

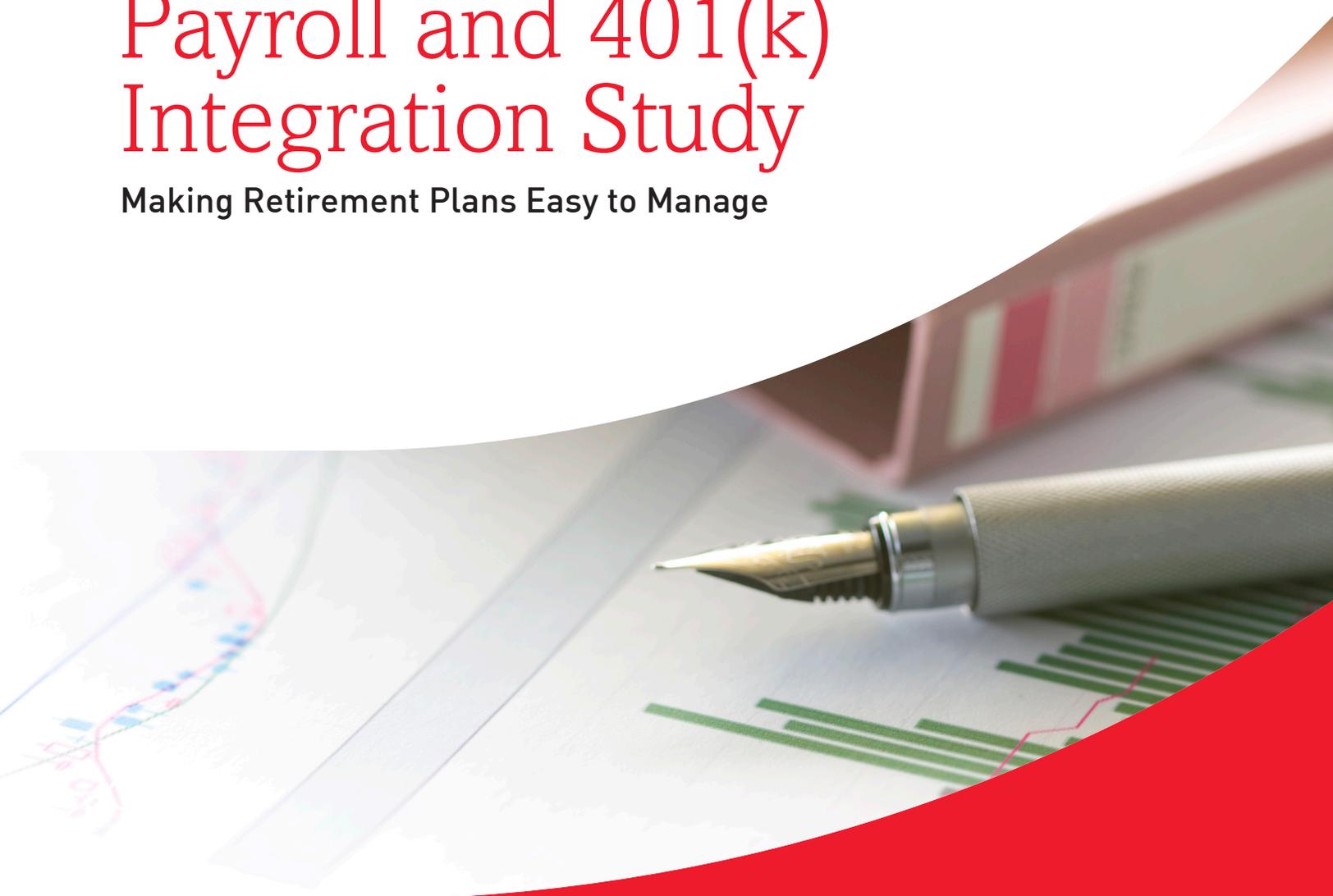


IN THE BUSINESS OF YOUR SUCCESS<sup>SM</sup>

ADP RETIREMENT SERVICES

# Payroll and 401(k) Integration Study

Making Retirement Plans Easy to Manage



HR. Payroll. Benefits.

