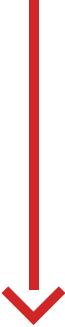


Retirement plan solutions for the financial services industry

INDUSTRY INSIGHTS
TO HELP YOU BENCHMARK
YOUR PLAN





An industry facing many headwinds

THE FINANCIAL SERVICES INDUSTRY FACES POTENTIAL CHANGES IN REGULATORY POLICY, THE RAPID ADVANCE OF TECHNOLOGY AND ARTIFICIAL INTELLIGENCE, RISING ECONOMIC UNCERTAINTY, AND A TIGHT TALENT MARKET. As Americans become wealthier, there is a growing demand and willingness to pay for human advice services to assist in navigating financial complexities. But an advisor shortage lies ahead. Over the next decade, 38 percent of financial advisors are expected to retire, and retirements are projected to exceed sluggish workforce growth.¹ In addition, across industries, 57 percent of US employees plan to change jobs over the next 12 months citing feelings of being undervalued by their employer seeking professional development to enhance their skills.²

Compensation, benefits and career development are programs that attract and engage workers. Retirement benefits are a top three most valued benefit, and nearly 1 in 4 are not confident that their employer training is preparing them for the future of work.² Businesses that invest in professional development and meet employees' benefits expectations — retirement and financial wellness programs in particular — may be on the path to sustaining a robust workforce in the year ahead.

"The time is now for employers to utilize effective benefits strategies to attract, select, and retain critical talent. Savvy employers can embrace this opportunity by **utilizing benefits as a talent attractor**, and will invest in a variety of strategic communications to engage, educate and support employees."³

— Amy Letke, SPHR GPHR SHRM-SCP, National Practice Leader HR Consulting, Marsh McLennan Agency



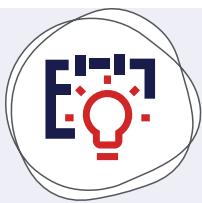
1 The looming advisor shortage in US wealth management. McKinsey, 2/10/25

2 Employee Sentiment Study. AON, Jan/Feb 2025

3 2024 Employee Health & Benefits Trends: The Evolving Workforce. MarshMcLennan Agency, February 2024

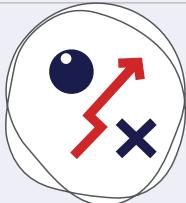
Align HR strategies with workforce values

Today's employees are increasingly motivated to stay or leave jobs because of benefits. In fact, better benefits are the number two reason that employees change jobs. And one in three employees would even forego a pay increase in return for better benefits for themselves and their families.⁴ Financial organizations can more effectively attract, retain and engage high value talent with HR strategies that champion better benefits, total compensation and quality of life.



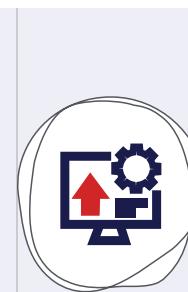
Optimize existing resources by building paths to career advancement and fulfillment.

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 "The Evolving Workforce," 2024 Employee Health & Benefits Trends. MarshMcLennan Agency

RETIREMENT PLAN REPORT CARD

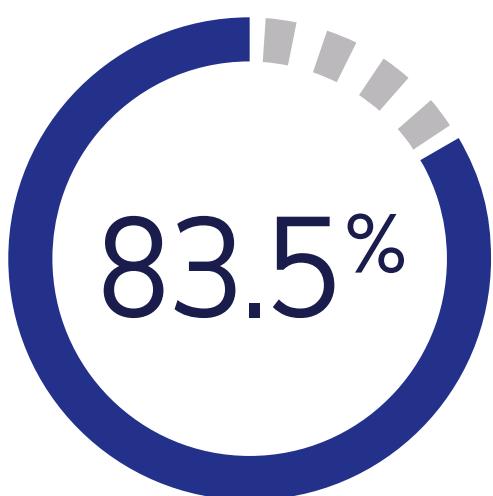
A retirement plan can help your organization attract and retain motivated, productive workers. ADP provides you with insight into how your plan measures up against other industry retirement plans and can help you optimize your plan to achieve your workforce goals.



The good news

The Financial Services retirement plans are some of the best. Account balances are the fourth highest out of all industries, and deferral rates score tenth. If your plan numbers look like these, congratulations.

