

# NEST Insight research programme 2018/19

Work with us to help solve the challenges facing a new generation of retirement savers

Established by the UK government as part of its auto enrolment initiative, NEST is one of the world's fastest growing pension schemes by member numbers.

Our members are overwhelmingly those with lower and moderate incomes, and those working in sectors with employment patterns that have traditionally made them hard for the pensions industry to reach. Many had no prior experience of pensions or investment products before enrolment into NEST. In spite of this progress, there remain significant challenges in ensuring people are saving for a comfortable retirement.

With 7 million members and counting, we're building a rich store of data and insights on the needs and behaviours of this previously under researched population.

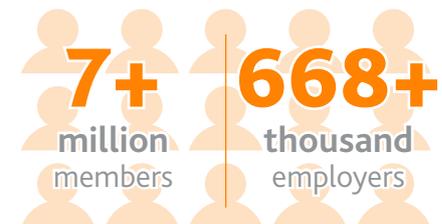
That's why we set up NEST Insight. Working in partnership with industry, academics and policy makers around the globe, our mission is to understand and address the challenges facing NEST members and other defined contribution savers. We do this through:

- rigorous quantitative and qualitative research, in collaboration with industry, academics and policy makers
- testing practical solutions
- a comprehensive programme of events and roundtable discussions
- a series of publications, briefing papers and online resources, complemented and promoted by our communications programme.

We work to ensure that these data and insights are shared widely and freely so our research can have the biggest possible impact, and benefit DC savers around the globe. To do this, we depend on sponsorships, grants and in-kind support from organisations that share our values.

## NEST in numbers

From a standing start in October 2012, when auto enrolment was first introduced, NEST now has...\*



over **£3.8 billion** assets under management



Our opt-out rate is **8%** on average



Median member income is **£18,200**



Around **1/3** of members change jobs every year



**51%** of members are younger than 35 years old

# Our work programme

Our work comprises original collaborative research projects underpinned by an annual calendar of events and communications activity, the centrepiece of which is our annual conference each June. This is an invitation-only event for senior industry, academic and policy leaders which addresses topical issues relating to retirement outcomes for low and moderate income savers.

Our research programme encompasses projects across various methodologies, and is developed largely through exploratory discussions with partners to identify mutual areas of interest. Below is an overview of some of our current projects.

## Liquidity and workplace pensions

Around the world, policy makers and researchers are launching a range of initiatives designed to encourage, on the one hand, short-term liquid savings, and on the other, illiquid savings for retirement. These two types of initiative are generally undertaken in isolation, implying a tension between liquid versus illiquid savings. The implicit message is that long- versus short-term saving is a zero-sum game, where each type of saving is competing for a fixed share of an individual's assets.

More recent work has challenged this perspective. Researchers in the US have proposed an approach that combines liquid and illiquid savings in a way that's optimised around the needs and preferences of the saver. The argument is that an appropriate balance of liquidity will enhance people's overall financial wellbeing, both in the short-term and through into retirement.

Working closely with Professor Brigitte Madrian, the Behavioral Insights Group at Harvard University, the Money Advice Service, and J.P. Morgan Chase Foundation, we'll be launching our sidecar savings trial later this year. Our research will aim to test the impact of a combined savings product, where a liquid 'rainy-day' account is linked to an illiquid retirement account. This combined account structure will be delivered in the workplace, with contributions deducted automatically through payroll and managed to create an optimal level of liquid savings, while also maximising long-term savings.

