



# Opt-out autosave at work

—  
A popular  
and proven way  
to powerfully boost  
people's saving



**BlackRock**



---

## Authored by

Jo Phillips and Emma Stockdale, Nest Insight, London  
© 2023 National Employment Savings Trust Corporation

## Acknowledgements

We are grateful to Michelle Sutton, Lisa Thomas, Claire Townsend, Richard Loftus, Stacy Standen and everyone at SUEZ; Roger Shelton and everyone at TransaveUK; Emily Trant, Oliver Bethell, Yash Daga and Sophie Orr and everyone at Wagestream; Alex Henley and everyone at the Co-operative Group; and Katie Duxbury, Helen Spurr and everyone at Bupa Care Services for their collaboration and data sharing. We'd also like to thank all the individuals who generously gave their time to take part in interviews, events and surveys as part of this research. Many thanks to Sarah Holmes Berk, James J. Choi, Jay Garg, John Beshears and David Laibson for their research partnership and analysis of administrative data. Administrative results in this report are based on findings in their working paper '[Automating short-term payroll savings](#)' (PDF 2.2MB). Thanks to the members of BlackRock's Emergency Savings Initiative and to our partners at the Aspen Institute Financial Security Program for their ongoing dialogue and collaboration and to the Financial Conduct Authority for supporting the development of this work through its regulatory sandbox. Finally, thanks to Matthew Blakstad, Michelle Cremin, Robin Dennis, Rachel Dowdie-Smith, Clare Hodgkinson, Annick Kuipers, Guineviere Nicholas, Sope Otulana, Will Sandbrook, Mary Verghese-Dipple and the rest of the Nest Insight team as well as our colleagues at Nest for their contributions to this work.

---

## About this report

This report is part of Nest Insight's evolving workplace emergency saving research programme.

For more information and other reports, visit [nestinsight.org.uk/research-projects/workplace-emergency-savings](https://nestinsight.org.uk/research-projects/workplace-emergency-savings)

---

## About Nest Insight



Nest Insight is a public-benefit research and innovation centre. Our mission is to find ways to support people to be financially secure, both today and into retirement. We conduct rigorous, cutting-edge research, working collaboratively with industry and academic partners to understand the financial challenges facing low- and moderate-income households. We use these data-driven insights to identify and test practical, real-world solutions. Our findings are shared widely and freely so that people around the world can benefit from our work. For more information, visit [nestinsight.org.uk](https://nestinsight.org.uk)

---

## About Nest Insight's strategic partner

### BlackRock

BlackRock is a global investment manager serving the UK market for more than 30 years with a purpose to help more and more people experience financial wellbeing. BlackRock's Emergency Savings Initiative is made possible through philanthropic support from the BlackRock Foundation and the BlackRock Charitable Gift Fund. The initiative brings together partner companies and non-profit financial health experts to make saving easier and more accessible for low- to moderate-income people across the US and UK, ultimately helping more people to establish an important financial safety net. For more information, visit [blackrock.com/corporate/about-us/social-impact](https://blackrock.com/corporate/about-us/social-impact)

## About our programme partners

### BlackRock

Our strategic partner, BlackRock, provides support for our workplace emergency savings research as well as the wider Nest Insight programme. More information about BlackRock's Emergency Savings Initiative can be found at [savingsproject.org](https://savingsproject.org)



The Money and Pensions Service (MaPS) vision is 'everyone making the most of their money and pensions'. MaPS is an arm's-length body committed to providing access to the information and guidance people across the UK need to make effective financial decisions over their lifetimes. For more information, visit [maps.org.uk](https://maps.org.uk)

# Contents

---

<b>Summary</b>	<b>1</b>
Support to build savings	1
Saving through the workplace	1
The potential of opt-out approaches	2
Testing opt-out workplace saving	3
Trial results	4
Conclusions and next steps	7
<b>Section 1. Background</b>	<b>9</b>
The need for savings	9
The unrealised potential of payroll saving	9
The effectiveness of opt-out approaches	12
<b>Section 2. Research trials approach</b>	<b>13</b>
New worker trial	15
Benefits app user trials	17
Data collection and analysis	19
Understanding the data	21
The changing trial context	22
<b>Results</b>	<b>23</b>
<b>Section 3. Taking an opt-out approach to payroll saving supports many more people to save</b>	<b>25</b>
Opt-out saving participation is much higher	25
Saving in this way offers a range of benefits	27
<b>Section 4. Opt-out autosavers are active savers</b>	<b>28</b>
Many opt-out savers build savings buffers quickly	28
People actively use their accounts	29
<b>Section 5. Employees like opt-out payroll saving</b>	<b>32</b>
An easy way to save	32
Employees are grateful to their employer for offering opt-out	35
How could opt-out payroll autosave be improved?	36
<b>Section 6. Other financial behaviours aren't negatively impacted</b>	<b>37</b>
Workplace pension saving	37
Use of earned wage access	37
<b>Section 7. Opt-out payroll saving supports employee financial wellbeing over time</b>	<b>40</b>
Mariam's saving story: Using it for unexpected expenses	44
Jack's saving story: It's the easiest way to save	46
<b>Section 8. Conclusions and next steps</b>	<b>47</b>
The most powerful tool in the box to support saving	47
High potential unrealised	48
How could the impact be scaled?	49



# Summary

Since November 2021 Nest Insight has been working with large UK employers on real-world trials of opt-out approaches to payroll-linked saving. In all three live trials, taking an opt-out approach is dramatically boosting saving participation and workers say they like the scheme. The nudge is both powerful and popular. This suggests that wider adoption of opt-out payroll autosave would help millions more to build a savings buffer.

## Support to build savings

Why do employees need support to build emergency savings?

Consistently in Nest Insight surveys, including through the pandemic and the recent rise in the cost of living, almost everyone says that saving money for an emergency is important.<sup>1</sup>

Financial needs can be unpredictable. Financial shocks – a major appliance breaking, school shoes needing replacing or an unexpected bill – can hit at any time. An emergency savings pot allows people to pay for unexpected expenses without having to turn to high-cost credit.

Having a savings buffer can provide peace of mind and build financial confidence. Those with a buffer often report higher levels of subjective wellbeing and life satisfaction, and they're more productive at work as a result.<sup>2</sup>

We've seen in our multi-year, multi-employer sidecar saving trial that some people effectively use accessible savings accounts to budget and manage their expenditures across a pay period.<sup>3</sup> This financial strategy might be particularly helpful to households in the context of rising costs.

Yet it's estimated that more than 1 in 5 people in the UK hold less than £100 in savings.<sup>4</sup>

It can be hard to get started with saving.

## Saving through the workplace

The Money and Pensions Service (MaPS) Financial Wellbeing Strategy for the UK has set a goal of 2 million more working-age people who are 'struggling' or 'squeezed' financially to be saving regularly by 2030. MaPS has identified the workplace as a promising route to achieving this.

Our own research confirms the potential of the workplace as a channel for getting more people saving. Payroll-linked saving is one way to make it easier for employees who want to save to do so.

---

<sup>1</sup> Nest Insight, 'Workplace sidecar saving in action: Learnings from a multi-year, multi-employer UK trial of a new approach to supporting employees with emergency and retirement saving' (April 2023), [nestinsight.org.uk/wp-content/uploads/2023/04/workplace-sidecar-saving-in-action.pdf](https://nestinsight.org.uk/wp-content/uploads/2023/04/workplace-sidecar-saving-in-action.pdf) (PDF 5.8MB)

<sup>2</sup> The evidence base for this is summarised in Nest Insight, 'Workplace emergency saving: A landscape review of existing evidence' (July 2021), [nestinsight.org.uk/wp-content/uploads/2021/07/Workplace-emergency-saving-a-landscape-review-of-existing-evidence.pdf](https://nestinsight.org.uk/wp-content/uploads/2021/07/Workplace-emergency-saving-a-landscape-review-of-existing-evidence.pdf) (PDF 4.9MB)

<sup>3</sup> Nest Insight, 'Payroll saving behaviours: Learnings from the UK sidecar savings trial' (May 2022), [nestinsight.org.uk/wp-content/uploads/2022/05/Payroll-saving-behaviours-learnings-from-the-UK-sidecar-savings-trial.pdf](https://nestinsight.org.uk/wp-content/uploads/2022/05/Payroll-saving-behaviours-learnings-from-the-UK-sidecar-savings-trial.pdf) (PDF 2.7MB)

<sup>4</sup> Money and Pensions Service (MaPS), 'Adult financial wellbeing survey 2021' (March 2022), [maps.org.uk/2022/03/28/financial-wellbeing-survey-2021](https://maps.org.uk/2022/03/28/financial-wellbeing-survey-2021)

In the payroll saving model, a portion of the participating employees' wages is put into an account earmarked for saving before they receive their pay every pay day. This makes saving feel like less of a 'loss' of income and supports people to see the money as set aside for saving rather than for other uses. People say these factors make payroll-linked workplace savings accounts attractive to them.

Despite the personal benefits and positive perception of payroll saving, many people who indicate an intention to save don't get around to signing up. Indeed, employee take-up remains stubbornly low.<sup>5</sup> In Nest Insight's sidecar saving trial involving five large employee populations, out of every 100 eligible employees, 46 said they think workplace saving will help them but just 1 signed up to save.<sup>6</sup>

Employees who wanted to save with the sidecar saving solution had to sign up – they had to 'opt in', as is the case in most payroll saving schemes. This low level of participation is not unusual in opt-in approaches. Although no official data is available, we know from discussions with providers of workplace saving solutions that across a range of different sectors, participation for the existing opt-in model is low – often below 10%.

## The potential of opt-out approaches

We've seen that once people start saving through payroll, they're likely to save persistently. They often just need a little more support to take the first step.

Opt-out approaches have proved to be effective in other settings, including in increasing participation in workplace pensions saving in the UK through auto enrolment.<sup>7</sup> So we wanted to look at taking an opt-out approach to workplace emergency saving.

In an opt-out payroll autosave model, employees automatically start saving into their own accessible savings account through regular payroll contributions unless they choose not to. If they want to start saving, they don't need to do anything. Everything is done for them. Only people who don't want to save have to take action.

An opt-out payroll autosave approach preserves individual choice while also making it easier for people to get started with short-term saving.

Out of every 100 eligible employees offered **opt-in** payroll saving through our sidecar saving trial –



46 said workplace saving would help them



14 said they're likely to sign up



Just 1 actually signed up

So we wanted to see if **opt-out payroll saving increases participation more in line with intentions.**

<sup>5</sup> Nest Insight, 'Supporting emergency saving: Briefing paper 3 – early learnings of the employee experience of workplace sidecar saving' (July 2021), [nestinsight.org.uk/wp-content/uploads/2021/07/Supporting-emergency-saving-early-learnings-from-the-employee-experience.pdf](https://nestinsight.org.uk/wp-content/uploads/2021/07/Supporting-emergency-saving-early-learnings-from-the-employee-experience.pdf) (PDF 4.7MB); Behavioural Insights Team, 'Nationwide prize-linked savings' (June 2022), [moneyandpensions.service.gov.uk/2022/06/15/developing-saving-habits-through-prize-linked-savings-accounts](https://moneyandpensions.service.gov.uk/2022/06/15/developing-saving-habits-through-prize-linked-savings-accounts)

<sup>6</sup> [nestinsight.org.uk/wp-content/uploads/2023/04/workplace-sidecar-saving-in-action.pdf](https://nestinsight.org.uk/wp-content/uploads/2023/04/workplace-sidecar-saving-in-action.pdf) (PDF 5.8MB)

<sup>7</sup> For a review of the success of the UK's auto enrolment system so far, see Will Sandbrook, 'Viewpoints: Evolving auto enrolment – what could be next? Reflections from our 2023 annual conference' (July 2023), [nestinsight.org.uk/wp-content/uploads/2023/07/Viewpoints-Evolving-auto-enrolment.pdf](https://nestinsight.org.uk/wp-content/uploads/2023/07/Viewpoints-Evolving-auto-enrolment.pdf) (PDF 303KB)

## Testing opt-out workplace saving

Would the success of opt-out approaches carry over to workplace saving? Could an opt-out approach support more appropriate levels of saving participation? How would people use their savings accounts if they started saving in this way? And how would employees respond and feel about their employer implementing an opt-out approach to saving in their workplace?

In these research trials we've been exploring these questions by looking at two ways that opt-out workplace saving can be set up:

- › **New worker trial** – Since November 2021, we've been working with an employer, SUEZ recycling and recovery UK, where the employer has set up employee payroll autosave into personal savings accounts with the credit union TransaveUK.
- › **Benefits app user trials** – Since October 2022, we've been collaborating with the financial wellbeing app Wagestream, where two of Wagestream's employer clients – Bupa Care Services and the Co-operative Group – have had payroll autosave offered to their employees through the app.

### Nest Insight's ongoing opt-out payroll autosave trials, 2021 to 2023

	New worker trial	Benefits app user trials
<b>Approaches explored</b>	Opt-in Opt-out	Opt-in Opt-out Active choice
<b>Research design</b>	A 'pre/post' trial comparing workers who joined before the introduction of opt-out payroll autosave ('pre') to those who joined after its introduction ('post')	A randomised controlled trial simultaneously comparing the opt-in, opt-out and active choice member journeys
<b>Trial delivery partners</b>	<ul style="list-style-type: none"> <li>› Employer SUEZ recycling and recovery UK</li> <li>› Credit union TransaveUK</li> </ul>	<ul style="list-style-type: none"> <li>› Benefits app provider Wagestream</li> <li>› Employers Bupa Care Services and the Co-operative Group</li> </ul>
<b>Current length of trial</b>	18 months	8 months
<b>Trial will run until</b>	December 2023	December 2024



## Trial results

### 1. Opt-out supports many more people to save.

The results presented in this report suggest opt-out autosave is a very effective mechanism to improve levels of payroll saving, regardless of the specific opt-out mechanism used.<sup>8</sup>

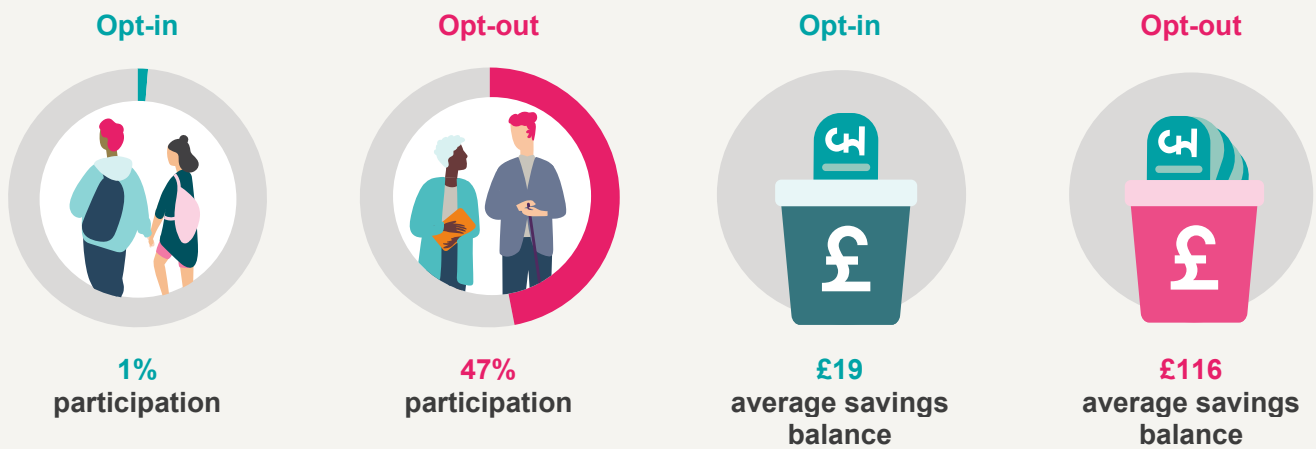
In both trials, we've seen the number of people saving increase by around 50 percentage points.

