

ADP RETIREMENT SERVICES

Retirement plan solutions for the Wholesale industry

INDUSTRY INSIGHTS
TO HELP YOU BENCHMARK
YOUR PLAN



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ADP
Always Designing
for People®

Delivering on workforce needs

LIKE MANY OTHER INDUSTRIES, WHOLESALERS WERE FORCED TO RAPIDLY ADAPT TO SURVIVE THE LAST FEW YEARS. Faced with exceptional supply chain issues, soaring shipping expenses, increasing labor costs, and the war in Ukraine, the distribution industry has shown tremendous resilience through considerable disruption. As the industry navigates through an evolving landscape, major disruption will continue to drive innovation, accelerate digitization and expand opportunities in new customer segments and channels. By 2025, it's expected that 80 percent of sales interactions between buyers and suppliers will take place over digital channels, as a third of all buyers increasingly prefer a seller-free sales experience.¹ Wholesalers that don't keep up with this strategic shift to omnichannel selling, ecommerce, AI, automation, mobile and other tech may get left behind. Despite uncertainty, business is good — the global wholesale industry reached nearly \$49 billion in 2023, at a compound annual growth rate (CAGR) of 7 percent.²

At the same time, the industry faces fierce competition for talent driven by worker shortages, a tight talent market and changing employee needs. Fifty million workers quit their jobs in 2022 in what is known as the Great Resignation — and the wholesale industry was one of the hardest hit. Workforce challenges continue, especially for roles that are generally low-paid, such as truck drivers, warehouse workers and customer-facing employees. Competition for talent is intense, with employees readily seeking places that offer higher pay, work-life balance, and improved working conditions.

“Employee recruitment and retention must be a priority in 2023. One way to do that is by improving the employee experience, **starting with listening to employees to gain insight and identify areas for improvement.**”³



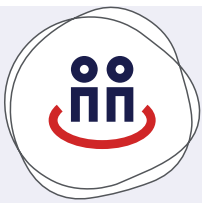
1 The Future of Sales: Digital First Sales Transformation Strategies. Gartner Inc. 2020.

2 Wholesale Global Market Report. Yahoo Finance, 4/2023.

3 <https://www.the-future-of-commerce.com/2022/10/31/2023-wholesale-distribution-trends-transforming-the-industry/#jumplink6>

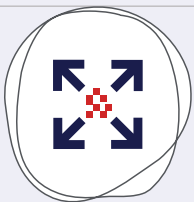
Benefits that support workforce needs

As employees' workplace expectations evolve, employers must prioritize recruitment and employee retention to compete. Wholesalers can differentiate their workplace by improving the employee experience through:



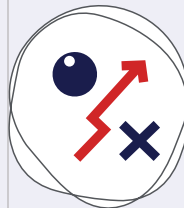
Creating career paths

through training and upskilling programs to keep top workers through growth.



Implementing quality of life strategies

that improve work/life balance, offer flexibility and greater economic stability.



Enhancing compensation and benefits programs

that support personal and financial well-being. In a competitive employment environment, a strong workplace benefits package that includes financial wellness and retirement plan programs can be an effective tool to recruit and retain employees.

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

Although the wholesale industry enjoys participation and deferral rates that are slightly higher than the overall industry averages, the wholesale sector still scores in the bottom half of all industries tracked for these plan metrics.

AVERAGE DEFERRAL RATE



PARTICIPATION RATE

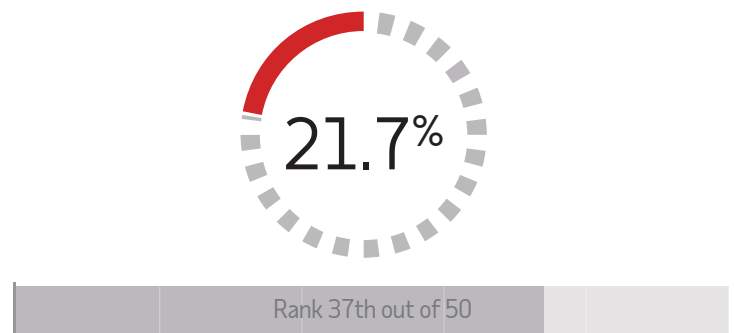


SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2022.

The challenges

Average account balances in wholesale retirement plans score in the mid-range of all 50 industries tracked.

IMMEDIATE ELIGIBILITY



AVERAGE ACCOUNT BALANCE

\$104,217



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

Wholesale 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.

