

ADP RETIREMENT SERVICES

Retirement  
plan solutions  
for the  
building,  
construction  
and contracting  
industry

INDUSTRY INSIGHTS  
TO HELP YOU BENCHMARK  
YOUR PLAN



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Always Designing  
for People<sup>®</sup>



# Building a strong talent pipeline

**BILLIONS WILL BE INJECTED INTO AMERICAN INFRASTRUCTURE DEVELOPMENT THROUGH THE INFRASTRUCTURE INVESTMENT AND JOBS ACT AND THE BUILD BACK BETTER ACT, DRIVING GROWTH IN THE CONSTRUCTION AND ENGINEERING INDUSTRIES.** This federal spending, alongside the soaring demand for building and construction services of the last few years, will compound an already severe worker shortage and tight talent market. Filling open positions is a major challenge, according to over 90 percent of general contracting firms.<sup>1</sup> Specialty trades like pipelayers, concrete workers, mechanics, truck drivers and carpenters are extremely difficult to hire, and candidates for salaried roles like construction project managers/supervisors are scarce. Inflation, supply shortages, and soaring wages will persist — but it is vital to the American economy and the success of the infrastructure initiatives that the industry's talent needs are met.

“The construction industry must recruit hundreds of thousands of qualified, skilled construction professionals each year to build the places where we live, work, play, worship, learn and heal. As the **demand for construction services remains high, filling these roles with skilled craft professionals is vital to America's economy and infrastructure rebuilding initiatives.**”

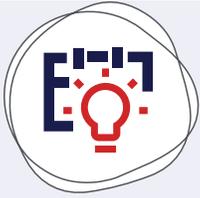
— Michael Bellaman,  
ABC President and CEO



1 AGC Workforce Analysis. Associated General Contractors of America, 8/2022.

## Align HR strategies with workforce values

The industry is aggressively responding to this talent deficit by improving pay and benefits and investing in training and professional development. Forty-two percent of firms are taking steps to create a workforce of skilled workers from within and providing career paths through training and development programs as strategies for upskilling workers and reducing turnover. And, 86 percent of firms have implemented pay increases, 45 percent provided incentives or bonuses and 24 percent increased or improved employee benefits.<sup>2</sup> Looking ahead, winning talent will require continued effort in these areas — building career paths, improving work/life balance and economic stability and enhancing compensation and benefits programs. Strong workplace benefits, including retirement plan, are a talent magnet that supports personal and financial well-being.



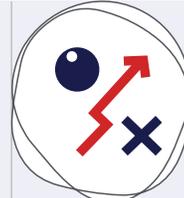
### Build paths to career advancement and fulfillment.

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



### 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.



### 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.

<sup>2</sup> AGC Workforce Analysis. Associated General Contractors of America, 8/2022.

## 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.

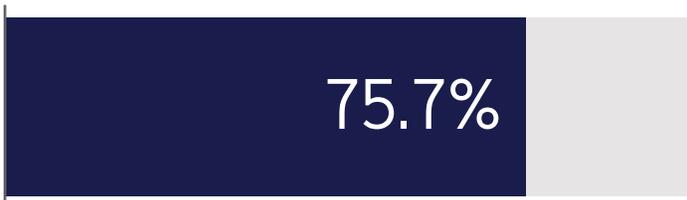
### The good news

The building, construction and contracting industry strongly supports retirement plan benefits, including employer matching contributions, and is more likely to offer these benefits than other industries.

#### OFFER 401(k) PLAN



#### OFFERS A 401(k) PLAN INCLUDING EMPLOYER MATCHING CONTRIBUTIONS



SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2022.

### The challenges

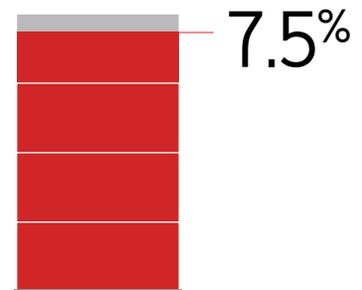
Although most businesses offer a 401(k), the industry scores in the bottom half of all industries tracked in the key categories of participation, deferral rates and account balances.