### What's the impact of opt-out payroll autosave?

#### In the new worker trials, we've found that...

More people save...

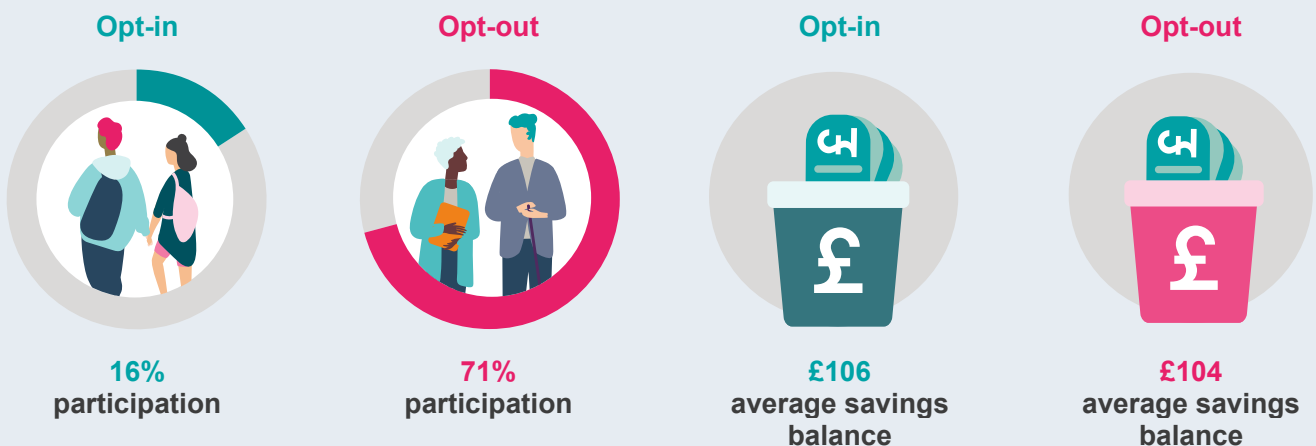
...and people have more savings at 4 months.



#### In the benefits app user trials, we've found that...

More people save...

...and people have similar savings at 4 months.



<sup>8</sup> For more information on the opt-in, opt-out and active choice saving mechanisms, see Nest Insight, 'Getting employees started with saving: Nest Insight employers' guide – Implementing opt-out payroll autosave for employees' (April 2023), [nestinsight.org.uk/wp-content/uploads/2023/04/getting-employees-started-with-saving.pdf](https://nestinsight.org.uk/wp-content/uploads/2023/04/getting-employees-started-with-saving.pdf) (PDF 776KB)



## 2. Opt-out autosavers are active savers.

**People who start saving through an opt-out approach build meaningful savings buffers over time. They also actively use their accounts by withdrawing money when they need it.**

We wondered if people who do not actively sign up to save might be less active savers but there's no evidence of this.

Four months after joining the Wagestream app, those who are saving have saved similar amounts. The opt-in group have saved £106 on average, the opt-out group £104 and the active choice group £107. However, the opt-out savers appear to be making more use of their savings, at least in the short term. Four months after signing up to the app, about 15% of people in the opt-out group have made a withdrawal compared with 3% in the opt-in group and 2% in the active choice group.

## 3. Employees like opt-out payroll saving.

Crucially, employees value the opt-out approach as a way to support them to save. In both surveys and interviews with people taking part in the trials, we're seeing that **the vast majority of employees feel positively about the opt-out workplace saving experience, whether or not they themselves choose to save.**

People who start saving through an opt-out approach are more likely to say they're happy with it.

In the new worker trial, 96% of SUEZ employees who have experienced the opt-out approach say they want their employer to continue to offer payroll autosave to new employees in the future or don't mind either way.

In the new benefits app trial, 93% of Wagestream users who have experienced the opt-out approach are either happy or neutral about being offered a savings pot in this way.

Employees say they're grateful to their employer for supporting them to save and that more employers should offer a similar saving scheme.

**I think it's a shame a lot more companies don't offer it...  
There's so much support, it comes across as they want to help...  
They want people to succeed.**

New worker trial employee

## 4. People's other financial behaviours aren't negatively impacted.

### Workplace pension saving

Based on the current data from these trials, we believe **there is no crowding out of pension saving** as a result of introducing opt-out payroll saving directed to instant-access savings pots.

In the new worker trial, we've been able to look at workplace pension participation data alongside employee saving data. We do not currently conclude from this data that auto enrolment into short-term savings is negatively affecting pension participation or retirement savings accumulation.

In March 2023, Nest Insight asked SUEZ employees covered by the new worker trial whether they'd opted out or reduced their pension contributions in the past six months. There's no real difference in self-reported opt out from or reduction in pension contributions between those in the opt-in and opt-out groups.

SUEZ's analysis of workforce pension data also suggests that pension opt-out levels have remained consistent across its employee population throughout the trial period so far.

## Use of earned wage access

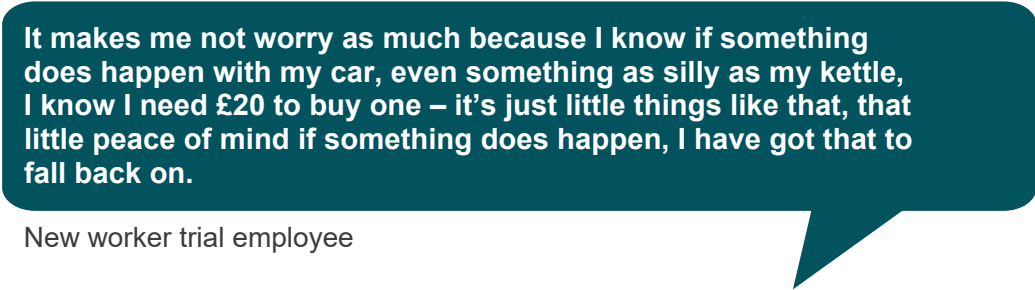
In the opt-out groups in the two benefits app user trials, **we currently see no impact on employees' use of earned wage access.**<sup>9</sup>

Use of earned wage access among employees in the opt-out group almost identically tracks the opt-in and active choice groups in terms of the proportion of employees using it, the ratio of flexible pay taken before pay day and the absolute size of the salary advance in pounds. This provides early reassurance that people who experience opt-out payroll saving approaches aren't accessing their pay early at higher levels.

We'll continue to watch for any impact that opt-out saving might have on workplace pension saving and use of earned wage access over time. We hope to be able to include use of workplace loans in these future analyses.

## 5. Opt-out payroll autosave supports employee financial wellbeing over time.

People use their workplace savings accounts in different ways. **Knowing that they're saving gives people greater peace of mind and confidence.**



It makes me not worry as much because I know if something does happen with my car, even something as silly as my kettle, I know I need £20 to buy one – it's just little things like that, that little peace of mind if something does happen, I have got that to fall back on.

New worker trial employee

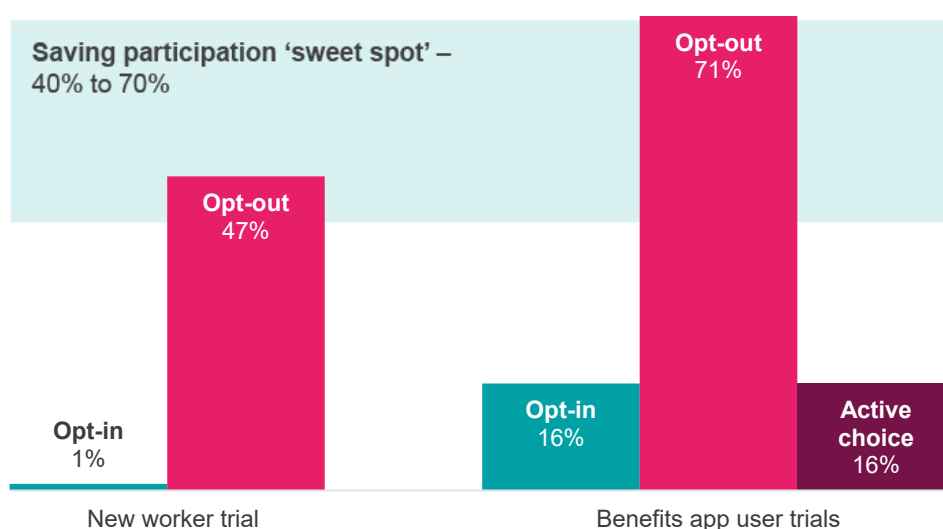
---

<sup>9</sup> Earned wage access allows employees to access some of the pay they've already earned before pay day, usually for a small fee. This type of solution is offered under several different names, including 'flexible pay,' 'on demand pay', 'salary advance' and 'employer salary advance scheme' (ESAS). We've chosen to use the term 'earned wage access' as this is currently one of the more commonly used names.

## Conclusions and next steps

The trial results to date demonstrate that opt-out payroll saving is extremely effective at encouraging workplace saving relative to other nudges, and that it supports employees' financial wellbeing without compromising their right to choose what to do with their money.

Saving participation is dramatically increased under opt-out conditions, bringing it much more in line with the proportion of employees who say they want and need to save. Based on our research and available data, we believe that the 'sweet spot' for appropriate workplace savings participation in line with need and intention is somewhere between 40% and 70%, depending on the workplace context and provider.



Under opt-out conditions, payroll saving participation is in line with people's need and intent to save, while under opt-in and active choice conditions, participation falls a long way short of need and intent.

Yet, few UK employees currently have access to such schemes. Barriers to scale will need to be overcome if more employees are to benefit from opt-out approaches and saving potential is to be realised. For example, coverage of workplace payroll savings schemes is currently low, particularly at smaller employers. Additionally, employers and providers with whom we've consulted have expressed concerns about the regulatory considerations around setting up opt-out approaches to payroll saving.<sup>10</sup>

<sup>10</sup> Nest Insight, 'Opt-out payroll savings: A new way to support financial wellbeing in the UK? Industry and employer perspectives' (March 2022), [nestinsight.org.uk/wp-content/uploads/2022/03/Opt-out-payroll-savings-Industry-and-employer-perspectives.pdf](https://nestinsight.org.uk/wp-content/uploads/2022/03/Opt-out-payroll-savings-Industry-and-employer-perspectives.pdf) (PDF 2.3MB)

In autumn 2023 and in 2024, Nest Insight will be hosting a series of roundtables to explore the challenges and opportunities for broadening the reach of workplace saving at scale, including:

- › **Product supply** – How might the supply of accessible workplace saving solutions be boosted?
- › **Reach** – How might coverage of accessible workplace saving solutions be extended to more employees and, in particular, the half of UK workers who are employed by small businesses?
- › **Participation** – What would it take for opt-out approaches to workplace saving schemes to be more widely implemented?
- › **Connection to pensions auto enrolment** – Is there an opportunity to support more UK workers to have a savings buffer by building emergency savings into the future evolution of pensions auto enrolment in the UK? What might that look like? What policy design considerations would need to be worked through?

We hope to bring together stakeholders with a range of experiences and backgrounds to explore these questions. If you'd like to share your perspectives, please email us at [insight@nestcorporation.org.uk](mailto:insight@nestcorporation.org.uk)

We'll also continue to collect and analyse data from these trials for up to two years to enable us to track how behaviours change over time.

## Section 1

# Background

Payroll-linked saving is one way in which employers can support their employees' financial wellbeing. However, despite the fact that employees want and need to save, and even where there's a good scheme in place, we know that employee take-up is usually low. Could an opt-out approach to workplace saving help more employees to get started with saving?

## The need for savings

A significant proportion of UK workers have little or no money put aside for emergencies. One quarter of adults in the UK have less than £100 in savings.<sup>11</sup> The UK's saving rates, particularly among those on a low or moderate income, are low by international standards.<sup>12</sup>

Recent analysis suggests that having low savings tends to be a persistent rather than temporary condition. Of those with low financial wealth from 2018 to 2020, 70% said they'd had low savings for the previous four years. This is especially concentrated in the most vulnerable groups.<sup>13</sup>

Having even a small amount of savings can provide some financial resilience and peace of mind. People without a savings buffer are three times more likely to report very low levels of happiness compared with those who have savings.<sup>14</sup> Financial stresses can carry into the workplace, with over 1 in 4 employees reporting that money worries affect their ability to do their job.<sup>15</sup>

The increasing cost of living in 2022 and 2023 has put more pressure on households' finances. Saving has become more difficult and the importance of having a savings buffer has become even more relevant.

## The unrealised potential of payroll saving

In its Financial Wellbeing Strategy for the UK, the Money and Pensions Service (MaPS) has set a goal of having 2 million more working-age people who are 'struggling' and 'squeezed' financially to be saving regularly by 2030. It identifies the workplace as a promising route to achieving this.

Our own research confirms the potential of the workplace as a channel for getting more people saving. Having a saving solution put in place by an employer helps overcome some of the barriers to getting started with saving, including provider and product choice paralysis and low trust in financial services providers. Workplaces are a powerful channel for reaching people where they are. Employers are often trusted intermediaries for those who might not directly seek out saving solutions from their bank or building society. Payroll saving also enables employees to save persistently because the money moves automatically to their savings pot each pay day before they 'feel' it in their pocket.

But although there's great potential for workplace saving schemes to support people to start saving, this potential is not currently being realised. Even where good schemes are offered, participation rates remain low.

<sup>11</sup> MaPS, 'One in six UK adults have no savings' (November 2022), [moneyandpensionservice.org.uk/2022/11/07/one-in-six-uk-adults-have-no-savings](https://moneyandpensionservice.org.uk/2022/11/07/one-in-six-uk-adults-have-no-savings)

<sup>12</sup> Resolution Foundation, 'ISA ISA baby: Assessing the government's policies to encourage household saving' (January 2023), [resolutionfoundation.org/app/uploads/2023/01/ISA-ISA-baby.pdf](https://resolutionfoundation.org/app/uploads/2023/01/ISA-ISA-baby.pdf) (PDF 466KB)

<sup>13</sup> Institute for Fiscal Studies (IFS), 'Characteristics and consequences of families with low levels of financial wealth' (June 2023), [ifs.org.uk/sites/default/files/2023-06/Characteristics-and-consequences-of-families-with-low-levels-of-financial-wealth\\_0.pdf](https://ifs.org.uk/sites/default/files/2023-06/Characteristics-and-consequences-of-families-with-low-levels-of-financial-wealth_0.pdf) (PDF 650KB)

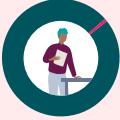




<sup>14</sup> [resolutionfoundation.org/app/uploads/2023/01/ISA-ISA-baby.pdf](https://resolutionfoundation.org/app/uploads/2023/01/ISA-ISA-baby.pdf) (PDF 466KB)

<sup>15</sup> CIPD (Chartered Institute of Personnel and Development), 'Employee financial wellbeing: Guidance for HR practitioners and employers to support their employees' financial wellbeing' (February 2023), <https://www.cipd.org/uk/knowledge/guides/employee-financial-well-being>

In our sidecar saving trial, which involved five large UK employee populations, we've seen that out of every 100 eligible employees, 46 say they think workplace saving will help them, 14 say they're likely to sign up now or in the future but just 1 follows through.<sup>16</sup>

This low level of participation in workplaces where employees have to sign up to save is not at all unusual. Although no official data is available, we know from discussions with providers of workplace saving solutions that participation across a range of different sectors is low – often below 10%.

