

ADP RETIREMENT SERVICES

Retirement
plan solutions
for the
healthcare
industry

INDUSTRY INSIGHTS
TO HELP YOU BENCHMARK
YOUR PLAN



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Always Designing
for People®



A talent emergency

THERE'S GROWTH AHEAD FOR THE RESTAURANT AND FOOD SERVICE INDUSTRY.

Although COVID-19 is no longer considered a public health emergency, significant challenges remain ahead for the health care industry. Labor shortages and turnover are expected to continue — nearly a third of nursing staff indicate that they may leave their current position in the next year.¹ Healthcare professionals feel more stressed than ever — and administrative burdens, low pay, heavy workloads and inefficient technology are primarily to blame. Widespread employee fatigue is also a problem, half of physicians report feeling burned out.² By 2035, it's projected that health care providers will confront a global deficit of 12.1 million skilled professionals.³ As critical workforce shortages persist, health care systems may have no choice but to continue to rely on costly contract labor.

According to Deloitte, approximately \$935 billion — 25 percent — of all US health care expenditures are wasted on administrative complexity, pricing failures, and poor care delivery.⁴ New technologies could be leveraged to help solve these challenges, but it's critical that the solutions are effectively applied to improve efficiencies, ease demands on health workers, reduce costs and deliver better patient care.

“Personal safety, employer support for their mental health and well-being and receiving adequate time off to help prevent burnout and enhance work/life balance are some of the critical things HCPs need in their workplaces. Without it, their desire to change professions could become a dominant theme in their minds.”

— Vivian Health



1 Nursing in 2023: How hospitals are confronting shortages. McKinsey, May 5, 2023. <https://www.mckinsey.com/industries/healthcare/our-insights/nursing-in-2023>

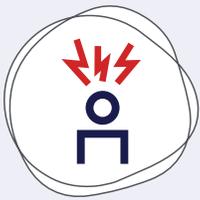
2 2023 Global Healthcare Outlook. Deloitte, 2022.

3 Ibid.

4 Ibid.

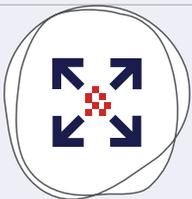
Benefits that support workforce needs

Health care workers will change employers for more competitive wages (89%) and benefits (51%), support for their well-being (commute time, 50%; flexible hours, 48%) and to solve workplace concerns (staff-to-patient ratios, 53%).⁵ HR strategies that address stress and burnout, improve the employee experience, and provide competitive compensation and benefits are poised to better attract, engage and retain workers. Hiring trends for the industry include:



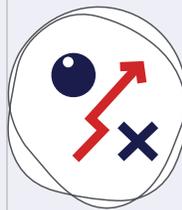
Confronting stress and burnout.

Healthcare jobs can be high stress and workplaces that prioritize mental health and wellness services for employees, offer work/life balance, flexible schedules and time off can reduce employee stress and prevent burnout.



Effectively leveraging technology.

AI, automation, telehealth, mobile apps and wearable devices can transform patient care, ease administrative burdens and offer remote work and shift flexibility to support work/life balance.



Differentiating your organization with competitive benefits.

Healthcare professionals have high expectations about their medical and dental plans (76%), retirement/pension plans (65.5%) and 401(k) vesting (36.3%) benefits. A high quality benefits program tailored to your workforce needs, including a retirement plan and financial wellness program, can help foster employee retention and help your organization stand out in a competitive talent market.

⁵ 2023 Future of the Healthcare Work Report. Vivian Health, Feb. 14, 2023. <https://www.vivian.com/community/industry-trends/what-hcps-want-the-future-of-healthcare-work-report-2023/>

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 healthcare industry is one of the top industries for retirement plan account balances.

The challenges

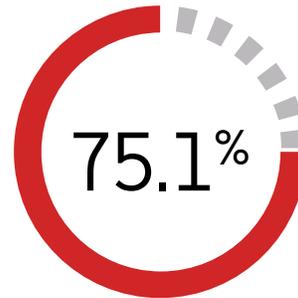
Although participation and deferral rates appear somewhat reasonable, the healthcare industry ranks in the bottom half of all industries tracked for these plan metrics.

AVERAGE ACCOUNT BALANCE

\$192,397

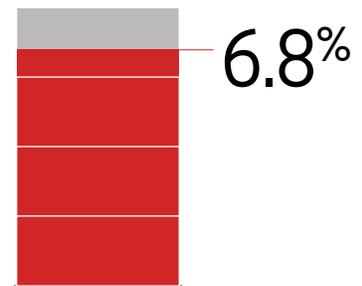
Rank 4th out of 50

PARTICIPATION RATE



Rank 30th out of 50

AVERAGE DEFERRAL RATE



Rank 38th out of 50

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

Health care plan participation and deferral rates could be better,

and automatic plan features, immediate eligibility, matching contributions and outsourced fiduciary responsibilities **could benefit workers and employers.**



CHALLENGE:

PLAN PARTICIPATION AND SAVINGS RATES COULD BE IMPROVED.

Healthcare participants **aren't taking full advantage of their employer match** even though the account balances look impressive.

A MATCH MAY BOOST EMPLOYEE RETENTION



1 in 4

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

PARTICIPATION



Upgrade plan design to include auto features and immediate eligibility to improve employee savings

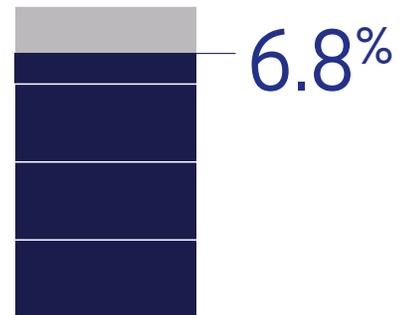
77.2% do not let employees join the plan immediately

55.1% do not use automatic enrollment

34.6% do not offer automatic deferral increases

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

AVERAGE DEFERRAL



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 design effective automatic plan features, including auto enroll 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.
- Our knowledgeable education team is available for live virtual enrollment and ongoing education sessions



CHALLENGE:

PLANS LACK FINANCIAL WELLNESS AND EDUCATION FOR EMPLOYEES.

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



44.6%

Offer no financial wellness education on budgeting, debt, saving for long term goals and Social Security

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



ADP EMPOWERS EMPLOYEES with personalized insights and smart tools for planning and saving.



49.6%

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

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?**



78.1% Work with a retirement plan advisor or institutional investment consultant... **but most do not provide fiduciary services**

20.8% are 3(38) fiduciaries

41.7% 3(21) fiduciaries

45.8%

Of plans **do not have or are unsure** if they have an Investment Policy Statement (IPS)



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, 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 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. As a result, plan recordkeeping fees are calculated and charged separately providing greater fee transparency.
- ADP makes 3(21) investment advisory and 3(38) investment management services available to help you mitigate the risk associated with investment option selection and monitoring.
- ADP makes a sample Investment Policy Statement available for your use.

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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