



# Does payroll autosave support employees to get started with saving?

— Preliminary results from a trial of an opt-out approach to workplace saving



**BlackRock**



**Money &  
Pensions  
Service**

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## Authored by

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## Acknowledgements

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## About this report

This report is part of our evolving workplace emergency savings research programme. More information and other research reports are available by visiting [nestinsight.org.uk/workplace-emergency-savings](https://nestinsight.org.uk/workplace-emergency-savings).

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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)

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### 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 well-being. BlackRock's Emergency Savings Initiative is made possible through philanthropic support from the BlackRock Foundation. The initiative brings together partner companies and nonprofit 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)



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# Quick read

## About this research trial

In November 2021, Nest Insight launched a research trial in collaboration with an employer, SUEZ Recycling and Recovery UK, and the credit union TransaveUK, with the aim of testing the effectiveness of an opt-out, or 'autosave', approach to workplace emergency saving.

Payroll autosave supports workers to start saving automatically through payroll. New joiners to SUEZ are automatically signed up to save £40 per month unless they choose to opt out. They can make changes to their saving amount, withdraw their money quickly and easily and can stop saving at any point.

In order to see the impact of this new joining mechanism on the financial resilience and wellbeing of employees, these individuals are being compared to new joiners to SUEZ in the 12-month period prior to the launch of payroll autosave. Employees in the comparison group have access to saving via payroll on an *opt in* basis and can start saving at any time by signing themselves up for an account.

The trial is ongoing, and data will be collected until December 2023 in order to understand saving behaviours amongst a larger population of employees and to measure impacts over time. In this report we focus on some of the early findings from data available on new joiners from November 2021 to June 2022. A group of academics based at Harvard University and Yale University has contributed to the research design and conducted these analyses.

The results presented in this paper suggest that there is reason to be very encouraged by the effectiveness of autosave as a mechanism to improve levels of payroll saving. Nevertheless, findings should be interpreted with some caution as the analysis is ongoing. We'll continue to report on the findings of this trial as we progress.

## Headline results

In this paper we explore three main questions with the early data:

1. Does autosave result in greater levels of payroll saving participation than the opt-in approach?
2. Do saving balances significantly differ between those who autosave and those who opt in?
3. Does the introduction of autosave have an impact on participation in workplace pensions?

### Does autosave result in greater levels of payroll saving participation than the opt-in approach?

In the first six months of the trial, participation in payroll saving was **1.3%** in the opt-in group and **52.6%** in the autosave group in tenure month four – a 50 percentage point increase in saving participation amongst employees who experienced the autosave approach.



1.3% participation  
**Opt-in**



52.6% participation  
**Autosave**

## Do saving balances significantly differ between those who autosave and those who opt in?



Of those who participated in payroll savings and have a positive balance, the opt-in savers have an average balance of **£29.34**, compared with an average balance of **£129.99** amongst the autosavers.

When we consider everyone in the sample, the average saving balance is over 100 times higher in the group of employees that experienced autosave (£68) than in the group of employees that had to opt in to saving via payroll (<£1).



**£29.34 average saving balance**

**Opt-in**



**£129.99 average saving balance**

**Autosave**

## Does the introduction of autosave have an impact on participation in workplace pensions?



At this stage, offering payroll autosave at the same time as pensions auto enrolment in the employee onboarding journey does not seem to have had any impact on the likelihood that individuals will opt out of the workplace pension. Any longer-term impacts of payroll autosave on workplace pension saving during the trial period will be explored in future analyses.

## Next steps

Nest Insight will continue to share our learnings as we collect more data in the coming months and years. We'll be looking at questions like:

- › How does saving behaviour change over time?
  - Do savings balances increase over time?
  - Do people change their contribution amount?
  - Do people make additional contributions outside of payroll?
  - Do people use the account to manage in-month spending?
  - Do people continue to save with TransaveUK after they leave SUEZ?
- › How does autosave interact with earned wage access?<sup>1</sup> Do those offered autosave draw down from their pay cheque less frequently than those who opt in?
- › Do those offered autosave take out payroll loans at a different rate to those in the opt-in condition?
  - Does the average value of loans differ between the autosave and opt-in group?
- › Does participation change over time?
- › Is there an impact of autosave on financial wellbeing?

<sup>1</sup> Earned wage access is a product or service where an employee can access their wages as soon as they have earned them and before they would typically be paid them on payday.

# Background

We know that having an emergency savings buffer has a positive impact on financial wellbeing in both the short- and long-term. However, initiatives to promote saving in the workplace via payroll often suffer from low participation, despite the fact that many people need and want to save.