# Executive Overview

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## THE IMPACT

In late 2010, ADP commissioned Spring Consulting Group and Mathew Greenwald & Associates to conduct a follow-up to a 2004 study that reviewed the time savings for companies that outsource payroll processing and 401(k) recordkeeping to ADP. The updated study again focused on companies using ADP's payroll and/or 401(k) administrative services.

As was the case in 2004, the new study continued to show that ADP clients that use ADP for both their payroll and 401(k) administrative services - referred to as integrated customers - experience significant time savings when compared to work required when they used a previous 401(k) administrative vendor.

The same held true for ADP payroll "only" clients that currently use another vendor for retirement plan administrative services:

- **Integrated customers, on average, spent less time** on nearly every task examined than payroll only customers.
- **Nearly two-thirds of integrated and over half of newly integrated customers** identified reduced staff hours as a "major" advantage of integration. The share of integrated customers citing this key benefit has increased significantly since 2004.
- **Among newly integrated customers, nearly two in ten reported that they have saved** five hours or more per month collecting and feeding payroll data into their 401(k) system. Another seven in ten said they have saved between one and five hours each month on this task alone.
- **Nearly nine out of ten customers identified the ease of administration** as a major advantage to integrating their payroll and 401(k) administrative services.
- **In addition to general time savings, many customers suggested that they have realized key benefits** related to the plan administrator's role, including improvements in the administrator's stress level, job satisfaction and overall performance.

These findings help illustrate the significant savings and ease of management a company can realize by using ADP's 401(k) administrative services in conjunction with ADP's payroll system.



# Background

## THE OBJECTIVES

ADP commissioned Spring Consulting Group and Mathew Greenwald & Associates to survey an extensive cross section of ADP 401(k) administrative services and/or payroll “only” clients to:

## OBJECTIVES

Identify the benefits of ADP’s payroll and 401(k) plan administration services for customers

Determine the difference in time savings before and after integration of payroll and 401(k) services

Evaluate the importance of and performance on key activities provided by ADP to its customers

Document the value of switching to ADP for satisfied customers

Compare results to those gathered in the 2004 Payroll & 401(k) Integration Study

## THE METHODOLOGY

Spring Consulting Group and Mathew Greenwald & Associates developed a telephone-based survey that was conducted from November to December 2010. Three hundred companies are represented in the study results. The breakdown for these interviews is as follows:

93 companies who have used ADP for their payroll and 401(k) plan administrative services for one year or less

103 companies who have used ADP for payroll only, and

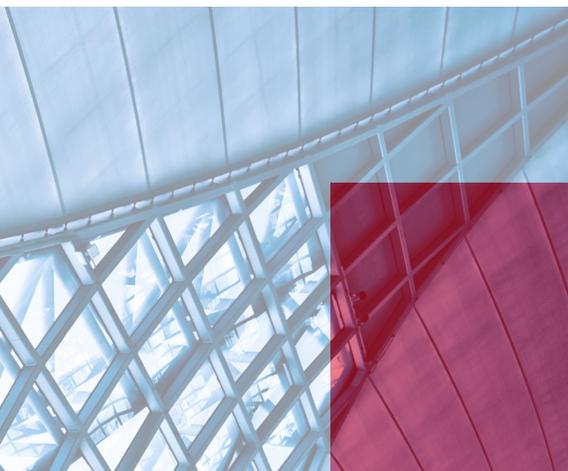
104 companies who have used ADP for their payroll and 401(k) plan administrative services for more than one year

## METHODOLOGY

The interviews within each group were divided evenly among companies with:

- Less than 50 active 401(k) participants
- 50-99 active 401(k) participants
- 100+ active 401(k) participants

All data were weighted to represent the population of ADP’s 401(k) administrative services customers.