There are many barriers to getting started with saving when people have to actively sign up:

	<b>Inertia</b>	Inertia is a powerful force in many areas of life. Workers repeatedly tell us they intend to sign up to save but just don't get around to doing it.
	<b>Low awareness</b>	Even where employers and benefits providers are doing great work in communicating that people can save through their workplace, awareness is often low.
	<b>Friction in the sign-up process</b>	Provider data shows that there's drop-out at every stage of the sign-up journey, even in a journey designed to be as easy and frictionless as possible. For example, in one well-designed fintech workplace saving solution, around 4 in 10 people who start to sign up don't make it to the end to start saving. Know your customer (KYC) checks in particular lead to drop-out. Another provider's analysis shows that only 9.5% of people who start a KYC flow for payroll autosave actually finish it. <sup>17</sup>
	<b>Low self-confidence</b>	People often lack the confidence that they could be a saver, particularly if they've found it difficult to save in the past. <sup>18</sup>
	<b>Present bias</b>	At times when people are focused on getting to the end of the week, it's hard to focus on the future, even the near-term future. This is particularly true for people on low and variable incomes.

---

<sup>16</sup> [nestinsight.org.uk/wp-content/uploads/2023/04/workplace-sidecar-saving-in-action.pdf](https://nestinsight.org.uk/wp-content/uploads/2023/04/workplace-sidecar-saving-in-action.pdf) (PDF 5.8MB)

<sup>17</sup> Unpublished commercial data provided to Nest Insight by providers.

<sup>18</sup> MaPS, 'UK adult financial wellbeing survey 2021 – Nation of savers report' (September 2022), [maps.org.uk/2022/09/27/nation-of-savers-a-report-from-the-uk-adult-financial-wellbeing-survey](https://maps.org.uk/2022/09/27/nation-of-savers-a-report-from-the-uk-adult-financial-wellbeing-survey)

A lot has been done by providers and employers and in other research trials to try to boost payroll saving participation through communication, simplification of the sign-up journey and incentivisation. While these efforts have improved saving participation, the impact has been minimal (Table 1).<sup>19</sup>

This led us to consider, what could be done to overcome the barriers that stop people getting started with saving, to support more appropriate participation levels?

**Table 1. Saving participation in different contexts**

Saving solution design	Typical participation level
Opt-in payroll saving * # ± § ¥	+0.1% to +15%
Adding the following features...	...increases participation by –
Prize draw or monetary incentive * ± **	+0.5% to +10%
Simplified user journey *	+ <1%
'Soft' default – where employees are told they have an account but need to log in and provide details to activate it *	+ <1%
Gain framing – where communications emphasise the peace of mind to be gained through saving *	+ < 1%
Social norm – where communications emphasise that most people are already saving ±	+ <1%
Optional face-to-face sessions ±	+ <1%
Mandatory face-to-face sessions – only used so far with active choice approaches ¥	+15% to +20%

Notes:

\* Behavioural Insights Team, 'Using behavioural science to help employees save: Evaluation of a payroll savings scheme – final report' (June 2022), [maps.org.uk/wp-content/uploads/2022/06/Using-behavioural-science-to-help-employees-save-evaluation-of-a-payroll-savings-scheme.pdf](https://maps.org.uk/wp-content/uploads/2022/06/Using-behavioural-science-to-help-employees-save-evaluation-of-a-payroll-savings-scheme.pdf) (PDF 1.3MB)

# [nestinsight.org.uk/wp-content/uploads/2023/04/workplace-sidecar-saving-in-action.pdf](https://nestinsight.org.uk/wp-content/uploads/2023/04/workplace-sidecar-saving-in-action.pdf) (PDF 5.8KB)

± Financial Inclusion Centre, 'Getting workforces saving: Payroll schemes with credit unions' (February 2021), [inclusioncentre.co.uk/our-work/payroll-savings](https://inclusioncentre.co.uk/our-work/payroll-savings)

§ Behavioural Insights Team, 'Payroll savings schemes in Northern Ireland: Evaluation report' (November 2022), [moneyandpensionsservice.org.uk/wp-content/uploads/2022/09/NI-Payroll-Savings-Research-Final-Project-Report.pdf](https://moneyandpensionsservice.org.uk/wp-content/uploads/2022/09/NI-Payroll-Savings-Research-Final-Project-Report.pdf) (PDF 474KB)

\*\* HM Revenue & Customs, 'Help to Save extended to April 2025' (May 2023). [gov.uk/government/news/help-to-save-extended-to-april-2025](https://gov.uk/government/news/help-to-save-extended-to-april-2025)

¥ Nest Insight conversations with credit unions, employers or fintech companies offering these approaches in workplace saving schemes

<sup>19</sup> [nestinsight.org.uk/wp-content/uploads/2021/07/Supporting-emergency-saving-early-learnings-from-the-employee-experience.pdf](https://nestinsight.org.uk/wp-content/uploads/2021/07/Supporting-emergency-saving-early-learnings-from-the-employee-experience.pdf) (PDF 4.7MB); [moneyandpensionsservice.org.uk/2022/06/15/developing-saving-habits-through-prize-linked-savings-accounts](https://moneyandpensionsservice.org.uk/2022/06/15/developing-saving-habits-through-prize-linked-savings-accounts)



## The effectiveness of opt-out approaches

Opt-out approaches have proved effective in other settings, including in increasing participation in retirement pensions saving in the UK through the introduction of auto enrolment. We wanted to explore whether an opt-out approach could also be successfully applied to workplace emergency saving.

In opt-out saving, employees are enrolled into payroll saving by their employer without them having to do anything themselves.<sup>20</sup> If an employee doesn't want to save through their workplace they don't have to. They can opt out simply and quickly.

After they're enrolled, employees can change their saving amount per pay, withdraw money and close their account at any time. In some models they can also make additional savings outside payroll.

An opt-out approach preserves the choices offered in a typical workplace payroll scheme – to save or not to save – but arguably creates a much better alignment between employee need and the default option.

In an opt-in scheme, the people who are least likely to have savings and under more financial pressure – meaning, the people who may benefit the most – are also those least likely to make an active choice to sign up to save, due to limited bandwidth and lower levels of financial confidence. In an opt-out model, the decision to act lands on those who feel they don't need to save or want to save through the workplace, a group more likely to be financially confident and to be saving elsewhere.

Based on these design advantages, and working within the current regulatory and legislative frameworks, we set out to explore how employees would respond to opt-out payroll autosave in real-world settings.<sup>21</sup>

---

<sup>20</sup> Where an employee provides consent for payroll saving during the new starter onboarding process, the employee may be required to make only minimal effort to consent. Where this is done within the employment contract, there's nothing extra for the employee to do. See Nest Insight, 'Opt-out payroll saving: The regulatory considerations' (December 2021), [nestinsight.org.uk/wp-content/uploads/2021/12/Opt-out-payroll-saving-the-regulatory-considerations.pdf](https://nestinsight.org.uk/wp-content/uploads/2021/12/Opt-out-payroll-saving-the-regulatory-considerations.pdf) (PDF 952KB)

<sup>21</sup> [nestinsight.org.uk/wp-content/uploads/2021/12/Opt-out-payroll-saving-the-regulatory-considerations.pdf](https://nestinsight.org.uk/wp-content/uploads/2021/12/Opt-out-payroll-saving-the-regulatory-considerations.pdf) (PDF 952KB)

## Section 2

# Research trials approach

Nest Insight is currently trialling two approaches to opt-out payroll saving working with three employers and two providers. The trials are designed to explore from differing angles whether opt-out payroll saving supports employees' financial wellbeing and resilience.

In this report we share learnings from trials across three employee populations – one new worker trial and two benefits app user trials.

In the new worker trial, the employer SUEZ recycling and recovery UK has been working with its credit union, TransaveUK, to pilot opt-out payroll autosave with its employee population. SUEZ's 5,000 employees are mainly based in manual positions, working on sites such as household waste recycling and water treatment.<sup>22</sup> They're based across the UK.

In the benefits app user trials, the financial wellbeing benefits provider Wagestream has launched opt-out payroll autosave with two employers – Bupa Care Services and the Co-operative Group. Bupa Care Services has around 10,500 UK workers employed mainly in care roles. The Co-operative Group has around 58,000 workers in the food retail, insurance, funeral and legal services sectors. Both employers' employees are based across the UK.

At all three employers, the workforce primarily comprises low- and moderate-income workers. Because payroll saving has broad appeal, the saving products have been made available to their entire workforces (Table 2).<sup>23</sup>

In all three trials, a default savings contribution amount of £40 per monthly pay period has been used.

### Why was the £40 default saving level chosen?

Defaults are sticky. Once set, people tend to stick with them. So it's important to set a default that allows employees to build up a meaningful savings buffer in a reasonable time span while also making saving affordable.

The £40 monthly saving rate was carefully chosen with employees in mind:

- › £40 is approximately 2% of gross earnings for the lowest salary at the three employers taking part.
- › £40 was also compared to mean (average) and median (middle) earnings as well as salary ranges (lowest and highest) at the employers.
- › £40 matched the mean contribution into Wagestream savings pots before the benefits app user trials were launched.
- › Over 12 months, if no changes or withdrawals are made, £40 per month adds up to a meaningful level of savings – £480.

In our early qualitative research, employees reported that £40 per month felt reasonable. They spoke about this amount of money being easy to relate to and relevant, making comparisons for example to the cost of a monthly takeaway meal, or breaking it down as roughly £10 each week.

<sup>22</sup> SUEZ uses the term 'manual' for non-office-based positions, including drivers and those working in recycling and waste management facilities.

<sup>23</sup> In the new worker trial, those who haven't gone through the online onboarding system have not been included in the trial.

Table 2. Three real-world trials of opt-out payroll autosave

	New worker trial	Benefits app user trials
<b>Approaches explored</b>	Opt-in Opt-out	Opt-in Opt-out Active choice
<b>Research design</b>	A 'pre/post' trial comparing workers who joined before the introduction of opt-out payroll autosave ('pre') to those who joined after its introduction ('post')	A randomised controlled trial comparing the opt-in, opt-out and active choice member journeys simultaneously
<b>Trial delivery partners</b>	Employer › SUEZ Credit union › TransaveUK (appointed by SUEZ)	Benefits app provider › Wagestream Employers (Wagestream clients) › Bupa Care Services › Co-operative Group
<b>People set up for opt-out saving</b>	All new employees who joined SUEZ	All new users who signed up to Wagestream who are employed by the two trial employers
<b>Starting from</b>	November 2021	October 2022 – Bupa Care Services November 2022 – Co-operative Group
<b>Current length of trial (out of a total of 24 months)</b>	18 months	8 months
<b>Majority of communication about saving comes from</b>	Employer – pre-enrolment Credit Union – after account creation	Benefits app provider
<b>Default saving level</b>	£40 per month	£40 per month
<b>Flexibility offered</b>	All employees can start or stop saving at any time. They can also: › change their payroll savings contribution amount › withdraw their money › top up their regular payroll saving with ad hoc contributions	All employees can start or stop saving at any time. They can also: › change their payroll savings contribution amount › withdraw their money

## New worker trial

In the trial with SUEZ and TransaveUK, we're comparing employees who joined SUEZ in the year before it introduced opt-out payroll autosave with employees who joined after its introduction in November 2021. This is called a 'pre/post' research design. That means all SUEZ employees have access to the same TransaveUK saving and loan products, including payroll saving. Those in the 'pre' group were able to sign up to save (the opt-in group). Those in the 'post' group are automatically signed up to save unless they opt out (the opt-out group).<sup>24</sup>

Those who have joined SUEZ after 1 November 2021 therefore automatically started saving £40 per month in a TransaveUK savings account created in their name unless they opted out.

### The new worker trial's opt-out process

Due to the current regulatory landscape, a sign-up consent step was added for the opt-out mechanism to be implemented. This consent was conducted through SUEZ's new-joiner onboarding platform as part of the onboarding process.<sup>25</sup> During the onboarding, new employees were asked to consent to opt-out payroll autosave alongside consenting to other workplace policies and signing their employment contract.

SUEZ has developed a comprehensive communication strategy with TransaveUK. These communications make clear what happens if an employee doesn't opt out, how to opt out and the timeline for this decision (Figure 1).

Interviews conducted with SUEZ employees shortly after the introduction of the opt-out approach indicate that the process is transparent and easy to understand.<sup>26</sup> In a March 2023 survey, 89% of those in the opt-out group were aware of the saving mechanism from the first communication.

**Figure 1. The new worker opt-out payroll autosave journey at SUEZ**



<sup>24</sup> If they opt out, they can sign themselves up for payroll saving at any time.

<sup>25</sup> [nestinsight.org.uk/wp-content/uploads/2021/12/Opt-out-payroll-saving-the-regulatory-considerations.pdf](https://nestinsight.org.uk/wp-content/uploads/2021/12/Opt-out-payroll-saving-the-regulatory-considerations.pdf) (PDF 952KB)

<sup>26</sup> Nest Insight, 'Talking about payroll autosave with employees: A practical guide to communicating an opt-out approach to payroll saving' (May 2022), [nestinsight.org.uk/wp-content/uploads/2022/05/Talking-about-payroll-autosave-with-employees-a-practical-guide-to-communicating-an-opt-out-approach-to-payroll-saving.pdf](https://nestinsight.org.uk/wp-content/uploads/2022/05/Talking-about-payroll-autosave-with-employees-a-practical-guide-to-communicating-an-opt-out-approach-to-payroll-saving.pdf) (PDF 1.0MB)

## Who's in the new worker trial?

In this report, we consider data collected between November 2021 and May 2023 on both the opt-in and opt-out groups in the new worker trial.<sup>27</sup> The opt-in and opt-out groups have similar characteristics, suggesting that the types of roles being recruited were, on average, similar in both groups. Table 3 lists the key demographic characteristics of the people in the two samples.

**Table 3. Demographic balance of the opt-in and opt-out groups in the new worker trial**

	Opt-in	Opt-out
<b>Working at SUEZ</b>		
<b>Started working at SUEZ</b>	1 November 2020 to 31 October 2021	1 November 2021 to 31 May 2023
<b>Total number of workers in trial</b>	1,164	1,978
<b>Number of workers at tenure month 4</b>	314	1,459
<b>Earnings</b>		
<b>Mean starting pay (annualised and inflation-adjusted)</b>	£23,992	£25,227
<b>Gender</b>		
<b>Women</b>	13.8%	14.3%
<b>Age</b>		
<b>30 and under</b>	34.0%	33.3%
<b>31 to 50</b>	33.6%	34.8%
<b>51 and over</b>	32.4%	31.9%
<b>Role</b>		
<b>'Manual' position</b>	82.4%	79.4%

Source: Sarah Holmes Berk, James J. Choi, Jay Garg, John Beshears and David Laibson, 'Automating short-term payroll savings: Initial evidence from two large UK experiments' (August 2023), [spinup-000d1a-wp-offload-media.s3.amazonaws.com/faculty/wp-content/uploads/sites/27/2022/07/Automating-short-term-payroll-savings-2022.07.29.pdf](https://spinup-000d1a-wp-offload-media.s3.amazonaws.com/faculty/wp-content/uploads/sites/27/2022/07/Automating-short-term-payroll-savings-2022.07.29.pdf) (PDF 2.2MB)

<sup>27</sup> Employee administrative data for the opt-in group in the new worker trial was collected retrospectively by the employer. Employee saving data for both groups has been collected by the credit union since December 2021.

