants are to their retirement goals.



CHALLENGE:

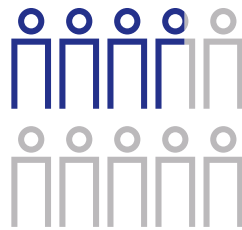
HELPING EMPLOYEES REACH
THEIR FINANCIAL GOALS.

Outstanding loan balances and not deferring enough salary to take full advantage of the plan's match could be **impeding participants** from reaching their retirement savings goals.

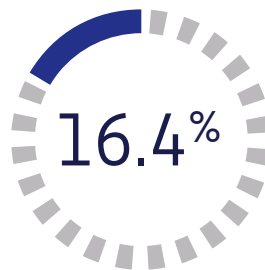


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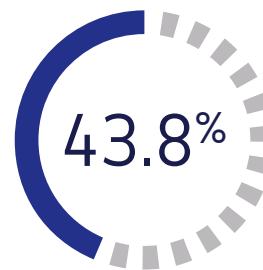
average loan balance
per participant



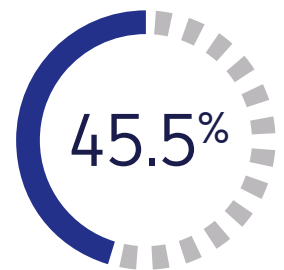
The vast majority of employees in the insurance industry **are not saving enough to maximize the employer match.**



of plan
participants
**have
outstanding
loans**



**do not use
automatic
enrollment**



**do not offer
automatic
deferral
increases**

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 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

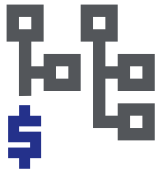
- ADP provides ongoing education that drives engagement which can be customized to address plan issues.
- Monthly webcasts and education microsites provide participants with support on managing debt, saving for college, impact of loans, taking advantage of the employer match, long-term investing and more.



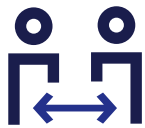
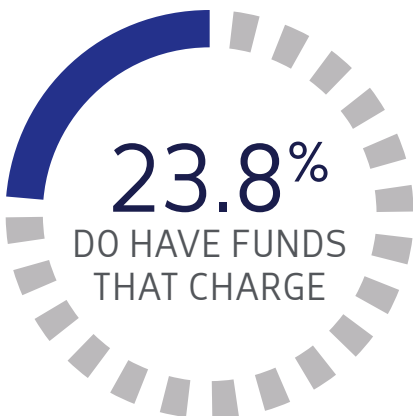
CHALLENGE:

PLANS MAY BE TAKING
UNNECESSARY FIDUCIARY
RISK.

ADP clients may choose from a wide range of administrative fiduciary services to **help reduce their fiduciary risk.**



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



Many plans may be assuming
unnecessary fiduciary risk.

25.0%

of retirement plan committees review
their recordkeeper's overall performance
annually

42.2%

of plan sponsors review their plan's
administrative fees annually

49.1%

of retirement plan committee members
received **any formal fiduciary training**
in the past two years

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, 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.
- 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.

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 so you and your workforce can unlock the full potential of your retirement plan.

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.

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