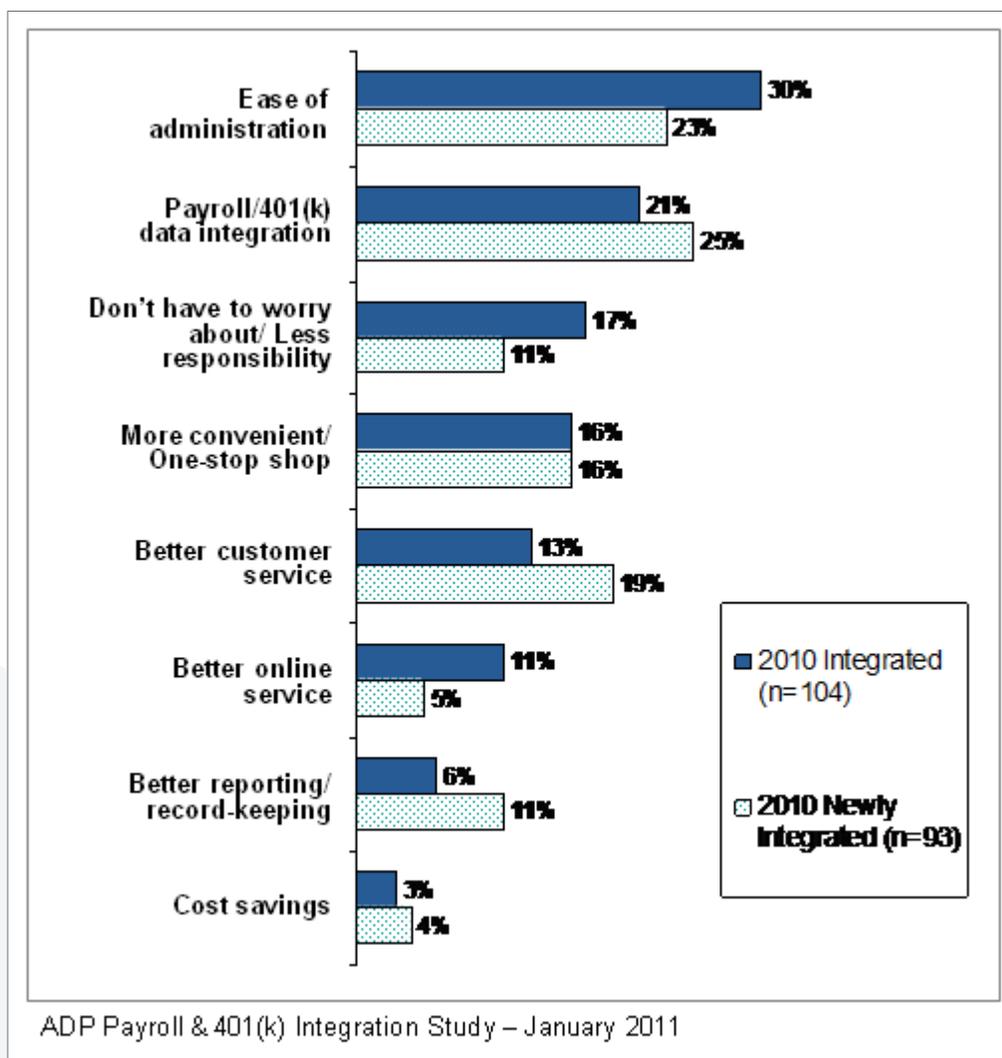


# Key Findings and Analysis

## GREATER EFFICIENCIES

One of the key benefits resulting from customers' choice to integrate with ADP was simpler administration, including time savings and less redundancy in paperwork and data entry.

What are the major advantages you have experienced as a result of having the administrative services of your 401(k) plan and payroll services handled by a single provider?