Financial lives can be unpredictable and financial shocks can hit at any time – a major appliance breaking, school shoes needing replacing or an unexpected bill. It is estimated that more than 1 in five people in the UK (11.6 million) have less than £100 in savings.<sup>2</sup> For many, this problem is being exacerbated by the current cost-of-living crisis.

An emergency savings pot can be thought of as a self-funded insurance policy, allowing an individual to pay unexpected expenses without having to turn to expensive forms of credit. Such a pot can therefore provide peace of mind and a confidence that you're prepared for the unexpected. Those with a financial buffer often report greater levels of subjective wellbeing, higher life satisfaction, and are more productive at work as a result – the evidence base is summarised in our workplace emergency saving landscape review.<sup>3</sup> We've also seen in our sidecar savings trial that emergency savings accounts can be used by some employees to manage expenditure across a pay period;<sup>4</sup> a strategy that could be really helpful in the context of rising costs.

Payroll saving is one way to support employees who want to save to do so. The money is kept separate from other accounts and is saved before an individual receives their pay cheque, making saving feel like less of a 'loss' and supporting self-control; both factors that can make such accounts attractive to employees.

Yet despite the benefits of payroll saving and its positive perception, inertia and contextual factors mean that people who indicate an intention to save often don't get around to signing up, and employee take-up often remains stubbornly low.<sup>5</sup>

A significant proportion of UK workers have little or no money put aside for emergencies	A lack of liquid savings can lead to debt, wellbeing and productivity issues	Although many people want to save more, a range of barriers often get in the way of intentions turning into actions
<ul style="list-style-type: none"> <li>› 50% of the UK adult population are financially 'Struggling' or 'Squeezed'.<sup>6</sup></li> <li>› Almost ½ have less than £500 in savings, ¼ have less than £100.<sup>6</sup></li> <li>› 1 in five people often borrow money, use a credit card, or an overdraft to pay for essentials like food and bills.<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>› During the Covid pandemic over 1 in 10 adults said they had to borrow money or use credit to pay bills.<sup>7</sup></li> <li>› 4 in 10 workers say money worries have made them feel stressed over the last year.<sup>8</sup></li> <li>› 1 in 8 workers report that money worries have affected their ability to concentrate at work.<sup>8</sup></li> </ul>	<ul style="list-style-type: none"> <li>› 98% of people who say they think Jars (an opt-in payroll saving tool designed to improve short-term and retirement saving) will help them save, do <b>not</b> sign up within the first year.<sup>9</sup></li> <li>› Similarly, in another trial, an email campaign using soft defaults or gain-framing with a £1,000 prize draw and £5 sign-up bonus only resulted in a single digit increase in payroll saving sign-up rates in the week after launch.<sup>10</sup></li> </ul>

<sup>2</sup> Money and Pensions Service (2021) [Adult Financial Wellbeing Survey 2021: Technical Report](#)

<sup>3</sup> Nest Insight (2021). [Workplace emergency saving: A landscape review of existing evidence](#)

<sup>4</sup> Nest Insight (2022). [Payroll saving behaviours](#)

<sup>5</sup> Money and Pensions Service. (2022) [Using behavioural science to help employees save: Payroll savings scheme](#) ; Nest Insight. (2021). [Supporting emergency saving](#); Behavioural Insight Team. (2022) Developing saving habits through prize-linked savings accounts

<sup>6</sup> Financial Capability in the UK. (2018) <https://fincap.org.uk/en/articles/financial-capability-survey>

<sup>7</sup> Office for National Statistics. (2020) [Coronavirus and the social impacts on Great Britain – Office for National Statistics \(ons.gov.uk\)](#)

<sup>8</sup> Social Market Foundation. (2021) [Financial fragility of workers is impacting productivity](#)

<sup>9</sup> Nest Insight. (2021). [Supporting emergency saving](#)

<sup>10</sup> Money and Pensions Service. (2022) [Using behavioural science to help employees save: Payroll savings scheme](#)