## Benefits app user trials

In the benefits app user trials, we're looking at the behaviours of employees at two UK employers who have chosen to sign up to the Wagestream app, for any reason, during the trial period. These employees may have been motivated to join the app to have access to payroll saving or earned wage access or to check their shifts and track their accrued earnings.<sup>28</sup>

All new app users are being randomised to one of three user journeys: opt-in, opt-out or active choice.

Unlike the opt-in and opt-out saving approaches, active choice removes a default option – saving or not saving – from the equation. Instead, the user is asked to indicate 'yes' or 'no' to the question, 'Do you want to save?'

Active choice approaches have shown some promise at increasing saving participation in other settings, though to a lesser extent than opt-out approaches. We wanted to understand how removing any default would perform compared with opt-out payroll autosave.

### The benefits app trials' user journeys

All three user journeys in this trial carry the same Wagestream terms and conditions. These include communicating necessary information about the payroll saving scheme along with other Wagestream products, such as earned wage access, sometimes called flexible pay. Employees need to consent to Wagestream's terms and conditions to be able to use the app.

Benefits app users in the opt-out group are automatically signed up to start saving £40 per month in a personal savings pot, unless they opt out. This amount can be changed by the user at any time.

In the opt-in and active choice groups, app users are asked how much they would like to save and must enter a value to proceed to the next step in the savings pot sign-up journey (Figure 2).

### Who's in the benefits app user trials?

In this report, we consider data collected between October 2022 and July 2023. Sample characteristics are balanced across the three groups. Table 4 provides a description of the key characteristics of the sample.

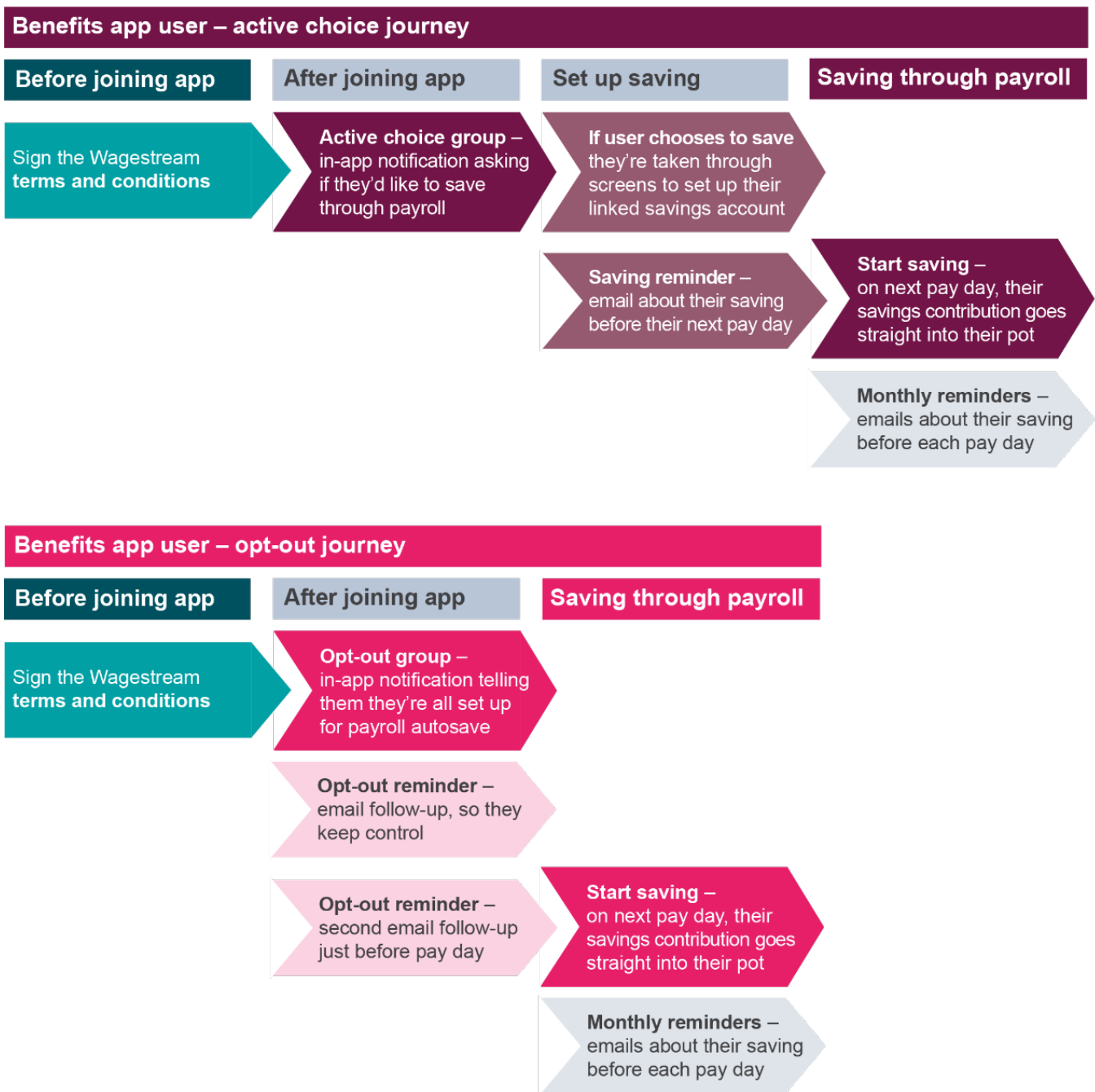
**Table 4. Demographic balance across the opt-in, opt-out and active choice groups in the benefits app user trials**

	Opt-in	Opt-out	Active choice
<b>App users</b>			
<b>Total number of app users in trial at participating employers</b>	1,944	1,962	1,973
<b>Number of app users at membership month 4</b>	802	807	813
<b>Proportion of app users in the trial from –</b>			
<b>Bupa Care Services</b>	36.8%	35.7%	36.0%
<b>Co-operative Group</b>	63.2%	64.3%	64.0%
<b>Earnings</b>			
<b>Mean hourly pay (first observed pay period)</b>	£12.08	£12.44	£12.16

Note: Data on gender, age and job type are not available in this trial. Source: Berk et al. (2023)

<sup>28</sup> In this trial, only Bupa Care Services employees can view their shift information through the Wagestream app. Co-operative Group employees can view their minimum contracted earnings but cannot view any additional hours worked.

Figure 2. The benefits app user trial active choice and opt-out payroll autosave journeys with Wagestream





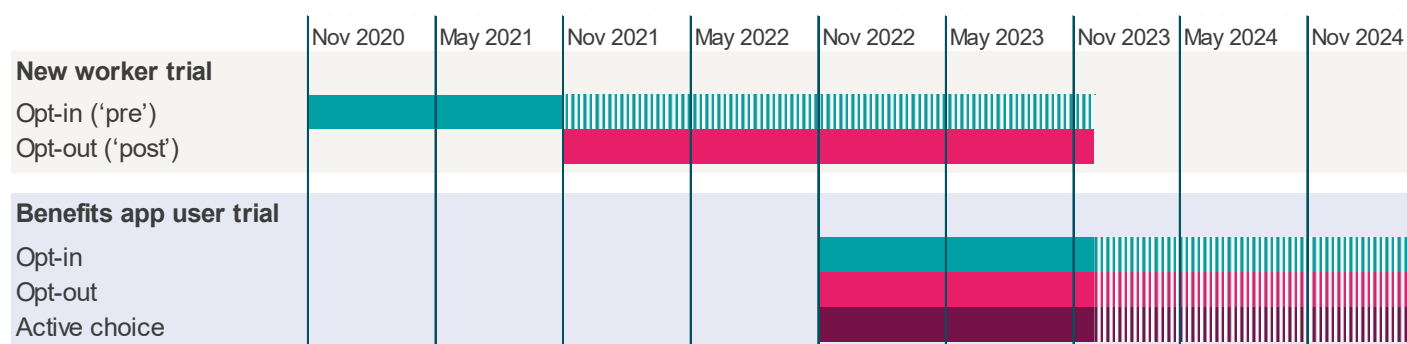
## Data collection and analysis

Data collection has been ongoing since November 2021 in the new worker trial and since October 2022 in the benefits app user trials. In all three trials, we'll be collecting data for several more months (Figure 3).

In this report we include preliminary analysis related to payroll saving participation, savings balance accumulation, withdrawal behaviours, use of earned wage access and workplace pension participation.

We'll continue to publish learnings about payroll autosave behaviours and impacts as we collect and analyse more months of data. This will help to develop our understanding of how financial behaviours change over a longer time span, whether people continue to save after they leave their employer, how workplace pension saving interacts with instant-access payroll saving and other benefits, and the use of workplace loans.

**Figure 3. Timeline of trial data collection and analysis**



Note: Solid bars show months during the research trials when new people were being added to a trial. Data has been collected on people for each month they're eligible for the trial. Striped bars show months when we're continuing to collect data on people eligible for a trial but when no new people are being added to the trial.

## Administrative data

Trial data has been collected by SUEZ, TransaveUK, Wagestream and Nest Insight.

Most of the administrative data analysis featured in this paper has been conducted by the trial's academic team comprised of Sarah Holmes Berk, James J. Choi, Jay Garg, John Beshears and David Laibson. Their preliminary analyses were released in a working paper in August 2023.<sup>29</sup> Additional administrative data analysis has been conducted by Nest Insight and Wagestream.

**Table 5. Saving data analysed so far**

	New worker trial	Benefits app user trials
<b>Trial partner</b>	Employer – SUEZ Credit union – TransaveUK	Benefits provider – Wagestream
<b>Data collected</b>	<p><b>'Pre'</b> (opt-in)</p> <p>New workers 1 November 2020 up to 31 May 2023</p> <p><b>'Post'</b> (opt-out)</p> <p>New workers 1 November 2021 up to 31 May 2023</p>	<p><b>Bupa Care Services</b> (opt-in, opt-out and active choice)</p> <p>New app users 24 October 2022 up to 10 July 2023</p> <p><b>Co-operative Group</b> (opt-in, opt-out and active choice)</p> <p>New app users 21 November 2022 up to 10 July 2023</p>

<sup>29</sup> ), [spinup-000d1a-wp-offload-media.s3.amazonaws.com/faculty/wp-content/uploads/sites/27/2022/07/Automating-short-term-payroll-savings-2022.07.29.pdf](https://spinup-000d1a-wp-offload-media.s3.amazonaws.com/faculty/wp-content/uploads/sites/27/2022/07/Automating-short-term-payroll-savings-2022.07.29.pdf) (PDF 2.2MB)

**Qualitative data**

Nest Insight has conducted interviews with SUEZ employees and Wagestream users as well as surveys with SUEZ employees about the saving approaches in these trials. Wagestream has conducted surveys with Wagestream users about its saving solutions (Table 6).

These interviews and surveys have been designed to gather a more detailed picture of how employees are experiencing the opt-out approaches being trialled in this research, and to understand how people feel about opt-out payroll saving in general.

All analysis of qualitative and survey data in this report is by Nest Insight.

**Table 6. Interviews and surveys through May 2023**

	<b>New worker trial</b>	<b>Benefits app user trials</b>
<b>Trial partner</b>	<b>Employer – SUEZ</b>	<b>Benefits provider – Wagestream</b>
<b>Qualitative research</b>	<b>Interviews</b>	<b>Interviews</b>
	6 in-depth interviews with savers about their financial wellbeing*	5 in-depth interviews with app members at the two employers about their experiences of saving**
	75 minutes each	75 minutes each
	Conducted by Nest Insight in February 2023	Conducted by Nest Insight in February 2023
	<b>Surveys</b>	<b>Surveys</b>
	1 financial wellbeing and resilience survey	1 pulse survey on saving behaviours
	Conducted by Nest Insight in March 2023	Conducted by Wagestream in May 2023
	Respondents: <ul style="list-style-type: none"> <li>› opt-in group (n = 129)</li> <li>› opt-out group (n = 286)</li> </ul>	Respondents: <ul style="list-style-type: none"> <li>› opt-in group (n = 277)</li> <li>› opt-out group (n = 258)</li> <li>› active choice group (n = 263)</li> </ul>

Notes:

\* We also spoke to people in 2022 to explore responses to the opt-out mechanism. Details can be found in [nestinsight.org.uk/wp-content/uploads/2022/05/Talking-about-payroll-autosave-with-employees-a-practical-guide-to-communicating-an-opt-out-approach-to-payroll-saving.pdf](https://nestinsight.org.uk/wp-content/uploads/2022/05/Talking-about-payroll-autosave-with-employees-a-practical-guide-to-communicating-an-opt-out-approach-to-payroll-saving.pdf) (PDF 1.0MB)

\*\* The trial was only live for a few months at the time of recruitment and so participation was lower than we'd anticipated. We'll run more interviews with Wagestream members in 2024.

## Understanding the data

### What is 'participation'?

In this report we use a broad definition of participation in a workplace saving scheme.<sup>30</sup> Based on data provided by TransaveUK and Wagestream, participation is defined as having a non-zero savings balance, a non-zero savings contribution amount in a given month or both, rather than simply who has a savings account open.

This means that someone who has an account open but has no balance and doesn't save into the account in a given month appears in the data as not participating in payroll saving during that month. They may, however, restart saving into the account in a subsequent month. Then they'll appear in the data as participating.

### What is 'tenure length' in the new worker trial?

In talking about length of time in the new worker trial, we use tenure months that an individual has been employed at SUEZ rather than calendar months. This allows us to compare someone in the opt-in ('pre') group who has been at SUEZ for one month to someone in the opt-out ('post') group who has been at SUEZ for the same amount of time, even though the year as well as the calendar month in which they joined might be different.<sup>31</sup> For example, someone in the opt-in group may have joined the trial in August 2021 and someone in the opt-out group may have joined in January 2022; for both individuals, the first month they joined is tenure month 0 (zero).

In the new worker trial, we're looking at savings at tenure month 4. This is because an employee may not have actually started saving into their TransaveUK account until the second or third month after they joined SUEZ due to payroll timing and other administration considerations.

### What is 'membership length' in the benefits app user trial?

People frequently become Wagestream users soon after they join their employer but some might have been with their employer for months or even years before they become sign up for the app. So in the benefits app user trials, instead of looking at employment tenure we're following employees' saving and other financial decisions from the point at which they started using Wagestream and were randomised into one of the three user journeys – opt-in, opt-out or active choice.

Employees sign up to the app on a rolling basis. The first month of saving is either the first or second month after they've become a Wagestream member, depending on when their next payroll is processed. Regardless of when they start to save, the month they become a Wagestream user is membership length 0 (zero).

<sup>30</sup> By comparison, in UK pensions auto enrolment language, an 'opt-out rate' typically is calculated based only on those individuals who choose not to save during an 'opt-out window' (as is the case with pensions auto enrolment in the UK), with the term 'cessation' used to refer to those who stop saving after this.