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What survey respondents had to say:

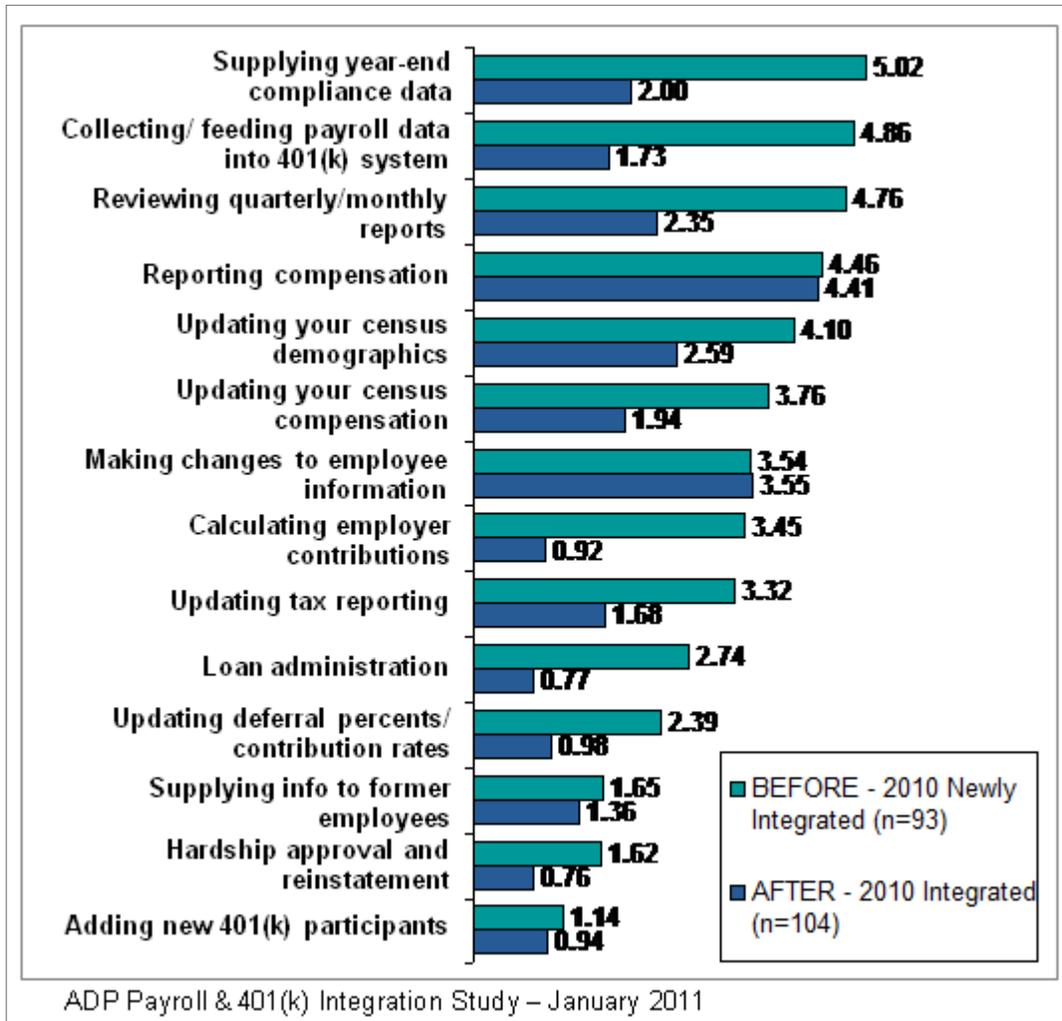
“I think saving money was #1, and ease of administration was #2. Ease of administration and time saving go hand-in-hand.”

”

## TIME SAVINGS

Integrated customers reported sizable time savings on nearly all of the tasks examined. Tasks that have seen some of the greatest improvements – taking half the time or less than they used to – include calculating employer contributions, loan administration, collecting/feeding payroll data into the 401(k) system, supplying year-end compliance data, updating deferral percents, hardship approval and reinstatement and reviewing quarterly reports.

