



RETIREMENT SERVICES

Retirement plan solutions for the engineering industry

Discover how your
plan measures up
to the competition

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ADP
Always Designing
for People®

Engineering industry trends in retirement plans

An industry bouncing back

2022 is expected to be another rewarding, but challenging year, for the engineering industry. While the industry looks to be poised to capture growth opportunities, it faces labor shortages that could reach crisis proportions. According to a recent Deloitte survey, 52% of engineering organizations are facing a severe labor and talent shortage on the job site. The impact of not filling job openings can lead to project delays, cancellations, inability to respond to market needs, losing project bids, and failing to innovate, among others.¹

Consider that the recently passed Infrastructure Investment and Jobs and Build Back Better Acts include significant spending for infrastructure and construction including:

- \$550 billion for hard infrastructure²
- \$170 billion toward affordable housing³

This will be great for America and Americans, but will increase the growing shortage of — and competition for — talent that the industry has been facing for decades.⁴ Consider that technology is becoming ever more integrated into many aspects of engineering, helping to increase efficiency, convenience and collaboration. However, these advancements require highly skilled talent that many different industries are vying for.

According to the Bureau of Labor Statistics, engineering jobs will grow by 6% from 2020-2030.⁵ To fill the current and future openings, engineering firms will need to change their approach to recruiting and retention. According to Jeanne J. Sutton of Strategic Retirement Partners, employees are looking for more pay and enhanced benefits. Consider “new and creative benefit ideas that your employees actually want. Even small tweaks can be made to existing packages that go a long way.”⁶

1 2022 engineering and construction industry outlook, Deloitte

2 Infrastructure Investment and Jobs Act, Investopedia, May 16, 2022

3 Build Back Better includes \$170 billion for affordable housing — here’s where it would go, CNBC.com, November 24, 2021

4 2021 Workforce Survey Analysis, Associated General Contractors of America

5 Occupational outlook handbook, architecture and engineering, BLS.gov

6 Spice Up Routine Benefits Offerings to Attract and Keep Talent, April 14, 2022, SHRM.org.



Retirement plan report card

Your retirement plan can help you or hinder you in attracting and retaining motivated, productive employees. ADP can help you gain insights into how your plan measures up against other industry retirement plans and where there might be room for improvement.

THE GOOD NEWS

The engineering industry in general is doing a great job with retirement plans and is in the top 50% in four categories that help to measure plan success. If your plan numbers look like these, congratulations.

Category	Average among all plan sizes	Industry rank
Participation rate	85.1%	10th
Average account balance	\$138,722	7th
Average deferral rate	8.5%	9th
Immediate eligibility	45.3%	17th

Source: PLANSPONSOR Defined Contribution (DC) Survey, 2021.

"In 2022, companies will need to fully embrace the new recruiting landscape.

Recruitment 3.0 combines traditional recruitment methods with modern digital tools and marketing tactics. Today's top engineering talent is likely already employed and not scouring job boards. Recruitment 3.0 allows recruiters to connect with these passive candidates that would be open to new opportunities but aren't actively looking."

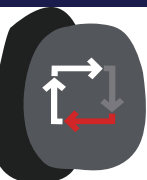
— *Progressive Experts in Your Field*⁷

⁷ Five Engineering Staffing Trends and Predictions for 2022, Progressive Experts in Your Field.



The challenges

Of course, every industry has its challenges, and though engineering is doing an amazing job with retirement plans, there are some places the industry can improve.



NOT SO AUTOMATIC

Challenge	Why it matters	How ADP retirement solutions can help
57.5% of plans do not offer automatic enrollment.	In a tight labor market, especially in a high-tech industry, you want to make things as easy as possible for your employees.	We transform employee enrollment by leveraging technology and the support of our knowledgeable education team to guide employees toward making sound retirement planning decisions. Additionally, mobile and automatic enrollment features help increase participation and make enrollment easier.
Only 65.3% of plans say the vast majority or all of their participants defer enough to take full advantage of the match — which could, in part, be because only 42.3% of plans offer automatic escalations.	Failing to contribute enough for a match is like “leaving free money on the table.” And when both employees and employers are concerned about their ability to be ready for retirement, every bit of savings helps.	Save Smart® enables participants to automatically increase their savings rate at designated intervals (like at annual review time).