**Find out more [here](#).**

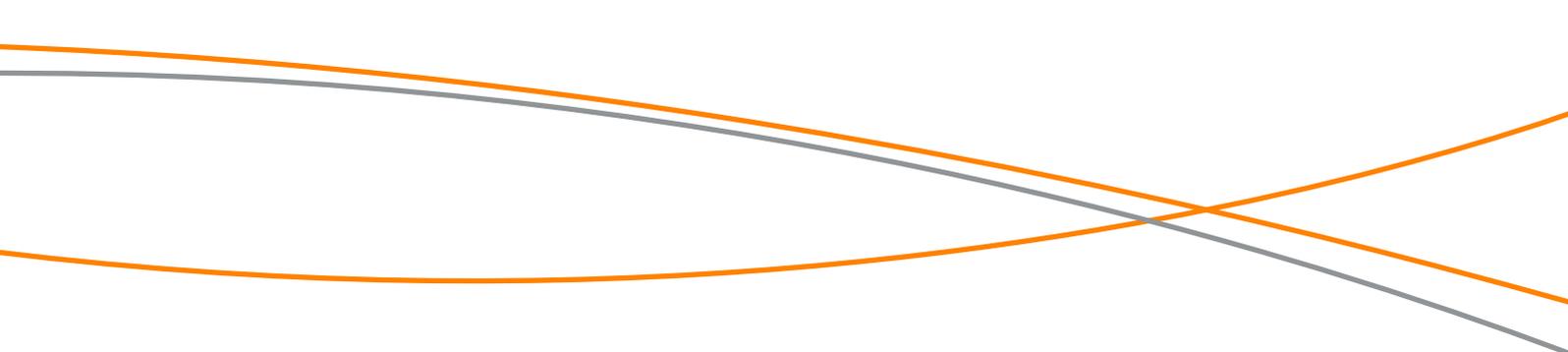
## Engagement in pensions

We're working with Maastricht University to deliver a wide-ranging research programme into the drivers of engagement in pensions. This project is funded by a grant from the Network for Studies on Pensions, Ageing and Retirement (Netspar).

Worldwide, pension funds struggle to motivate pension plan participants to look into their individual retirement situation. Most participants are passive, especially when they're automatically enrolled, as is now the norm in UK workplaces. In trying to address this challenge, previous studies have tended to focus on cognitive factors, such as financial literacy, numeracy or economic preferences.

In this programme, we aim to create knowledge on how factors such as emotions, beliefs and life events can influence the effectiveness of pension communication. In a series of studies, we're building on insights from economics, marketing, and psychology. Based on our findings we'll empirically test new kinds of intervention in a real-world environment and help overcome the inertia of participants.

**Find out more [here](#).**



## Self-employed and pension saving

Auto enrolment programmes have addressed participation and coverage issues for many traditionally employed workers. But for those outside traditional employment, now a growing demographic around the world, auto enrolment as we currently understand it may not be an option.

We're developing a comprehensive programme of work looking to understand and address the low levels of saving seen among these groups by testing approaches to encouraging take-up and persistency.

Earlier this year we worked with partners I2 media, Britain Thinks and the RSA to bring together existing evidence with new qualitative research to understand the needs and challenges these groups might have in relation to saving. We're now developing a further programme of work in this area. This will add to existing evidence through possible quantitative and ethnographic studies, and will involve trialling practical solutions to drive take-up. We're particularly interested in the issues caused by volatile incomes in these groups and whether those mean that alternative products to pensions, with an element of liquidity, represent a more suitable saving solution.

Find out more [here](#).

## The Aspen FSP and NEST Insight collaboration

NEST Insight and The Aspen Institute Financial Security Program have come together in a transatlantic collaboration to help solve the next generation of retirement challenges.

By forming this partnership, we hope to gain in-depth insights into how our retirement systems can be improved for low to moderate earners. We believe that two immediate challenges affecting the financial health of British and American families include the growing trend of non-traditional employment and the increasingly complicated and unstable household balance sheet.

Together, we'll create a platform from which to identify and analyse possible solutions that could form the next phase of innovation in this sector.

Find out more [here](#).

## How the UK Saves

Vanguard's Center for Investor Research has already had great success with their annual publication *How America Saves*, and the new *How Australia Saves*. These reports use administrative data from large defined contribution arrangements to explore the experience of people saving in pension systems around the world.

NEST Insight and Vanguard recently launched *How the UK Saves* the first report focused on UK savers, specifically the population of over 6 million people who've been enrolled into NEST.

We hope that, over time, this annual publication will expand to include other UK pension schemes and provide a rich and detailed understanding of how auto enrolment is working for our population of largely low to moderate income savers.

Find out more [here](#).

## Work with us

We believe that working in partnership enables us to deliver a more ambitious and impactful research agenda than would otherwise be possible. We look to work with organisations with similar research interests and organisational outlooks, who can bring their own research ideas and resources to projects.

In particular, NEST Insight relies on external funding through sponsorship and grants to deliver its ambitious programme of work. We're currently seeking a small number of headline sponsors to provide financial support to the programme as a whole, as well as partners who might be open to sponsoring individual research projects or events.

We work strategically with our partners to deliver value-added relationships. If you would like to work with us as a research partner, funder or both, we would love to hear from you: [insight@nestcorporation.org.uk](mailto:insight@nestcorporation.org.uk)

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