<sup>31</sup> In future analyses we may also report savings and other financial behaviours in calendar time, particularly where seasonality may be a factor, for example in the timing of withdrawals around school holidays or annual events.

## The changing trial context

Over the trial period, the global macro-economic climate has substantially changed the landscape of household finances in the UK:

- › From March 2020 until March 2021 the UK was in a national Covid-19 lockdown. The government's lockdown conditions were phased out from March to July 2021. Many people's health, working patterns, income and expenditure were impacted during this period. Portions of the lockdown and phased reopening coincided with the opt-in ('pre') period of the new worker trial.
- › In the second half of 2021 there was a labour shortage in some types of work in the UK, leading to changes in recruitment practices and pay in some sectors.
- › In April 2022 and October 2022 the energy price cap increased in the UK, leading to significant energy bill increases for millions of households. The first rise occurred during the opt-in period of the new worker trial. The second rise would have affected workers in both the opt-in and opt-out groups in that trial.
- › During both 2022 and 2023, while all three trials have been ongoing, the UK has experienced high inflation, particularly hitting food and energy bill costs. Rising interest rates have seen mortgage costs go up for many home owners, driving a drop in the availability of private rental accommodations.

Unsurprisingly, against this backdrop there are signs that more people are feeling concerned about money. In 2022, 6 in 10 people in the UK said they felt anxious about their finances – a 15-percentage point increase in 12 months.<sup>32</sup>

In the benefits app user trials, we've been able to account for this changing economic context because of the randomised trial research design. In this trial we're comparing Wagestream members in the three different treatment groups – opt-in, opt-out and active choice – over the same period. Things like the cost of food, bills, credit and mortgage payments should therefore, on average, affect all three groups equally during each of the months of data we're analysing.

In the new worker trial design, a change in the 'business as usual' onboarding process was implemented on 1 November 2021 to introduce opt-out payroll saving to employees. The economic landscape on either side of this hinge date has been different. This context may be impacting the comparative saving behaviours we see in the opt-in and opt-out groups, and our interpretation of them.

We continue to explore the impact that the rising cost of living is having on the financial resilience and wellbeing of employees.

---

<sup>32</sup> University of Bristol and abrdn Financial Fairness Trust, 'Prices rising, temperatures falling' (December 2022), [financialfairness.org.uk/en/our-work/publications/tracker-december-2022](https://financialfairness.org.uk/en/our-work/publications/tracker-december-2022)

# Results

The background of the slide is a solid teal color. It features two large, overlapping, curved shapes that create a sense of depth and movement. The upper curve is a lighter shade of teal, while the lower curve is a slightly darker shade. The overall design is clean and modern.





## Section 3

# Taking an opt-out approach to payroll saving supports many more people to save

Opt-out payroll autosave is a very effective way to increase the number of people saving regularly. Saving participation increases dramatically and is much more in line with the proportion of employees who say they want and need to save than when employees have to sign up themselves to start saving.

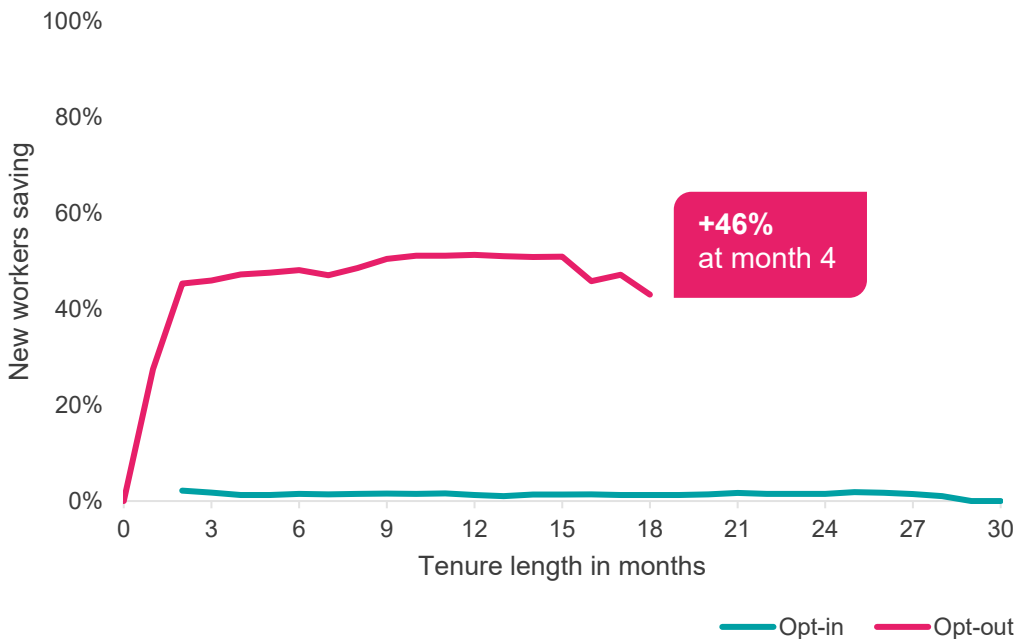
## Opt-out saving participation is much higher

### New worker trial

Saving participation is 47 percentage points higher among those in the new worker trial's opt-out group at tenure month 4 than among those in the opt-in group (Figure 4). The participation rate remains constant until at least tenure month 12.<sup>33</sup> Using an opt-out approach gets around half of new workers saving through payroll.

The levels of participation in the opt-out group do not vary based on gender, age, job role or annualised starting pay. This suggests that opt-out payroll autosave is inclusive of a broad population of employees.

**Figure 4. Around half of new workers save under the trial's opt-out approach**



Source: Berk et al. (2023)

In the March 2023 survey of SUEZ employees in the trial, 68% of the respondents in the opt-out group say the process has been clearly communicated to them. Two in 5 (43%) felt empowered by the communications to make the right saving decisions. About 2 in 5 (37%) felt neutral about the communications.

<sup>33</sup> Sample sizes at later tenure months are smaller. The slight decline in participation after tenure month 12 may be due to sample size rather than a change in behaviour. We'll update these results in future analyses.



Almost two thirds (63%) felt the process of opting out was easy. Almost half (47%) felt that opt-out payroll autosave had made it easier for them to save.

**I love being able to save without feeling like I'm having to put money aside from my pocket.**

**I liked that it was easy to join or opt out.**

New worker trial employees

### Benefits app user trials

The saving rate among those in the opt-in group is relatively higher at Wagestream, with 16% saving four months after joining the app. This may be because, regardless of their reason for becoming a Wagestream member, it's easy to start saving. It takes just a couple of clicks to set up in-app.

Yet, despite this higher baseline, we still see a 54-percentage point increase in saving participation in the opt-out group compared with those who need to opt in (Figure 5).<sup>34</sup> Using an opt-out approach gets 7 in 10 (71%) of Wagestream members saving through payroll.

Figure 5. More than 7 in 10 new benefits app users save under the trials' opt-out approach



Source: Berk et al. (2023)

Active choice, which has shown promise in the pensions domain as the 'next best nudge' to auto enrolment, does not meaningfully increase saving participation in the benefits app user trials, at least not in the first few months. So far, participation rates for active choice are similar to opt-in.

<sup>34</sup> Enrolment is done on a rolling basis, which means that some people in the opt-out group may make their first contribution to their savings pot in the same month they sign up to Wagestream. If they become a Wagestream member too close to their next pay day, then their first contribution isn't taken until the following month, to give them more time to consider whether to take action. This explains the rise in participation seen in the first two months of membership in the trial.

These participation levels don't differ by starting wage or by employer, despite the two participating employers taking different communication approaches to promoting Wagestream's payroll saving solution. The two employers also took different approaches to offering bonuses on savings pots to their employees. This hasn't shifted participation levels either. Again, the opt-out approach seems to be impactful in different contexts and for different employee groups.

In the May 2023 survey of Wagestream users, one third said they have less than £50 of money in their household that they consider to be savings. This underscores the strong need to build up some savings in an easily accessible pot and may provide some explanation for why so many app users in the trial have chosen to start saving into their savings pot.

**It's an easy way to save, even if just small amount.**

Benefits app user trial employee

## Saving in this way offers a range of benefits

### New worker trial

Of those who opted out of saving in the trial at SUEZ, 41% have said they did so because they have savings in other places. One third (34%) didn't want to save through payroll and nearly as many (31%) said they couldn't afford to save at this time.<sup>35</sup>

Very few say they've chosen to opt out because they don't like the saving product (5%) or the default savings contribution amount of £40 per month (4%).

The main reason people remain enrolled is because the payroll mechanism for making contributions to the savings pot is appealing (60%). We frequently heard this echoed in our in-depth interviews and in the free-text responses to the survey of employees taking part in the trial.

**I love the savings scheme, I think it's easy, it's there, take it when you want it... The offer was there, I took it up. If you don't want to take it, it's your choice, your prerogative.**

New worker trial employee

People also like the fact that opt-out payroll autosave is easy for them – that it's all essentially set up (35%). And they like that there are no restrictions on accessing the money they've put in their savings pot when they need or wanted to use it (32%).

Some people say they've chosen to save specifically because they like the product (20%). Just as many say it's easy to give saving a go because they know they can change or stop their savings contributions in the future (21%).

**After I left employment I missed the scheme. When I returned, I re-enrolled.**

New worker trial employee

<sup>35</sup> Employees could choose more than one option, so figures do not add to 100%.

## Section 4

# Opt-out autosavers are active savers

Those who don't opt out, save persistently and they actively use their savings account to manage their money. We see savers making withdrawals when they need to.

## Many opt-out savers build savings buffers quickly

### New worker trial

In tenure month 4 of the trial with SUEZ employees, the mean savings balance for the opt-in group was £23 compared with £117 for the opt-out group. At tenure month 10, this has risen to £35 for opt-in and £198 for opt-out (Figure 6).

**Figure 6. Opt-out autosavers build higher balances on average in the new worker trial**



Note: Savings balance data is conditional on the employee saving. Source: Berk et al. (2023)

Median savings contributions remain stable at the default £40 level among those in the opt-out group. The default level seems to be appropriate and comfortable for most savers. The mean contribution is slightly above this, suggesting that when people do change their contribution amount away from the default, they generally increase it.

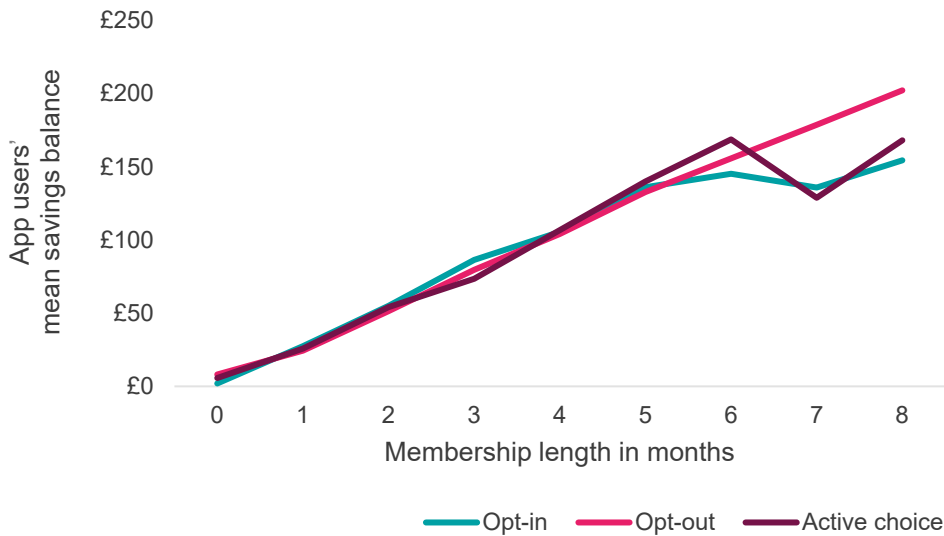
In the opt-in group, monthly savings amounts are much more variable, with the median and mean very close to each other and often below the £40 default. TransaveUK has a minimum savings amount of £5 a month, which may influence opt-in savers who have to actively select a monthly savings amount themselves. We've heard in our qualitative research that people who might not have been confident to set a £40 monthly amount themselves decide to go with it and see how it goes when presented with this default in the opt-out journey.

## Benefits app user trials

In membership month 4, mean savings balances for all employees, whether they're saving or not, are £17 in the opt-in and active choice groups compared with £73 in the opt-out group – 4.5 times as much. This is largely because more people are saving in the opt-out group, which drives the average up.

When we look only at those who have ever saved, the three groups in these trials have very similar savings balances. The mean balance at month 4 is £106 for opt-in savers, £104 for opt-out savers and £107 for active choice (Figure 7).

**Figure 7. People in the benefits app user trials build similar savings balances on average under all three joining conditions**



Note: Savings balance data is conditional on the employee saving. Source: Berk et al. (2023)

This near convergence of savings pot balances is likely linked to the rationale for the £40 default savings contribution amount that was chosen for these trials. As noted earlier, the default amount was partly informed by the mean and median savings contributions per pay period that Wagestream observed among users before these trials began.

People in the opt-out group have tended to keep saving the default amount for the first six months after they've signed up to the app. In the opt-in and active choice groups, the median saving amount is more variable, at around £64 and £76 respectively, at membership month 4.<sup>36</sup>

## People actively use their accounts

### New worker trial

**It is a good and easy way to save and, if needed, you can access [your savings] at any time.**

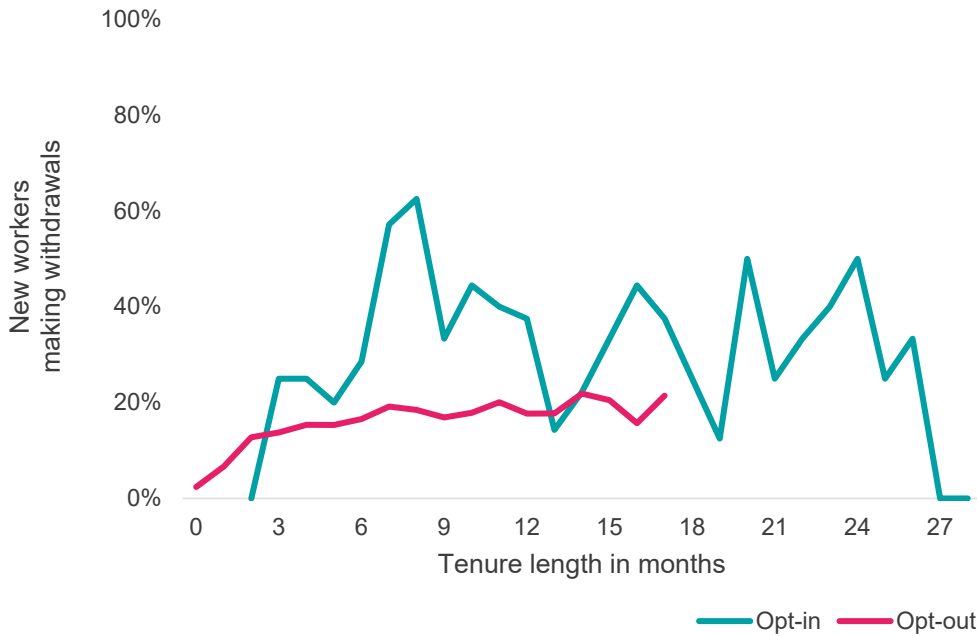
New worker trial employee

We know from our qualitative research that SUEZ employees value the easy accessibility of their savings. In the opt-out group, 29% self-report making at least one withdrawal from their savings when surveyed (n = 157). Of those in the opt-out group who have self-reported making a withdrawal, 70% say they've done so to meet an unexpected expense (n = 46).