Time Spent by Newly Integrated Customers Prior to Integration Compared to Time Spent by Integrated Customers Currently (*Means in Hours*)



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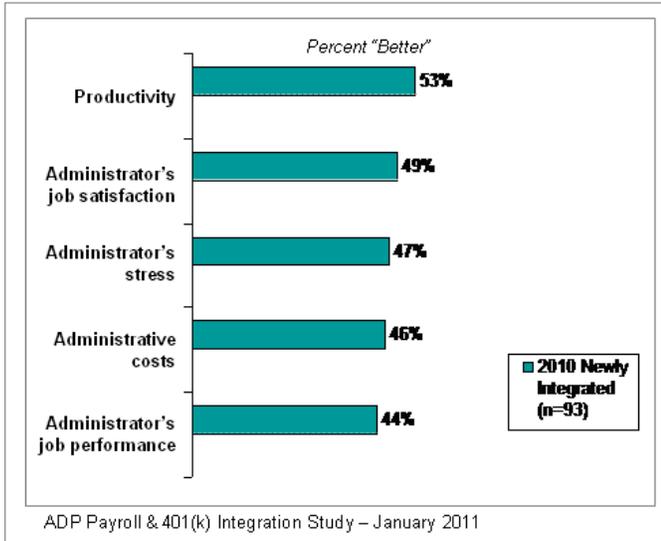
What survey respondents had to say:

“[Integrating payroll and our 401(k) with ADP] saves me time. I think it works well for our employees too, because the website is easy for the employees to navigate.”

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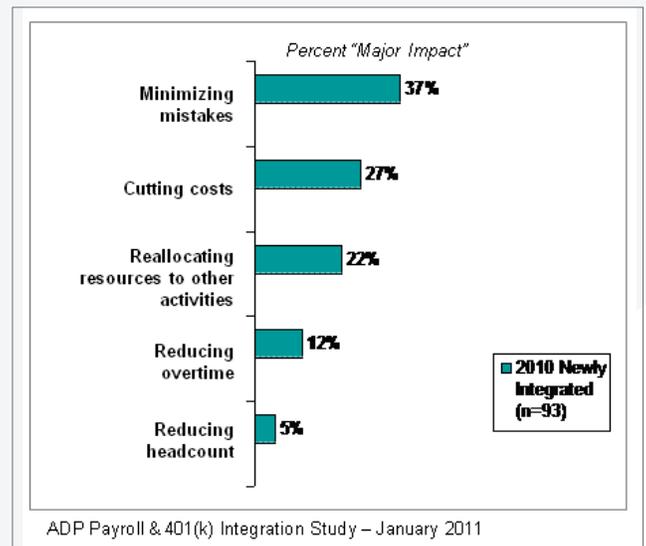
## ENHANCED ADMINISTRATION

In addition to cost savings, many newly integrated customers reported greater productivity, less stress and better overall job satisfaction. Some of these customers also reported that they were better able to allocate their resources and increase the efficiency of their workforce.



How has combining your 401(k) plan and payroll services affected each of the following?

What impact has combining your 401(k) plan and payroll services had on each of the following for the administrators in your company?



What survey respondents had to say:

