

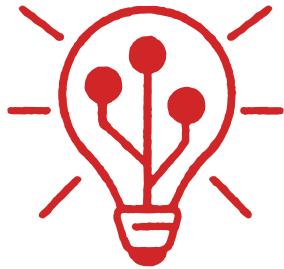


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for People®



ADP Retirement Services

EMPLOYER INSIGHTS ON RETIREMENT PLAN BENEFITS



METHODOLOGY

Retirement Insights, LLC conducted a nationwide study to understand the employer experience and perspective about workplace benefits programs. The survey included a national sample of 500 small and mid-sized employers that currently offer an employer-sponsored retirement plan. Survey participants include C-suite, HR/Benefits leaders who serve as a decision-maker for their organization's benefits program. The research was completed in August 2025.

Objective

ADP Retirement Services commissioned Retirement Insights, LLC to conduct a study to gain insight into the perspectives of employee benefits decision-makers regarding their organization's current employee benefit program.



Optimizing the retirement plan experience for both participants and plan sponsors

A successful retirement plan helps participants effectively save for their future and achieve a comfortable retirement.

Yet, retirement plan sponsors are concerned that their participants are not on track. As they work to ensure that their retirement plan effectively supports the future security of participants, it's also essential to consider plan sponsors' needs and their ability to manage plan responsibilities.

Key insights

- Respondents are most concerned that participants are not on track for a secure retirement. Improved plan participation and savings rates top the list for improvement.
- There is interest in outsourcing fiduciary responsibilities, such as time-consuming and complex compliance and administrative tasks.
- Higher participation rates would be most impactful to the plan's success.
- Better plan participation, optimized plan feature design, and faster response times to client inquiries are areas of improvement identified for recordkeepers.

FEATURES MOST LIKELY TO IMPROVE ENROLLMENT



39%

Mobile enrollment app



26%

Improved website content



20%

Virtual and in-person education seminars



15%

Increase company match

PLAN ENROLLMENT ADMINISTRATION IS OVERWHELMING

The top three challenges for plan sponsors



Managing the administration of enrollment is a challenge

According to plan sponsors, the administration of employee enrollment is overwhelming, especially tracking eligibility and delivering enrollment materials (51%). Employee education, particularly communicating the importance of early enrollment (44%), the affordability of participating (43%), and the tax benefits (29%), are also challenging. About 1 in 4 stated that the enrollment process can be difficult to manage. Automatic enrollment aside, sponsors have begun to embrace mobile (39%) and digital tools (26%) as a way to make the enrollment process easier and time effective, while still placing value on virtual and in-person workshops (20%).

Plan sponsors want participants to maximize the plan match benefit

From the plan sponsor's perspective, employees should prioritize saving enough in the retirement plan to maximize the company match benefit (62%). They view other key pillars of financial wellness like building emergency savings (18%) and reducing credit card or other debt (12%) as significantly less important.

Employee retirement outcomes and participation are top areas for improvement. Nearly a third of study respondents voiced concern that participants are not on track for a secure retirement. Low plan participation (28%) and investment costs (28%) are other concerns, and they believe enhancing the investment platform (22%) and increasing the number of employee education seminars (16%) could greatly improve the plan design.

Plan sponsors view increases to plan participation (34%), investment education tool usage (26%) and participant contributions (19%) as the opportunities for the biggest impact to their plan's success. Most plan sponsors receive suggested action items from their recordkeeper to help improve plan health results along with regular reporting on a number of plan health indicators.

Reports detailing savings rates and participation (69%), investment diversification (57%), plan investment performance (53%), plan feature utilization (46%) and participant loan and withdrawal activity (44%) are provided to plan sponsors to help them identify and target opportunities for improvements. Twenty-nine percent of plan sponsors also receive data benchmarking the plan against similar organizations.

Most of the participants in the study work with third-party administrators (TPA) and financial advisors for assistance with their plans:

- 77% work with a TPA for plan design services (63%) like optimizing feature functionality and assistance with compliance responsibilities, discrimination testing and 5500 filing.
- 86% have a Financial Advisor or Registered Investment Advisor (RIA) for plan investment selection and monitoring (49%), assistance with improving participation and contribution rates (40%), advice on improving plan health (8%), and plan design services (3%).

Seventy-nine percent say their advisor relationship delivers high value; however, at the same time, respondents consider the fees for services to be very high to high (73%).

Recordkeeper guidance on plan enhancements (58%) is valued over TPA and financial advisor advice. Typically, the RIA or Benefits Consultant leads on investment product advice (51%). Opinions regarding artificial intelligence (AI) suggest that improvements to participant savings rates (20%), plan administration (19%), costs (18%), participant investment decisions (16%) and plan design (15%) may be useful.

BIGGEST IMPACT TO PLAN SUCCESS



34%

Increase to plan participation



26%

Investment education tool usage



19%

Participant contributions





Seeking increased efficiencies through outsourcing

Compliance and administrative oversight are top concerns among plan sponsors and there is interest in outsourcing these responsibilities. Top challenges include maintaining plan document compliance and accuracy (48%) and administering the plan according to the plan document (39%). Calculating eligibility, processing of contributions, loans and distributions, plan testing and distribution of plan notices are other tasks identified as burdensome challenges.

Most sponsors are satisfied with the tools and support provided by their recordkeeper for understanding their fiduciary responsibilities, but many are interested in reducing their compliance and administrative burdens. Four in ten would pay an additional fee of \$500 to \$1,000 per year to transfer these burdens to their recordkeeper or a TPA.

High satisfaction with easy access to self-service plan administration

Nearly all (88%) survey respondents are satisfied with the self-serve capability available from their retirement plan recordkeeper. Tasks like approving transactions (58%) and payroll transmissions (57%), approving plan investment choices (47%) and plan health recommendations (44%), discrimination test results (42%), Form 5500 filings (32%) and plan amendments (28%) are utilized most. Monthly to quarterly communications on plan, product and service improvements are expected from their provider.

Feedback indicates that recordkeeper satisfaction would be higher if participant enrollment and deferral rates (38%) increased and client service was more responsive to inquiries (34%).

43 percent are very likely to conduct a new plan provider search before the end of 2025. Improving capabilities (40%), reducing fees (34%) and decreasing administrative work (32%) are the top objectives.

The interest in gaining efficiencies is high — over half of survey respondents would consider switching from a single provider plan to a pooled employer plan (PEP) that offers reduced administration and fiduciary liability — even at an increased cost.



THERE IS A STRONG DEMAND FOR INCREASED EFFICIENCIES



Over half

of survey respondents would consider switching from a single provider plan to a pooled employer plan (PEP) that offers reduced administration and fiduciary liability



Conclusion

As plan sponsors continue to enhance their retirement plan offerings, they remain focused on the factors essential to successful retirement outcomes — raising plan participation and contribution rates, educating employees and managing costs. Though they are committed to supporting their employees' future financial security, some seek greater efficiencies and relief from the complex and time-consuming responsibilities of plan oversight. Payroll integration, plan automation and outsourcing responsibilities to third-party fiduciaries are strategies that can offset administrative burdens, enhance efficiencies and benefit employee outcomes.



LET'S TALK. For more information about ADP retirement plans and how we design them to be engaging and easier to manage, visit us at adp.com/retirement.

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