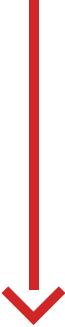


Retirement plan solutions for the building, construction and contracting industry

INDUSTRY INSIGHTS
TO HELP YOU BENCHMARK
YOUR PLAN





Building a strong talent pipeline

THE BUILDING AND CONSTRUCTION INDUSTRY CONTINUES TO BENEFIT FROM THE BUILD BACK BETTER AND INFRASTRUCTURE INVESTMENT AND JOBS ACTS. The legislation has driven opportunity for this industry, however, finding enough skilled workers to meet hiring needs remains a challenge. In an effort to attract talent, the industry has begun trying to enhance compensation and other employee benefits. But the industry faces a number of ongoing challenges. According to the Associated Builders and Contractors trade group, on top of the normal pace of hiring, the industry will need to hire an additional 501,000 workers to meet demand this year alone.¹ Of course, that is far easier said than done in the current environment. Not only is the job market extremely tight, but nearly 50% of construction workers are over 45 years old.² And if this wasn't challenge enough, the industry is learning that it is tough to find qualified applicants. In fact, 94% of firms currently have open positions and 94% of those are having trouble filling positions.³ Overall, a full 62% of firms report that applicants lack the skills required to work in the industry.³

"First and foremost, if you're hiring in this market, you say, 'Look, I gotta be competitive on just the overall benefits package. And I have to be able to educate people as to what **my package looks like in comparison to the rest of the industry.**'"

— Aaron Faulk
Construction Practice Leader
at Moss Adams



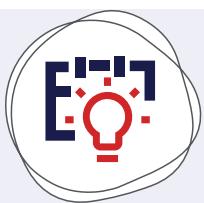
¹ "Manufacturing and construction are hiring—but there aren't enough people trained to fill the jobs," CNBC.com, February 2024

² "Construction's biggest staffing struggles for 2024," Construction Dive, January 2024

³ "AGC Workforce Analysis," Associated General Contractors of America, August 2024

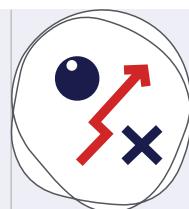
Align HR strategies with workforce values

These hiring issues are causing project delays, increasing costs and issues with work quality across the board. It is worth noting, however, that small businesses are likely more impacted than their larger counterparts, as they often struggle to compete. In an effort to combat these challenges, the industry has already begun trying to enhance compensation and other benefits. In fact, 61% of firms have raised base pay or their portion of benefits contributions.⁴ Many companies have focused on trying to attract younger talent and providing them with the skills they need. In fact, 42% of firms are increasing spending on training and development³ and some high schools are even beginning to implement trade courses focused on construction. Enhancing compensation, workplace benefits, and training programs will only become more critical to attracting talent over the next decade.



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.



Promote a positive work culture and prioritize quality of life strategies.

End the culture of overworking to reduce stress, burnout and drive productivity, offer flexible work arrangements to attract more women to the industry, and support "people-first" initiatives.



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 "AGC Workforce Analysis," Associated General Contractors of America, August 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 building, construction and contracting industry strongly supports retirement plan benefits, including employer matching contributions. Additionally, the industry is more likely to offer these benefits and has higher account balances than many other industries.

OFFER 401(k) PLAN

97.0%

OFFERS A 401(k) PLAN INCLUDING EMPLOYER MATCHING CONTRIBUTIONS

71.9%

AVERAGE ACCOUNT BALANCE

\$140,841

Rank 16th out of 47

SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2024

The challenges

Although most businesses offer a 401(k), the industry scores in the bottom half of all industries tracked in the key categories of participation and deferral rates.

FIRMS THAT DO NOT OFFER IMMEDIATE ELIGIBILITY TO PARTICIPANTS



AVERAGE DEFERRAL RATE

7.8%

Rank 34th out of 47

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

Retirement plans are widely offered in the building and construction industry. Upgrades to plan design and employee education offerings **could help workers maximize the benefit and build financial security.** Outsourced fiduciary responsibilities may also optimize performance and reduce fiduciary burdens and risk.



CHALLENGE:

PLAN PARTICIPATION AND SAVINGS RATES ARE LOW.

The construction industry has **lower participation and deferral rates than many other industries.**

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

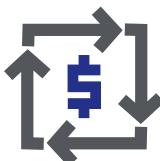


LESS THAN HALF
of plan sponsors estimate
that their participants
defer enough to get
the full employer match



About 1 in 4
companies offer
immediate eligibility
upon hire

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



ONLY 44%
OF PLANS USE
AUTOMATIC ENROLLMENT

**A LITTLE MORE
THAN 1/3 OFFER**
AUTOMATIC DEFERRAL
INCREASES TO PARTICIPANTS



AVERAGE DEFERRAL RATE



OVERALL RANK - 34TH
OF 47 INDUSTRIES SURVEYED

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

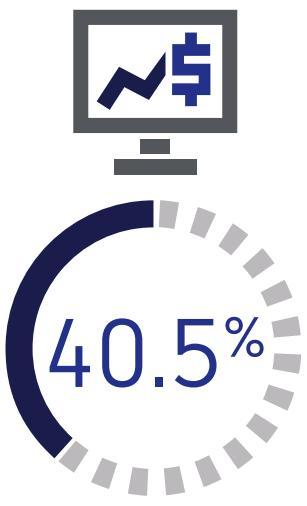
- ADP can help you design effective automatic plan features, including automatic enrollment and automatic deferral increases using Save Smart, a feature that lets participants schedule their savings rate to automatically increase at designated intervals (like at annual review time).
- Our personalized, 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:

MANY PLANS OFFER
NO HELP MANAGING
RETIREMENT INCOME

Construction employees **have limited options to help them generate steady cash flow** from their retirement plan savings once they retire.



Offer systematic withdrawal plan option

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



35.3%

Do not offer any income-oriented product solutions.



9.1% Offer in-plan insurance-based products **that guarantee income** (e.g., annuities, etc.)

WHY IT MATTERS

- Workers need access to plan solutions that help create a stable income stream in retirement.
- As employees approach retirement, one of their many concerns is outliving their retirement savings.
- Only having access to systematic withdrawals from a 401(k) plan may not be an ideal way to pay for expenses in retirement.
- 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 HELP

- The ADP Achieve Financial Wellness program delivers personalized insights, messaging and meaningful educational resources to help participants understand their projected retirement savings and income amounts.
- Access to participant advisory services through well-known providers that offer personalized advice and guidance to help your employees make better financial decisions.
- Out-of-plan retirement income annuity solution that gives participants a choice when they need a steady cash flow option.



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.

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



DO YOU HAVE A WRITTEN INVESTMENT POLICY STATEMENT FOR YOUR PLAN?



56.4%
either do not
or don't know

Do you formally review your recordkeeper's overall performance annually?



Does your plan have **a policy to address fee equalization?**

60.9%
ARE UNSURE

Have you or your retirement plan committee members **received or participated in any formal fiduciary training** within the past 3 years?



ONLY
33.8%
SAID YES

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. 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. For more information, visit adp.com/401k.

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.

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