Source: PLANSPONSOR Defined Contribution (DC) Survey, 2021.



ADP Achieve is designed to **help employees prepare** for life’s financial challenges, improve financial literacy, and put them on the road to financial wellness.





HIGHLY EDUCATED?

Challenge	Why it matters	How ADP retirement solutions can help
Almost 40% of plans do not offer participants education on financial wellness topics like, budgeting, credit/debt management, student loan debt, home buying, college saving, tax/estate planning, healthcare costs, and Social Security withdrawal strategies.	Providing employees with education about the plan helps them understand plan benefits, helps encourage participation, and provides the information they want — and need — to make better informed decisions.	ADP Achieve is designed to help employees prepare for life's financial challenges, improve financial literacy, and put them on the road to financial wellness. It unites innovation, technology and financial wisdom to inspire, engage and support participants — from enrollment through retirement. The program leverages aggregated data from nearly 30 million U.S. workers to create peer profile-based benchmarks that provide personalized insights. It integrates these with persona-driven messaging delivered through our mobile application and digital enrollment experience to help participants when they need it most — as they're making critical choices about saving for retirement.
76.3% of plans believe they are responsible for helping with financial wellness, but, on average, however 51% of plan advisors do not offer assistance with education program design or assessment.	Even though engineering tends to be a higher paying industry, employees can still struggle with paying daily bills, debt, saving for a rainy day — and a number of other financial issues unrelated to investments.	ADP Achieve cuts through the clutter to identify and prioritize the content that helps to solve challenges and meet the specific needs of the participant. Easy-to-understand and guided experiences encourage participants to increase their knowledge so they can make better decisions.

Source: PLANSPONSOR Defined Contribution (DC) Survey, 2021.



THE CHALLENGES — FIDUCIARY RISKS AND DUE DILIGENCE CONCERNS

Challenge	Why it matters	How ADP retirement solutions can help
<p>31.7% of engineering plans still have investment funds that pay 12b-1 or sub-TA fees, and another 31.7% of plans don't know if they do or not.</p>	<p>Plan sponsors have a fiduciary responsibility to look out for their employees' best interests. Arguments can be made that funds with these types of fees are not in participants' best interests — which can add to your fiduciary risk.</p>	<p>ADP offers a selection of low-cost funds (typically referred to as zero revenue funds). These investment options pay no 12b-1, sub TA, shareholder servicing fees or compensation, in general, to ADP (or its affiliates). As a result, your plan recordkeeping fees are calculated and charged separately which provides greater fee transparency.</p>
<p>86.4% of plans use a retirement plan advisor or institutional investment consultant, but:</p> <ul style="list-style-type: none"> ▪ 26% of plans don't know if their advisors are fiduciaries to the plan. ▪ Only 14% are 3(38) fiduciaries, while 48% are 3(21) fiduciaries. 	<p>It is part of your fiduciary responsibility to perform due diligence on investments before they are selected and to monitor their performance to ensure they remain appropriate options for your participants.</p>	<p>To assist you in making investment decisions for your plan, ADP makes available services that can help you mitigate the risks associated with investment option selection and monitoring. You can choose between two options — 3(21) or 3(38) investment management services.</p> <p>To support your participants' needs for investment advice and guidance, ADP clients may choose to offer their employees investment advisory services through Edelman Financial Engines.⁸</p>

Source: PLANSPONSOR Defined Contribution (DC) Survey, 2020.



⁸ Edelman Financial Engines® Professional Management is a service of Edelman Financial Engines, LLC. Plans that wish to offer this participant advisory service may engage Financial Engines to serve as an investment manager or advisor to plan participants. Participant advisory and management services provided by Edelman Financial Engines Professional Management is made available through ADP, Inc. ("ADP"), however Edelman Financial Engines is not affiliated with ADP nor any of ADP's affiliates, parents, or subsidiaries. ADP provides technology services that facilitate a plan's connectivity to the services of Edelman Financial Engines and provides information about Edelman Financial Engines' services to you; however the provision of these services is in no way a recommendation or endorsement by ADP of Edelman Financial Engines, nor does it imply a certain level of skill or services offered by Edelman Financial Engines.



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.

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