<sup>36</sup> Smaller sample sizes as length of membership increases may be affecting this.

SUEZ employees in the opt-out group have been withdrawing their money at slightly lower rates than those in the opt-in group. The opt-in group’s withdrawals are highly variable and almost always greater than those made by savers in the opt-out group (Figure 8).

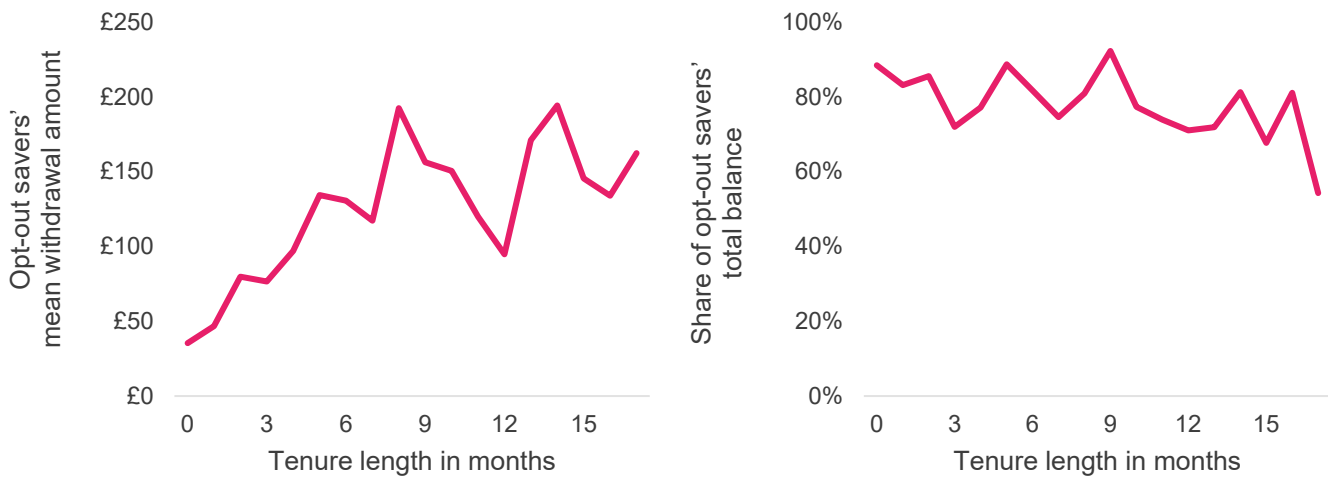
**Figure 8. Opt-out savers in the new worker trial are making withdrawals at slightly lower rates than those in the opt-in group**



Source: Berk et al. (2023)

When we delve into this more deeply, we can see that the value of withdrawals made by people in the opt-out group generally increases with time for the first nine months. During this period, savers’ withdrawals average around £125. However, the proportion of their total savings balance being withdrawn has remained generally consistent, between 70% and 100% (Figure 9).

**Figure 9. The average value of withdrawals made by opt-out autosavers in the new work trial has increased over time though the share of their balance withdrawn is consistent over time**

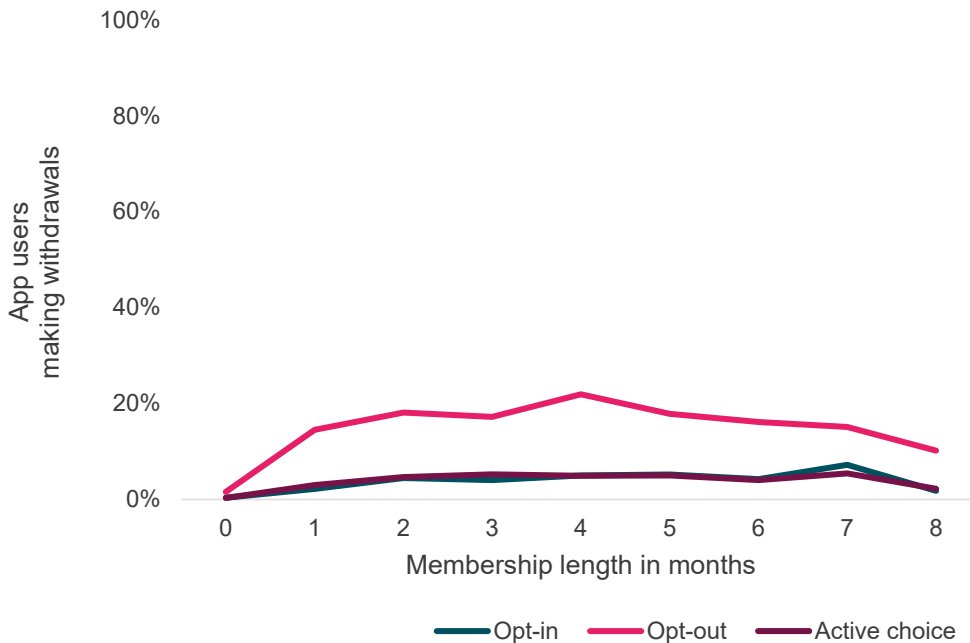


Source: Berk et al. (2023)

## Benefits app user trials

It's early days to read too much into savings withdrawal behaviours in the benefits app user trial. Savings balances are only around £100 on average and many people haven't been enrolled for more than a few months. Preliminary results suggest that four months after signing up to the app, about 22% of people in the opt-out group have made a withdrawal compared with 5% in both the opt-in and the active choice groups (Figure 10).

**Figure 10. Opt-out savers in the benefits app user trials access their savings at a slightly higher rate than other groups**



Source: Berk et al. (2023)

At this stage we can only speculate as to why savers in the opt-out group are more likely to be withdrawing their savings.<sup>37</sup> It's possible there are motivational differences between the opt-in, opt-out and active choice groups such that those who are experienced savers or have a savings goal in mind may be a greater proportion of the opt-in and active choice groups.

Or perhaps because the savings pots allow people to gain instant access to their money, more people in the opt-out group have simply decided to give saving a go, knowing they can get to the money quickly and freely if they need to. The opt-out approach to payroll autosave is inclusive of those who are financially stressed and who may use their savings pot to manage fluctuations in their income or costs. Once these individuals start putting money aside for savings, they may get into the habit of it, building financial resilience for the future.

Many savers self-report using their money primarily to meet unexpected expenses or emergencies (37%) suggesting the savings pots serve this purpose of bolstering financial resilience. A similar proportion (33%) are using their accounts for short-term saving goals like trips or events such as birthdays, Christmas and Eid. Nearly 1 in 5 (17%) use their accounts for in-month expenditure management on essentials like food and energy bills.

**It allows me room to have money if and when it's needed.**

Benefits app user trial employee

<sup>37</sup> It's also possible that this is just an artefact of the data, because current sample sizes in the benefits app user trials are small.

## Section 5

# Employees like opt-out payroll saving

Whether or not they actually choose to save themselves, the vast majority of employees feel positive about opt-out payroll autosave. Employees say the opt-out mechanism supports them to save.

### An easy way to save

To get an indication of whether people like the opt-out approach, we've asked those who have experienced it what they think.

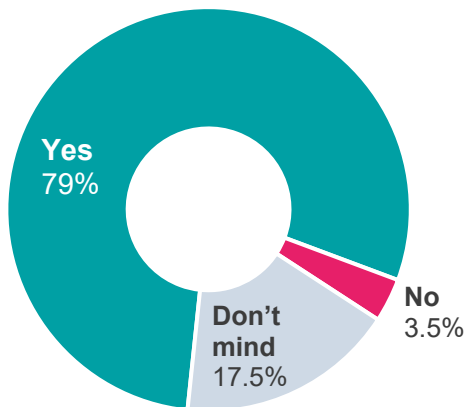
In all three trials, employees have been very positive about being offered this type of saving solution – regardless of whether they've saved or not.

### New worker trial

The vast majority of SUEZ employees are supportive of the implementation of the opt-out approach. Indeed, 96.5% of employees who have experienced the opt-out approach say they want their employer to continue to offer payroll autosave to new employees in the future or don't mind either way.

Only 3.5% of people in the new worker trial's opt-out group say they think their employer should stop offering opt-out payroll autosave at the end of the trial period (Figure 11).

**Figure 11. Almost all people who have experienced opt-out payroll autosave in the new worker trial think their employer should offer it**



Source: Nest Insight survey of SUEZ employees in the new worker trial, n = 286



Those in the new worker trial were asked whether they felt the scheme should continue to be offered or not, and why. Many survey respondents took this opportunity to give positive feedback.<sup>38</sup>

**I think a lot of people who struggle to save will benefit from this.**

**It's an easy option and takes away the need for setting up a saving account elsewhere, where you may be deterred by the need to do form-filling.**

**It is so important to save money for those unexpected events or for whatever reason you prefer, and the opportunity to save through payroll is so beneficial too. I really like the fact that it was so easy to set up and then not have to worry about it.**

**I think it will help those who struggle with their savings by doing the saving for them. People will then be able to build finance and save up without worrying about spending a penny as the money will be taken out of wages before it can be touched... just brilliant!**

**I think it's good that you give employees a choice.**

New worker trial employees

This feeling was also shared by people who opted out of saving.

**Some people might want it and find it very helpful. Every person acts according to their life and circumstances – therefore [it] should still be offered. I wouldn't've opted out if I could've afforded!**

New worker trial employee



<sup>38</sup> Among the survey respondents, 170 out of 286 left a comment. This is a high level of response to an open-ended survey question. We think this demonstrates employees' high level of engagement with opt-out payroll autosave.

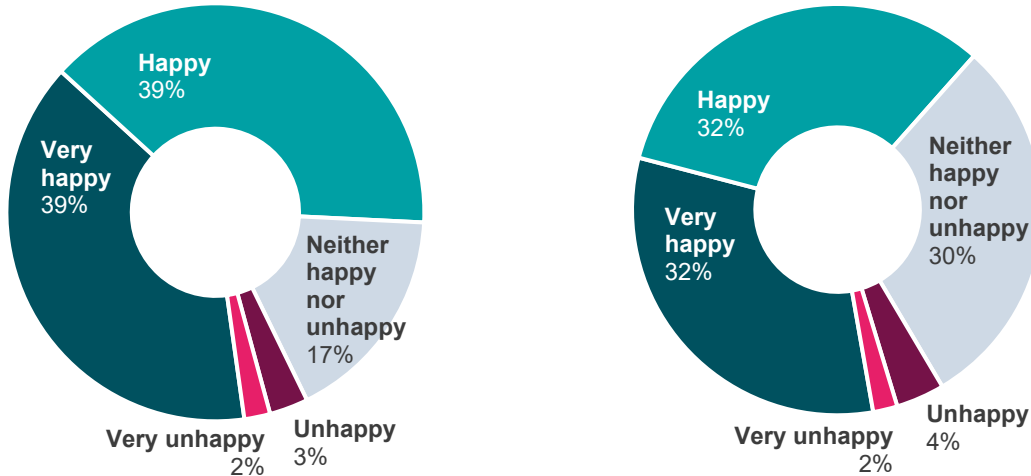
### New benefits app trials

Among the new benefits app users who were in the opt-out trial arm, 93% were either happy or neutral about it. This is consistent across both employee populations (Figure 12).

**Figure 12. Opt-out autosavers in the benefits app user trials are happy with the opt-out mechanism**

Workers at Bupa Care Services

Workers at the Co-operative Group



Source: Wagestream survey of members at the two employers in the new benefits app user trials, n = 258

When asked what they think of the opt-out mechanism, the benefits app users generally voiced a positive response:<sup>39</sup>

It is [a] good idea to have it transferred directly from your wage.

It helps me to save some money every month. I love it.

Great idea, especially for people that find it difficult to save.

I think it's brilliant, and that, if needs be, you can withdraw whenever you need it.

I am very happy to put money aside and to be able to change that amount month to month, depending on outgoings.

Benefits app user trial employees

<sup>39</sup> No data for those not saving.

Some like being able to combine savings withdrawals with other app features like earned wage access, which Wagestream calls 'streaming'. This feature allows employees to access their earned wages before pay day for a small fee.

**I literally forget about it, which is a great thing, and as it's from your earned salary, you can withdraw on top of your streamed amount.**

Benefits app user trial employee

## Employees are grateful to their employer for offering opt-out

At SUEZ, employees covered by the trial have been asked to rate to what extent they feel their financial wellbeing is important to their employer. Regardless of whether the employee has gone through the opt-in or the opt-out payroll saving journey, 78% of people surveyed say their financial wellbeing is important to their employer to some degree. About 1 in 4 say their wellbeing is either very or extremely important to their employer, with little difference between the opt-in (24%) and opt-out (25%) groups.

In interviews with people who have experienced opt-out payroll autosave, this feeling that their employer cares about their financial and mental wellbeing has come up frequently.

**I think it's a good thing for them to offer. SUEZ are big on their people and giving them all the best things they can do.**

**I think it's a shame a lot more companies don't offer it... There's so much support, it comes across as they want to help... They want people to succeed.**

**I think it's a very important benefit not just for the financial wellbeing of employees but also for the mental wellbeing.**

New worker trial employees

At SUEZ, opt-out payroll autosave is one part of a carefully curated financial wellbeing package that also includes earned wage access, consumer discounts, workplace loans and counselling. SUEZ has previously reported that this holistic financial wellbeing offer has been a factor in a meaningful drop in absenteeism the company had seen before 2019, when SUEZ first launched financial wellbeing support measures.<sup>40</sup>

**The more settled and happier your employees are, the longer they will want to stay. I've been at SUEZ for 12 months. I would like to look at this for my forever job. I'd like to think a few more business[es] would think like that.**

New worker trial employee

<sup>40</sup> CIPD, 'Supporting employee financial wellbeing: SUEZ payroll autosaving' (February 2023), [cipd.org.uk/knowledge/case-studies/financial-wellbeing-suez-payroll-autosaving](https://www.cipd.org.uk/knowledge/case-studies/financial-wellbeing-suez-payroll-autosaving)

## How could opt-out payroll autosave be improved?

Opt-out payroll autosave is a new approach, so we've been keen to hear from employees in our surveys and in-depth interviews about how the experience could be made better for them.

We've been able to explore this primarily in the new worker trial because it's been live for longer. We've asked employees at SUEZ who have experienced the opt-out mechanism what could be improved about it.

Where people provided a response, they've generally brought up communications, with some people wanting more regular communication after their savings account has been set up, including reports on their balance and withdrawals and prompts to review the amount they save each month.

**[Communication] should be offered more often.**

**Quarterly updates would be nice. But I also like the fact that I have kind of forgotten about it and it's just growing quietly in the background.**

**Regular reminders to increase or review savings.**

New worker trial employees



Some say they'd like more product choices, for example being able to choose their own savings account provider or being able to save into an individual savings account (ISA) with an investment angle rather than the instant-access savings account that's automatically set up for them. An employer match option has also been mentioned.

**Providing options with the saving account in banks of choice.**

**Employer contribution. Maybe £10 to make it £50 [total saving] from £40.**

New worker trial employees

There have been almost no suggestions for improving the set-up or enrolment process, including the consent step that occurs during new joiner onboarding at SUEZ.