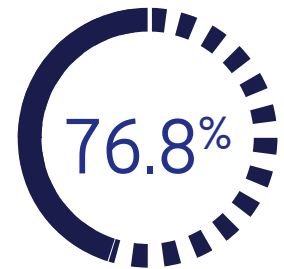
Nearly 1 in 4 eligible employees aren't using the plan, and deferral rates and account balances are below many other industries.



1 out of 3

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

PARTICIPATION



AVERAGE ACCOUNT BALANCE

\$104,217

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



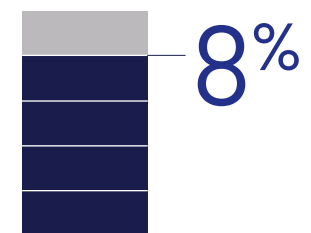
39.4%

OF PLANS DON'T USE
AUTOMATIC ENROLLMENT

50% DON'T OFFER
AUTOMATIC DEFERRAL
INCREASES TO PARTICIPANTS



AVERAGE DEFERRAL



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

WHY IT MATTERS

- Nearly 1 in 4 wholesale 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 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.
- A knowledgeable education team is available for live virtual enrollment and ongoing education sessions



CHALLENGE:

PLANS LACK FINANCIAL WELLNESS AND EDUCATION FOR EMPLOYEES.

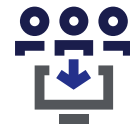
Wholesale employees **are missing out on** one of the most valuable workplace benefits offered



36.2%

Offer no financial wellness education such as budgeting, debt management, saving for long term goals and Social Security withdrawal strategies

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



31.1%

Believe employees **will achieve** their retirement goals by age 65



63.5%

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 your fiduciary obligation.
- Some wholesale careers can be low paying hourly positions. Employees may struggle with paying daily expenses, debt, saving for emergencies and other financial challenges.
- Everyday financial decisions effect 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 employee education program delivers messaging and educational resources that can help solve challenges and meet the specific needs of each participant.
- Easy to understand and guided experiences help participants increase their knowledge and make better decisions



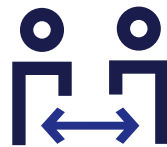
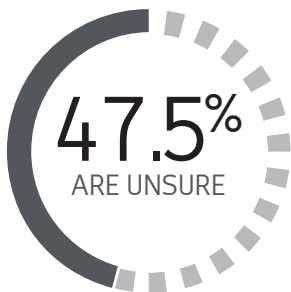
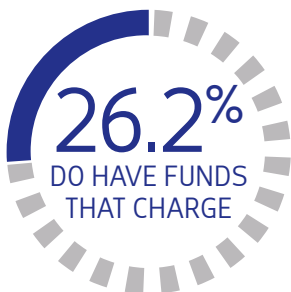
CHALLENGE:

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.

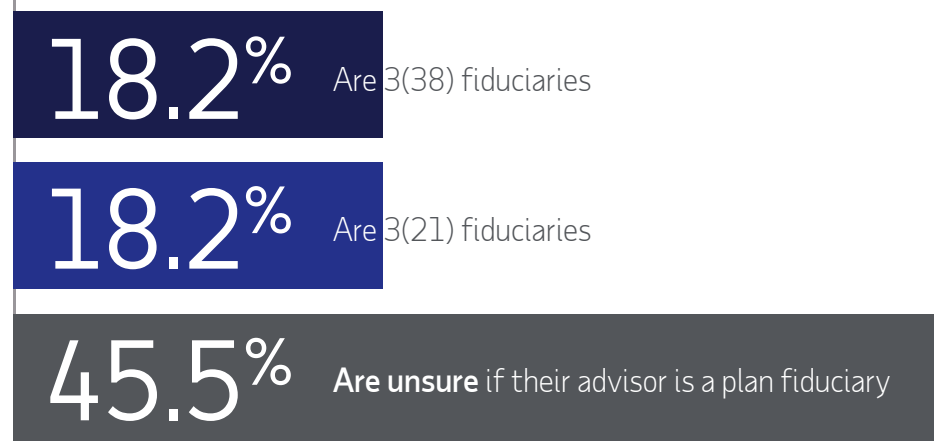


Have investment
lineups that **include
funds that charge**
12-b1 or sub-TA fees?



2 out of 3

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. As a result, plan recordkeeping fees are calculated and charged separately providing greater fee transparency.
- To assist you in making investment decisions for your plan, 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 us at adp.com/401k.

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