PARTICIPATION RATE



Rank 9th out of 47

AVERAGE ACCOUNT BALANCE

\$211,520

Rank 4th out of 47

AVERAGE DEFERRAL RATE

9.3%

Rank 10th out of 47

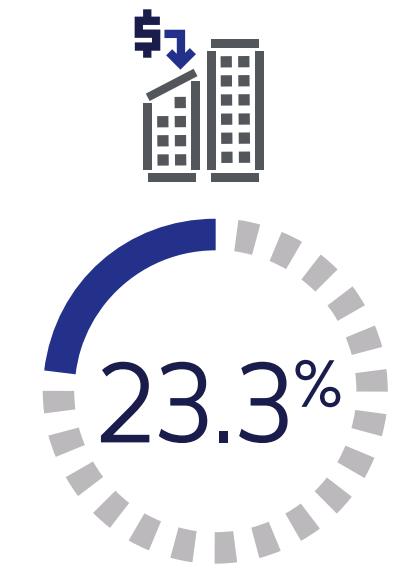
SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2024

Retirement plans in the financial services sector are highly competitive. However, there is room for improvement. Plans report **above average loan balances compared to other industries** — plus, 51.5% of plan participants have an outstanding loan.



CHALLENGE: FINANCIAL WELLNESS AND EDUCATION FOR EMPLOYEES

Personalized insights and persona-driven messaging could help employees maximize the benefit and build financial security.



Of plans **offer immediate vesting** ranking the industry in the bottom 50 percent.

SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2024

41.8%

of participants are **deferring enough salary to take full advantage** of the maximum employer match.

70.1%

Plan sponsors believe **they are responsible for improving** 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 your fiduciary obligation.
- 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 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 increase their knowledge and make better decisions.
- ADP clients may choose to offer investment advice and guidance for employees through either Edelman Financial Engines® or Morningstar®.

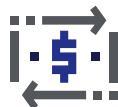


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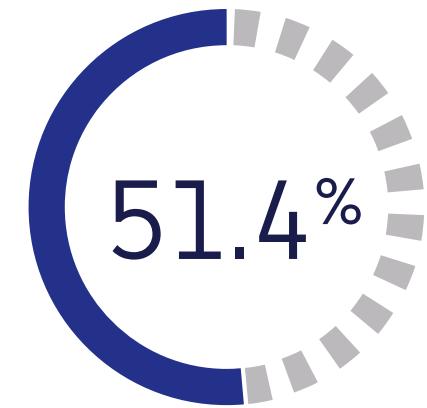
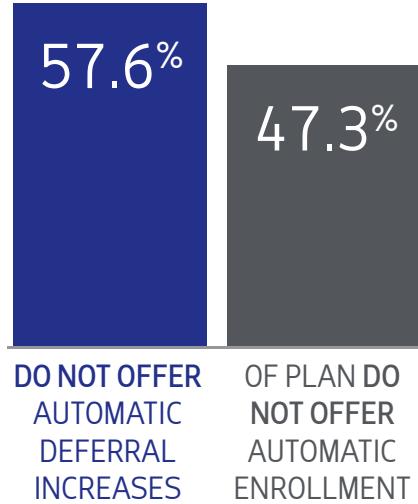
UPGRADE PLAN DESIGN
TO HELP EMPLOYEES REACH
THEIR FINANCIAL GOALS.



Competitive retirement plans offer
plan features that help employees reach
their retirement savings goals.



Auto features and
immediate eligibility
can **improve employee**
savings



DO NOT ALLOW ROTH CONVERSIONS
OR DO NOT KNOW IF THEY DO



Roth conversions
can diversify participants'
tax liability

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.

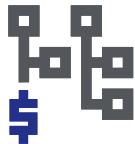
HOW ADP CAN SOLVE YOUR RETIREMENT PLAN CHALLENGES

- ADP can help you employ automatic plan features, like ADP Save Smart. This feature that lets participants schedule their savings rate to automatically increase at designated intervals (like at annual review time)
- ADP has flexible plan options so you can design a plan to best meet the needs of your business and your workforce.

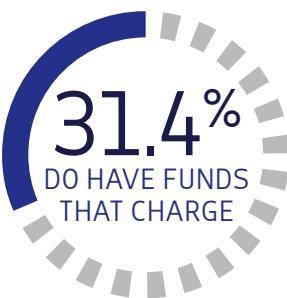


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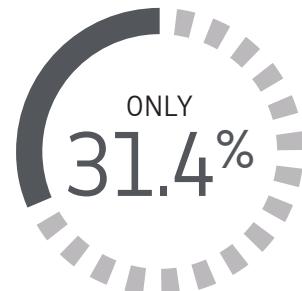
TOO MANY PLANS MAY BE TAKING UNNECESSARY FIDUCIARY RISK.



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



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



of plans review their plan administrative fees **on an annual basis**



plans have committee members **who have not received formal fiduciary training, or do not know if they have**, in the last two years



More than half of financial services retirement plans **do not take advantage of third-party 3(16) services providers** to help reduce plan fiduciary responsibilities.

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.
- 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) to support specialized plan needs and 3(16) service providers help make plan administration easier while reducing 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. For more information, visit adp.com/401k.

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