## Section 6

# Other financial behaviours aren't negatively impacted

Building financial resilience across the lifespan is crucial to financial wellbeing, but balancing the need to save for both the near and distant future is often a challenge. These trials give us an opportunity to understand the interaction between these needs and gain insight into how some intertemporal financial decisions are made.

## Workplace pension saving

Based on the current data from these trials, we believe there is no crowding out of pension saving as a result of introducing opt-out payroll saving directed to instant-access savings pots.

In the new worker trial, we've been able to look at workplace pension participation data alongside the trial's employee payroll saving data. The trial has occurred over a period of considerable macro-economic turbulence, with the rising cost of living over 2022 and 2023 disproportionately affecting the opt-out group in the trial compared with the opt-in group, due to the pre/post trial design. This makes interpreting the data challenging. However, we do not currently conclude from analysis of this trial data that auto enrolment into short-term savings is negatively affecting pensions participation or retirement savings accumulation.

In March 2023, Nest Insight asked SUEZ employees covered by the new worker trial whether they'd opted out or reduced their workplace pension contributions in the past six months. In the trial's opt-out group, only 8% self-reported having done so. This is similar to pension saving behaviour among those in the opt-in group, where 6% have reported opting out of or reducing contributions to their pension.

SUEZ's analysis of workforce pension saving data also suggests that workplace pension opt-out levels have remained consistent in its employee population throughout the trial period so far.

## Use of earned wage access

Earned wage access allows employees to access a percentage of their earned wages ahead of their pay day, often for a small fee.<sup>41</sup> Employees in all three opt-out saving trials have been able to access their pay flexibly.

We know from recent research that employees don't always use earned wage access to cover emergencies. Sometimes they use it to pay for things like travel to pick up an extra shift at work, a night out with friends or lump-sum insurance premium to secure a better deal.<sup>42</sup>

We're not aware of evidence that workplace saving schemes affect employees' use of earned wage access but this could be a possibility. As these payroll saving trials evolve, we'll look into the interaction of these financial tools. In the absence of any evidence, it's important to note that it's not clear what the nature of any interaction might be.

<sup>41</sup> As noted earlier, this type of solution is offered under several different names, including 'flexible pay,' 'on demand pay', 'salary advance' and 'employer salary advance scheme' (ESAS).

<sup>42</sup> Nest Insight, 'Bridging financial gaps for workers: Exploratory research into the potential of earned wage access and workplace loans to improve low- and moderate-income employees' financial footings' (July 2023), [nestinsight.org.uk/wp-content/uploads/2023/07/Bridging-financial-gaps-for-workers.pdf](https://nestinsight.org.uk/wp-content/uploads/2023/07/Bridging-financial-gaps-for-workers.pdf) (PDF 2.0MB)

Offering opt-out payroll autosave might plausibly:

- › Decrease the use of flexible pay – As a person builds up a savings buffer, the need to access earnings before pay day might decrease.
- › Increase the use of flexible pay – Putting money aside as savings might mean people frequently need to access their earned wages before pay day, particularly if they don't realise they're putting earnings into a savings pot every pay day. This could be a signal to revisit how people are reminded that they're saving.
- › Not impact the use of flexible pay – The two categories of money, earned wages and savings, might be ear-marked for different purposes, or used in different ways, according to employees' mental accounting.

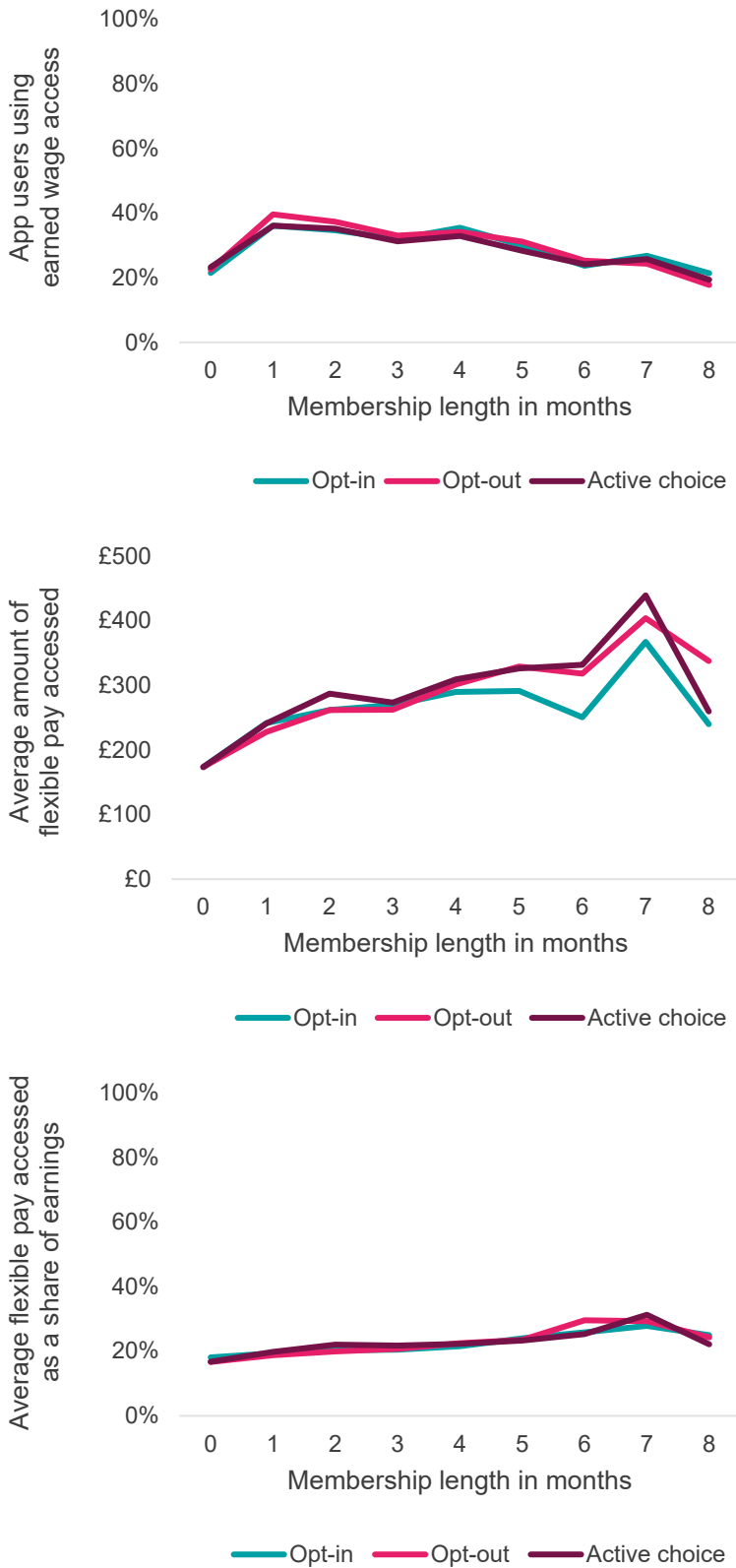
In the two benefits app user trials, we currently see no impact of opt-out saving on employees' use of flexible pay. Use of earned wage access among employees in the opt-out group almost identically tracks the opt-in and active choice groups in terms of the proportion of people using it, the ratio of flexible pay taken before pay day and the absolute size of the advance in pounds (Figure 13).

Savings balances are still below £200 at membership month 4 despite wage advances being around £300 over the same period of time. So, before we're likely to see any reduction in the use of flexible pay, people would likely first need to build a savings buffer that could replace it in monetary value. We'll continue to monitor this over the next year of these trials.

In the new worker trial, where we don't have administrative data on earned wage access use, employee self-reports suggest that by at least 12 months' tenure the use of flexible pay is similar among the opt-in (10%) and opt-out (13%) savers.

This provides early reassurance that people who experience opt-out payroll autosave aren't accessing their pay at higher levels because they don't realise they're saving.

Figure 13. Use of earned wage access doesn't vary across groups in the benefits app user trials



Source: Berk et al. (2023)



## Section 7

# Opt-out payroll saving supports employee financial wellbeing over time

People use their payroll savings accounts in different ways. Regardless of how savers think about using their money, knowing that they're saving gives them greater peace of mind and financial confidence.

In our in-depth interviews and surveys, we've heard from a range of people about their experiences saving through payroll.

Some use workplace saving to build an emergency savings buffer partitioned away from their main bank account. In the survey of employees taking part in the benefits app user trials, nearly half have said they're using their savings pot for 'rainy day' saving (47%).

Others are saving towards goals, thinking of it as a dedicated account for spreading the cost of occasions like school holidays, birthdays, Christmas or Eid. This is the approach taken by more than one quarter (26%) of savers in the app users trial.

We've also heard from some people that they use payroll autosave simply because the mechanism is so convenient. Others find it an easy way to actively manage and meet within-month costs and smooth fluctuations in their income. A significant proportion say they're saving with nothing particular in mind (28%).

We've previously seen that payroll savings accounts are used in diverse ways and not always as the savers or employers expect.<sup>43</sup>

Consistent with other research employees say knowing they've started saving and having some money put aside gives them greater peace of mind.

Consistent with other research employees say knowing they've started saving and having some money put aside gives them greater peace of mind.

**It makes me not worry as much because I know if something does happen with my car, even something as silly as my kettle, I know I need £20 to buy one – it's just little things like that, that little peace of mind if something does happen, I have got that to fall back on.**

**It acts as a safety net to reduce further stress.**

**Savings make sure you don't have to worry about your bills etc. Everything is more expensive now, so it is better to save some money.**

New worker trial employees



The opt-out approach to payroll saving aligns with people's desire to save by making it simple for anyone to start saving. The mechanism itself therefore makes some people feel reassured and more in control.

<sup>43</sup> [nestinsight.org.uk/wp-content/uploads/2022/05/Payroll-saving-behaviours-learnings-from-the-UK-sidecar-savings-trial.pdf](https://nestinsight.org.uk/wp-content/uploads/2022/05/Payroll-saving-behaviours-learnings-from-the-UK-sidecar-savings-trial.pdf) (PDF 2.7MB)

Support to start saving, where the work is done for you if you want to save, means one less thing to worry about in an increasingly complex financial world. Employees tell us that knowing their saving is taken care of can have a positive impact on their happiness and life satisfaction.

**It's super helpful to know money can be saved without me having to think.**

Benefits app user trial employee

Our in-depth interviews with people taking part in these real-world trials have given us windows on the diversity of people's experiences with opt-out payroll autosave.

On the pages that follow, we share the stories of Mariam and Jack, two employees who started saving through the opt-out approach offered in the new worker trial. Both have been using their TransaveUK savings account for a while now but have put these savings buffers to different uses.<sup>44</sup>

---

<sup>44</sup> Names and some identifying details have been changed.

## Using opt-out payroll autosave for unexpected expenses



### Mariam's saving story

Interview took place – February 2023

Length of time saving with TransaveUK – 11 months

#### Her financial situation

Mariam describes her financial situation as challenging.

She lives in a solo parent household with her adult son, who has anxiety and depression. She's recently gone from having two incomes supporting the household to just one. She thought some of her living costs might go down after she and her partner split, but then inflation hit.

Now she feels she's in a 'constant battle' to keep up with regular bills. She keeps a tight grasp on her outgoings, cutting corners on even basic food, especially in the last week of each month before her pay day.

She'd like to move house but knows the rent she's paying is far below the rates in her area because the house she lives in is in poor shape. She can't afford to pay more.

Mariam is proud that she hasn't had to take out a loan or use the overdraft facility on her bank account. However, she had to borrow £100 from a friend to pay her gas and electricity in the cold weather over the winter. Her friend isn't in a rush to have this paid back, but it plays on Mariam's mind and she's anxious to pay it back as soon as she can.

She's also anxious that the cost of living will keep going up. She knows that meeting rising costs month after month will be tough for her and her son, and she's worried about the impact on his mental health if things get worse.

**For me it's that if things continue to go up the way they do – what has to be sacrificed. I'm not living, I'm surviving. I know people are in the same boat. But I worry over it more. If I couldn't afford to pay my rent, then the council would put me and my son in a hostel – it wouldn't do either of us any good...**

#### Her saving goals

Mariam is determined to save regularly. She's trying not to touch her savings unless she needs to in an emergency. She thinks her washing machine is on the brink of breaking down and so she might need some savings for that. She'd also like to have something saved for when she's older. And she would like to be able to help her son financially if he needs it.

#### Her view of opt-out payroll saving

Mariam was offered opt-out payroll autosave when she moved into a new job at SUEZ. This came at good time for her as she was getting a slightly better hourly pay than before, so she felt more confident she wouldn't miss the savings contribution coming directly out of her wages.

**At first I thought £40 is a lot of money, but [then] thought I can survive without it, I'm earning more, will still have a bit – give it a go.... [It] does say you can reduce or higher the amount.**

She was reassured that she can change the amount she's saving quickly and that her savings are accessible if and when she needs the money.

**I think it's a shame a lot more companies don't do it. It's an opportunity, if you are someone like me going from a minimum wage job to a slightly better paid job – it's an option, it's not something you have to do.**

### **Her use of payroll saving**

Mariam has been saving into her TransaveUK account every month. At the end of nine months she had built up £360 in savings.

She withdrew her full balance at Christmas to help cover the cost of food, presents and extra petrol for visiting people. She has some regret about taking the money out even though she felt that she had to.

**I knew it was my money and I'd saved it, but what if something more drastic happened...**

**I am pleased that I am in it. It might sound silly to some people, but if I hadn't decided to do it, I don't know what I would have done for Christmas. It's not necessarily the presents, it's even down to just the extra food and petrol. It might sound bit daft, but without that we wouldn't have had a turkey.**

After Christmas she kept saving each month through payroll. She likes that she'll build up a savings buffer again quickly. The payroll mechanism makes a big difference to her. She doesn't have to think about saving or fuss with putting money to the side from her pay. She thinks it would be more difficult to save if she left her job and lost the payroll saving link.

**If I left I would like to carry on saving into it. I would have to give myself a kick up the backside to make myself save.**

### **How payroll saving has supported her financial wellbeing**

Since having her opt-out payroll autosave account set up for her, Mariam has worried less. She says she has peace of mind knowing there's some money there should she need it in an emergency.

## Sticking with opt-out payroll autosave because it's the easiest way to save

### Jack's saving story

Interview took place – February 2023

Length of time saving with TransaveUK – 15 months

#### His financial situation

Jack says he took a risk in moving jobs. In his new role he'd be working for less money but he'd have a shift pattern that fit better with family life. Soon after starting at SUEZ, he received a pay rise and promotion along with the perk of a company van. That made Jack feel like his risk had paid off – but money's still tight.

He described his financial situation as 'a little bit bleak, it's a little bit sad', with most of his wages going to rent. What little he has left each month he'd been trying to put towards paying off some debt that built up when shifts at his previous job weren't available during the pandemic.

There isn't much money left after that for other things.

**I get paid on the thirty-first. My bills go out on the first – I don't even want to look at my bank!**

He's wanted to save before but has never been in the position to do so. The rising cost of living means his goal of paying down his debt feels out of reach, because there's no longer enough left at the end of the month to make a dent in it.

He has intermittent income on the side from a hobby, but that's not regular enough to rely on.