#### PARTICIPATION RATE



Rank 33rd out of 50

#### AVERAGE DEFERRAL RATE



Rank 27th out of 50

#### AVERAGE ACCOUNT BALANCE

\$83,580

Rank 38th out of 50

SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2022.

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.

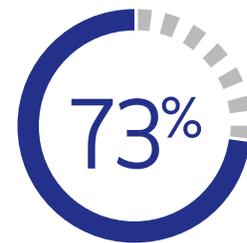
The construction industry has **lower participation, deferrals and account balances than many other industries.**



# 57.6%

Participants that defer enough to get the full employer match, according to plan sponsors

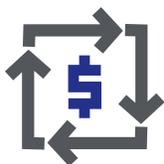
PARTICIPATION



AVERAGE ACCOUNT BALANCE

# \$83,580

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



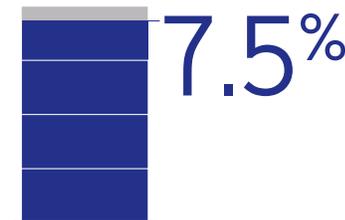
# 55.2%

OF PLANS DON'T USE AUTOMATIC ENROLLMENT

**33.9%** DON'T OFFER AUTOMATIC DEFERRAL INCREASES TO PARTICIPANTS



AVERAGE DEFERRAL



SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2022.

### 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 FINANCIAL EDUCATION RESOURCES TO EMPLOYEES.



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



50%

**Offer no financial wellness education**

on budgeting, debt, saving for long term goals and Social Security

SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2022.



56.1%

Plan sponsors believe **they are responsible for helping employees** with their financial wellness

31.9% 

Plan sponsors think most of their employees will **achieve their retirement goals by age 65**

### 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

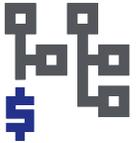
- The ADP Achieve employee education program delivers personalized insights, messaging and meaningful educational resources to help solve challenges and meet the specific needs of each participant.
- Easy to understand and guided experiences help participants gain knowledge and make better financial decisions



## CHALLENGE:

TOO MANY PLANS MAY BE TAKING UNNECESSARY FIDUCIARY RISK.

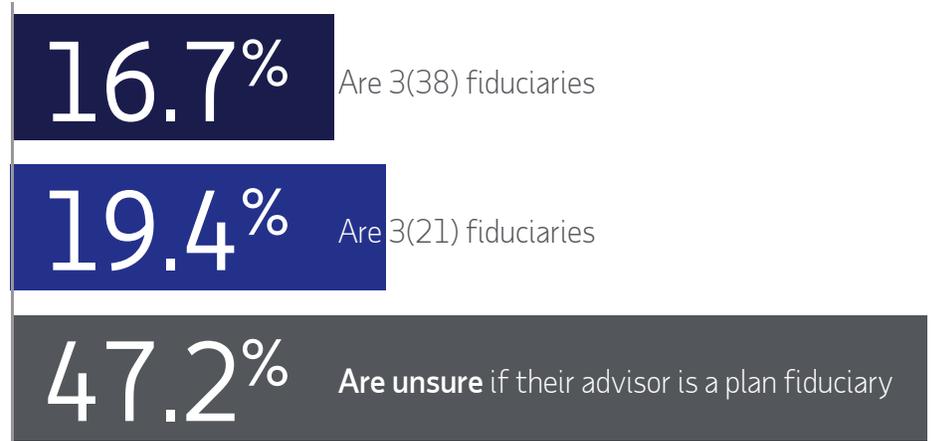
ADP clients may **choose to offer investment advice and guidance** for employees through either Edelman Financial Engines or Morningstar.



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



Work with a retirement plan advisor or institutional investment consultant...**but most do not provide fiduciary services**



SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2022.

### 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 optional 3(21) investment advisory 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](http://adp.com/401k).

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