

# Retirement plan solutions for the retail industry

## AN EVOLVING INDUSTRY

Far from being dead, retail is undergoing an evolution. Yes, a number of stores are closing, but many new ones are opening as well. In fact, according to a January 2021 survey, 28% of consumers say they will shop in stores more frequently, 54% will shop at the same frequency, and only 16% will shop less frequently.<sup>1</sup> And many large retailers are changing the format of their brick-and-mortar stores, focusing more on the customer experience, rather than having the products in-store.

To compete today, companies need to innovate, be sustainable, invest in their technology — and their employees. In fact, with more innovation, comes the need for more highly qualified employees, where companies may be competing against other industries with deeper pocketbooks. One thing is certain: As we begin to deal with yet another 'next normal' as the country reopens, employers, and the employee benefits they offer, will play a key role.<sup>2</sup>

## RETAIL RETIREMENT PLAN REPORT CARD

Challenge	Why it matters	How ADP retirement solutions can help
Retail has only 67.4% participation on average — and participation slips to under 44.7% for some larger plans.	Your retirement plan is one of the most important benefits you offer to your employees. In addition to this being a potential compliance issue, employees who do not participate are missing out on tax advantages now and may not be able to retire successfully later.	Our automatic enrollment helps increase participation and makes it easy by automatically enrolling employees as they become eligible. And our mobile technology provides an enhanced experience from enrollment through retirement.
32% of plans do not offer formal education/guidance on many financial topics.	Providing employees with education about the plan helps them understand plan benefits, help encourage participation, and provides the information they want — and need — to make better informed decisions.	Achieve is an industry-leading program that provides education and financial wellness to help participants become retirement ready. It leverages data-driven peer benchmarking to offer personalized insights that can help engage and motivate action, communicate next steps, and help participants make confident decisions.
27.8% of retail plans still have investment funds that pay 12b-1 or sub-TA fees, and another 46.6% of plans don't know if they do or not.	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.	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.

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

1 Jessica Miller-Merrell. 2021 Predictions: What's Next for Talent Acquisition in Retail & Grocery? Talroo. January 20, 2021.

2 Glassdoor Workplace Trends 2021.



## UNLOCKING BETTER RETIREMENT OUTCOMES

Your retirement plan can help you or hinder you in attracting and retaining motivated, productive employees. ADP retirement plan solutions brings you the services and features you need to improve plan health, reduce administrative burdens and unlock better employee retirement outcomes.

“Past research shows the most important benefits to workers are **health insurance, 401(k) matches and paid time off**. In the wake of a global pandemic and sudden recession, **that focus on security, safety and fundamental work benefits is likely to be amplified for years to come.**”

— Andrew Chamberlain, Ph.D., Chief Economist, Glassdoor<sup>2</sup>

2 Glassdoor Workplace Trends 2021.



## MORE THAN A PROVIDER, ADP IS YOUR RETIREMENT ALLY.

With more data and experience than any other provider, our advanced technology makes retirement plans easy and engaging. Our flexible, simple to manage retirement plans are backed by:

- Seamless data integration to streamline plan administration and mitigate unnecessary risk.
- A data-driven approach to employee education delivering personalized insights that empower employees to make informed savings decisions.
- Plan design to best meet the needs of your business and workforce.
- Industry-recognized security to ensure that your employee data is secure and compliance is managed.

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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. (ADP BD), Member FINRA, an affiliate of ADP, Inc., One ADP Blvd, Roseland, NJ 07068 or (in the case of certain investments) ADP, Inc. Only registered representatives of ADP BD may offer and sell ADP retirement products and services or speak to retirement plan features and/or investment options available in any ADP retirement products. Registered representatives of ADP BD do not offer investment, tax or legal advice to individuals. Please consult with your own advisors for such advice.

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## 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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