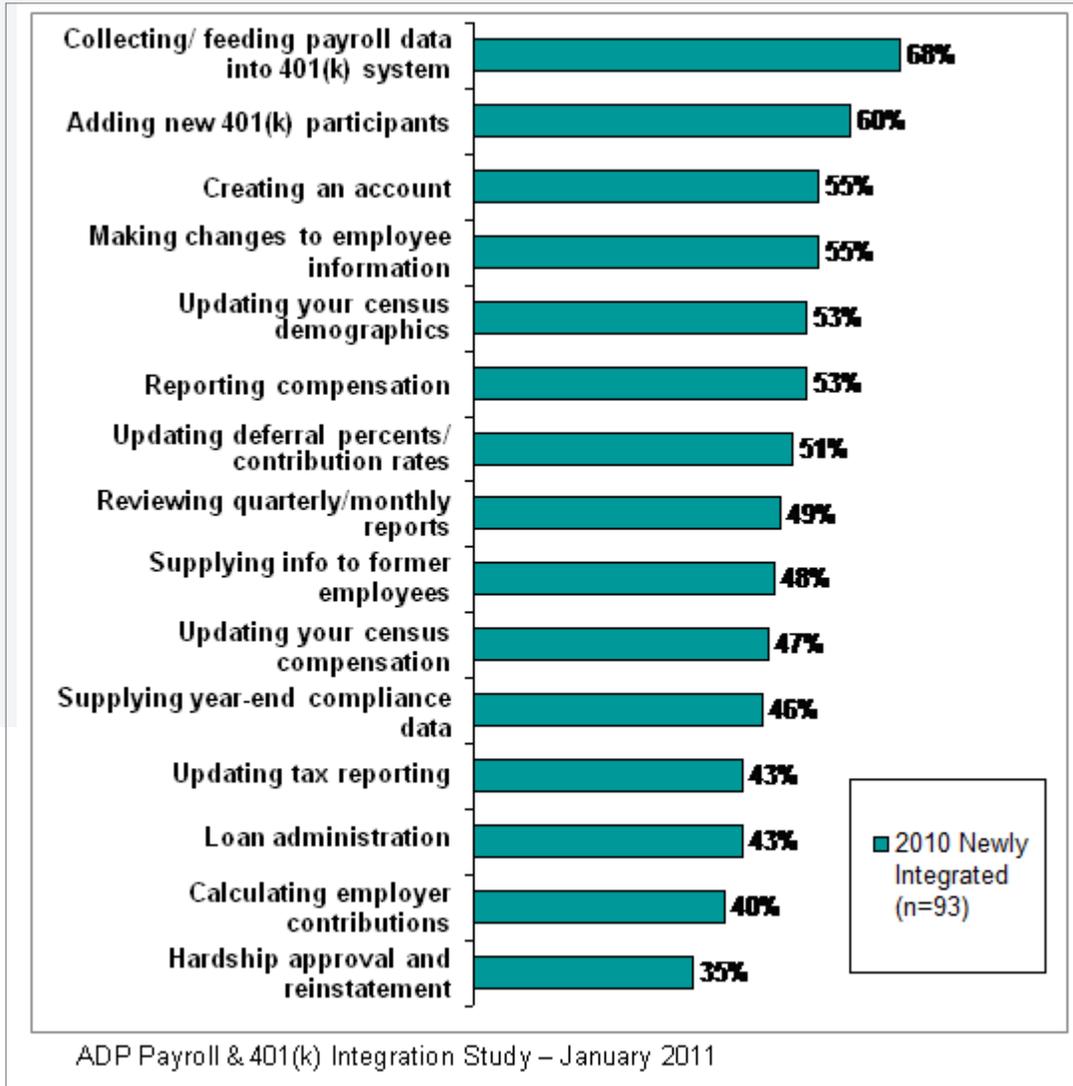
“I’m all about upgrading and easing my job and trying to keep costs low. But seeing the return on investment matters for management.”



## EASIER TASK MANAGEMENT

Across the board, roughly half of Newly Integrated customers experienced time savings on each of a wide variety of tasks. These time savings ranged from 35% to 68%.

Have the following processes become easier, stayed the same, or become harder after having ADP manage your 401(k) and payroll services? *Percent "Easier"*



“ What survey respondents had to say:  
“I am definitely happier with ADP right now.” ”

# Conclusions

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ADP payroll clients that switched from a previous vendor to ADP's integrated 401(k) administrative services enjoyed considerable time savings related to various administrative tasks. These time savings translate into cost savings by allowing personnel to focus their attention on core business functions. Clients also indicate substantial benefits in productivity and error minimization.

The updated study again presents a compelling case that ADP payroll clients that switch to ADP's integrated 401(k) administrative services or new companies that outsource both their payroll and 401(k) administrative services to ADP will reap similarly significant time savings and other noteworthy benefits. Specifically these may include:

- Time savings in all major 401(k) administrative tasks
- Ability for personnel to focus additional time on core business functions
- Increased productivity and job satisfaction for personnel that perform these tasks
- Major improvement in accuracy of processing and the avoidance of mistakes

**In summary, the integration of ADP's 401(k) administrative services and payroll leads to significant benefits and an ease of management for a company's 401(k) plan.**

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