#### His saving goals

Jack primarily wants to build a bit of a buffer for unexpected expenses – enough to cover an appliance breaking or an emergency. Saving for a house feels unobtainable. In an ideal world, he says, he'd build up some savings over the next 10 years to support his child with driving lessons when they reach adulthood.

#### His view of opt-out payroll saving

Jack likes that SUEZ put things in place to help him get started with saving. Early on, he didn't know much about the credit union that's providing his savings account but he trusted his employer to pick a legitimate organisation and liked that there was flexibility in how he could save and access the money.

**You have quite the level of control with the savings that you have. So, once you've got access you can increase or decrease what you want to save.**

He was glad his employer did everything. He thinks if they had to pick for themselves, most people wouldn't know where to start when choosing a savings account. He'd heard that the payroll mechanism was helping a lot of colleagues build up some saving, and thinks the opt-out approach should be rolled out across the whole workforce.

**I think it's a good thing for them to offer. SUEZ are a big one on their people and giving them all the best things they can do.**

**It's a shame that when they rolled it in they didn't roll it in to include previous [hires at SUEZ].<sup>45</sup>**

### His use of payroll saving

Jack remembers receiving lots of communications about opt-out payroll autosave when he joined SUEZ. He chose to remain enrolled because he could save without thinking about it.

He built up a savings buffer over the course of six months, dipping into it once. However, he then had a tough period – a combination of a long month, a change in the way he was paid, and working fewer shifts meant he was paid less and had a long wait until his next pay day. Of course, his bills still needed to be paid. So he decided he needed a loan to help make ends meet.

TransaveUK, the provider of his savings account, offers loans which can be paid back through payroll. Better yet, a loan was available to him even though he has a low credit score. His savings would be held as collateral against the loan, so he couldn't make any withdrawals from his savings account until he'd paid down the loan. His savings amount was also automatically reduced – from £40 to £5 a month.

Jack is confident he'll go back to saving the default £40 per month when the loan is paid off. It's just easy to save in this way. He's thinking that the extra money he's paying each month towards his TransaveUK loan can be earmarked for paying off other debts in future.

### How payroll saving has improved his financial wellbeing

Without the opt-out mechanism, Jack doesn't think he'd have started saving. He feels that in the opt-in model, you have to 'go out of your way' to save.

**It's just a really good idea... Really the only thing you have to do is, if you don't want to, is opt out, so leaving it on there is just effortless. Everything is all set up for you, you don't even need to put in your bank details or anything like that.**

To me it's a no brainer unless you really, really, really need the additional £40... But you can also adjust it. It doesn't have to be £40. It could be £10.... That's a Starbucks. It's an amount you wouldn't notice.

<sup>45</sup> SUEZ is considering an opt-out approach to payroll saving for all employees, rather than just new workers. However, regulatory considerations make this more complex to implement. Nest Insight's research with employers and providers suggests that a global employment contract change might be required.





## Section 8

# Conclusions and next steps

Results from these three trials suggest that opt-out workplace saving is an extremely effective way to improve people's financial resilience and that it is very well received by employees. However, few employees in the UK today have access to these schemes. Barriers to scale will need to be overcome if more people are to benefit from opt-out payroll autosave.

## The most powerful tool in the box to support saving

There will always be some employees who are already saving and happy with what and where they're currently saving. There will also always be employees who can't afford to save, even when the money in their savings pot is instantly accessible. For these reasons, we shouldn't be aiming to reach 100% participation in payroll saving. Rather we need to be looking to achieve saving rates appropriate to people's needs and their intent.

Based on available saving data, we believe the appropriate target for workplace saving participation is likely to be between 40% and 70%, depending on the employee population in question.

Where employees have to sign up to save (opt-in), savings participation is a long way off that range:

- › **Only 1 in 100** (1%) employees who had to sign up to save in the new worker trial were saving at month 4.
- › **Only 1 in 6** (16%) employees who have to sign up to save in the benefits app user trials are saving at month 4.

A simple change in the default from 'not saving if you take no action' to 'saving if you take no action' (opt-out) boosts saving participation to a level that is in line with the proportion of employees you'd expect to be choosing to save based on their needs and intent:

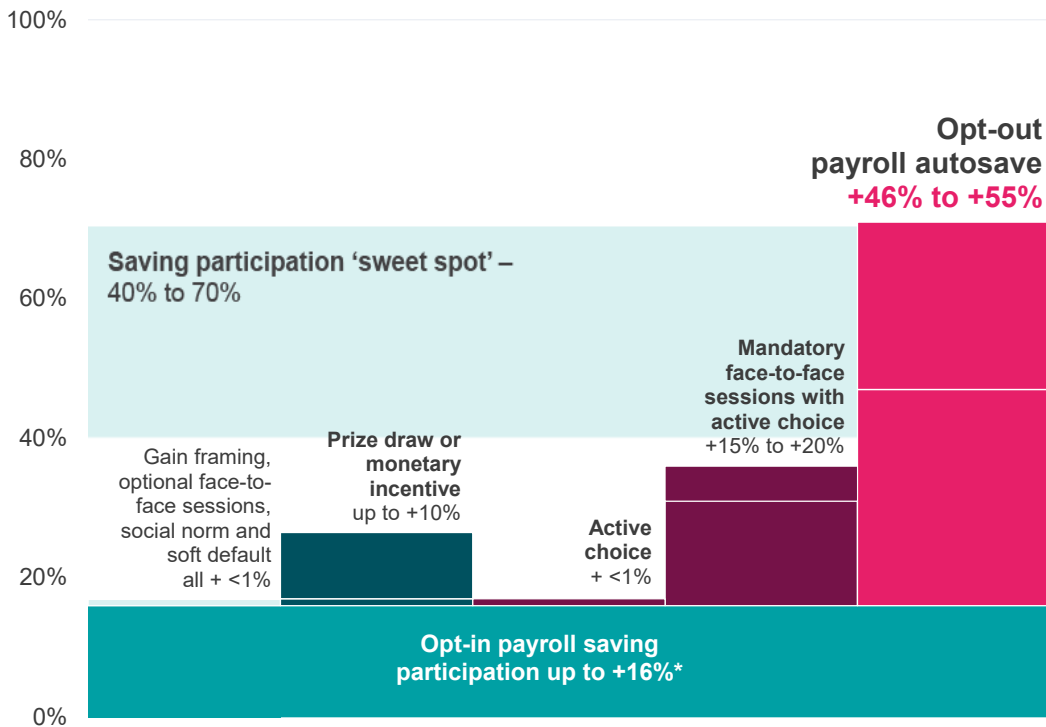
- › **Around half** (47%) of employees who've experienced the opt-out approach in the new worker trial are saving at month 4 – an increase of 46 percentage points over the opt-in group in the trial.
- › **About 7 in 10** (71%) employees who've experienced the opt-out approach in the benefits app user trials are saving at month 4 – an increase of 55 percentage points over the opt-in group in the trials.

Across all three large employee populations in these trials so far, the rise in saving participation under opt-out approaches has been of striking magnitude.

These interim findings are hugely promising. They suggest that opt-out approaches dramatically improve payroll saving participation rates among those who choose to save through their workplace, regardless of differences in employer, savings product, communications approaches and ways of handling current regulatory considerations.

No other interventions have lifted workplace saving participation so meaningfully. Other approaches that have been tested include offering monetary incentives or a boosted interest rate, simplifying sign-up journeys, putting in place soft defaults, hosting in-person education events and recruiting workplace saving champions. These other approaches have only moved the dial marginally (Figure 14), and they can be costly to implement in comparison with opt-out approaches.

Figure 14. Opt-out payroll autosave far and away gets more people saving compared to other approaches



Note: Opt-in payroll saving participation typically ranges from 0.1% to 15%. For the purposes of this comparison, we've shown the maximum observed impact of opt-in saving, which is 16% in our benefits app user trials.

Opt-out payroll autosave stands as the most promising route to boosting savings across the working-age population.

## High potential unrealised

Despite the clear potential, there are currently barriers to implementing opt-out approaches to workplace saving at scale:

### 1. Payroll saving scheme coverage

Only 15% of UK employers currently offer payroll saving to all their employees. A further 7% offer payroll saving to just some employees. Those working for a larger employer are much more likely to have access to payroll saving – 26% of large employers – those with 250 or more employees – offer payroll saving to all their employees compared with just 3% of small employers, that is, those with fewer than 50 employees.<sup>46</sup>

There are some signs that increasing numbers of employers are looking to offer saving schemes to their employees, but some organisations may have a harder time doing so without support and guidance.

### 2. Regulatory considerations around opt-out approaches

Additionally, opt-out approaches are not currently commonplace even where there is a workplace saving scheme in place. We're aware of only five employers offering this in the UK, three of which are part of Nest Insight pilots. Many employers and providers are nervous about being 'first movers' in the space, in large part because of the regulatory considerations.

Nest Insight is not an expert on regulation. However, we've sought input from the Financial Conduct Authority (FCA), providers, employers and lawyers in designing our research pilots. As part of this we've built an understanding around the regulatory considerations that apply to opt-out payroll saving approaches. In December 2021 we published a paper summarising what we've learnt about this.<sup>47</sup>

<sup>46</sup> Nest Insight and YouGov nationally representative employer survey, in field 23 March to 9 April 2022, n = 502

<sup>47</sup> [nestinsight.org.uk/wp-content/uploads/2021/12/Opt-out-payroll-saving-the-regulatory-considerations.pdf](https://nestinsight.org.uk/wp-content/uploads/2021/12/Opt-out-payroll-saving-the-regulatory-considerations.pdf) (PDF 952KB)

Employers and providers we consulted expressed concerns about these regulatory considerations.<sup>48</sup> Regulatory clarity and greater comfort for employers and providers that opt-out approaches to payroll saving would be considered compliant with current regulation, or regulatory easements, are likely to be needed before more opt-out approaches are rolled out in the UK context.

## How could the impact be scaled?

With these results, evidence of the effectiveness and success of opt-out workplace saving approaches in increasing saving participation is at a tipping point. Thus, our focus going forward is to identify routes to implementing opt-out payroll saving at greater scale so that the potential of this approach might be realised.

In autumn 2023 and in 2024, Nest Insight will be hosting a series of roundtables to delve into the challenges and opportunities around further broadening the reach and take-up of payroll saving:

- › **Product supply** – How might the supply of accessible workplace saving solutions be encouraged?
- › **Reach** – How might coverage of accessible workplace saving solutions be extended to more employees, and in particular the half of UK workers who are employed by small businesses?
- › **Participation** – What would it take for opt-out workplace saving schemes to be more widely implemented?
- › **Connection to pensions auto enrolment** – Is there an opportunity to support more UK workers to have a savings buffer by building emergency savings into the future evolution of pensions auto enrolment in the UK? What might that look like? Could an emergency savings component for some or all workers allow pension contributions to be raised for those who need to save more, with a safety valve for those whose current financial situation makes that difficult? What policy design considerations would need to be worked through?

We hope to bring together stakeholders with a range of experiences and backgrounds to explore these questions and identify other priorities for investigation. If you would be interested in joining in these discussions, please email us at [insight@nestcorporation.org.uk](mailto:insight@nestcorporation.org.uk)

We'll also continue to collect and analyse data from these three trials for up to two years to enable us to track how savers' behaviours change over time. Questions we're investigating include:

- › **How does saving behaviour change over time?**
- › **Do savings balances increase over time?**
- › **Do people change their regular savings contribution amount?**
- › **Do people make additional contributions outside of payroll, where they have this option?**
- › **Do people continue to save with TransaveUK after they leave SUEZ?**
- › **How does workplace payroll saving interact with workplace pension saving, use of earned wage access and take-up of workplace loans?**
- › **How does payroll saving affect employee financial wellbeing?**

We're grateful to our trial partners for supporting this ongoing work, and to all the individuals who have participated in our workplace savings research in some way.

We believe that the evidence base we're developing makes a compelling case for opt-out workplace saving solutions. This approach has the potential to boost saving and improve financial resilience and wellbeing for millions of people across the UK and beyond.

<sup>48</sup> [nestinsight.org.uk/wp-content/uploads/2022/03/Opt-out-payroll-savings-Industry-and-employer-perspectives.pdf](https://nestinsight.org.uk/wp-content/uploads/2022/03/Opt-out-payroll-savings-Industry-and-employer-perspectives.pdf) (PDF 2.3MB)

## Our related research

This report is part of our evolving workplace emergency saving research programme.

Some of these pilots are ongoing. For our most up-to-date learnings, please visit [nestinsight.org.uk](https://nestinsight.org.uk)

**Liquidity and retirement savings:**  
What's the right balance?  
(March 2018)



**Supporting emergency saving:**  
Briefing paper 2 – early learnings from the employer experience  
(December 2020)



**Workplace emergency saving:**  
A landscape review of existing evidence  
(July 2021)



**Supporting emergency saving:**  
Briefing paper 3 – early learnings of the employee experience of sidecar saving  
(July 2021)



**Supporting emergency saving:**  
Briefing paper 1 – policy considerations and questions for future research  
(October 2020)



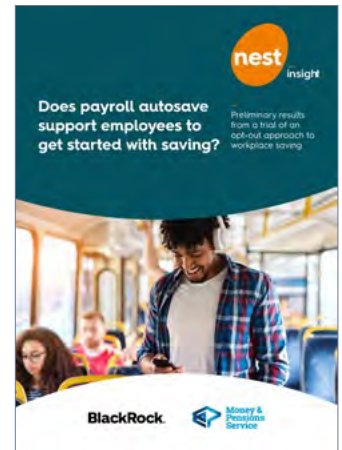
**Opt-out payroll saving:**  
The regulatory considerations  
(December 2021)



**Opt-out payroll savings:**  
A new way to support financial wellbeing in the UK? Industry and employer perspectives (March 2022)



**Does payroll autosave support employees to get started with saving?:**  
Preliminary results from a trial of an opt-out approach to workplace saving (September 2022)



**Talking about payroll autosave with employees:**  
A practical guide to communicating an opt-out approach to payroll saving (May 2022)



**Getting employees started with saving:**  
Employer's guide – Implementing opt-out payroll autosave for employees (April 2023)



**Payroll saving behaviours:**  
Learnings from the UK sidecar savings trial (May 2022)



**Workplace sidecar saving in action:**  
Learnings from a multi-year, multi-employer UK trial of a new approach to supporting employees with emergency and retirement saving (April 2023)



Our full programme of research reports, including our research on opt-out workplace savings solutions, supporting self-employed people and other under-served groups in pension saving, saving engagement, workplace pensions auto enrolment in action and more, visit the [Nest Insight research library online](#).





## Contact us:

---

[insight@nestcorporation.org.uk](mailto:insight@nestcorporation.org.uk)

To find out more, visit our website:

**[nestinsight.org.uk](https://nestinsight.org.uk)**

---

© 2023 National Employment Savings Trust Corporation. All rights reserved. Reproduction of all or any part of the content, and use of the Nest trademarks and trade names, is not allowed without the written permission of Nest. Nest does not warrant nor accept any responsibility for any loss caused as a result of any error, inaccuracy or incompleteness herein. This content is provided for information purposes only and should not be construed as financial, investment or professional advice or recommendation by Nest. Data may be obtained from third-party weblinks, but these may not be error-free and cannot be verified.

Contact [insight@nestcorporation.org.uk](mailto:insight@nestcorporation.org.uk) for more details.

September 2023