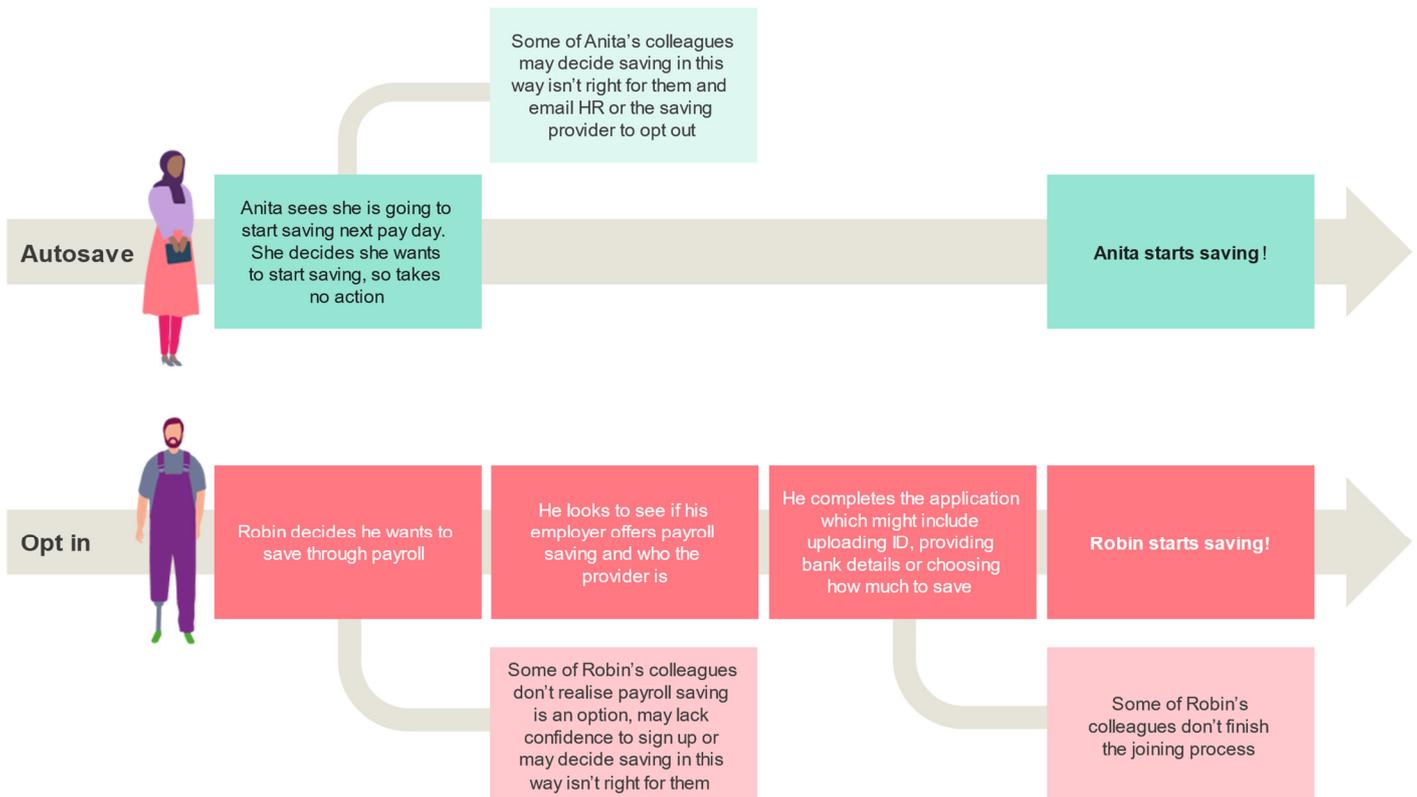
# Payroll autosave

A payroll autosave approach is designed to help employees to get started with saving if they want to. Instead of having to sign up actively, employees automatically start saving through payroll if they don't opt out.

A change from an opt-in to an opt-out approach has the potential to overcome the barriers preventing those who want – and need – to save from getting started, without making anyone save who doesn't want to.

In an autosave model, an employee is enrolled into payroll saving by their employer without them having to do anything themselves.<sup>11</sup> If an employee doesn't want to save in this way they don't have to; they can opt out simply and quickly. Once enrolled, employees can change their saving rate, withdraw money, make additional contributions outside payroll, or close their account at any time.

Autosave preserves the choices offered in a typical workplace payroll scheme – save or not save – but arguably creates a much better alignment between employee need and the default behaviour. In an opt-in model, those least likely to have savings, who are under more financial pressure and 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 autosave model, the decision to act falls to those who know they don't need to or want to save; a group more likely to be financially confident and to be saving elsewhere.



<sup>11</sup> Minimal effort on the part of the employee may be required where an employee must provide consent at onboarding. Where this is included in the employment contract, there is nothing for the employee to do. Please see our summary of the regulatory considerations around payroll autosave for more information: [Opt-out payroll saving: the regulatory considerations](#)

## The benefits of payroll autosave

Saving through payroll has a number of benefits for employees and some of these benefits are enhanced when offered with autosave.

### Benefits of payroll saving:



#### Improved self-control

The fact that the savings account is easily accessible, but separate from day-to-day finances acts as an effective self-control mechanism, protecting the savings from spending temptation and other calls on money. People talk about it being 'invisible' and, at the same time 'comforting'.

It's this peace of mind that payroll savings users talk about time and again as being the ultimate benefit of saving in this way.



#### Ease and simplicity

It can be complex to choose a product and provider – the choice can be overwhelming, and it can be difficult to weigh up different benefits and features. There are also high levels of mistrust and scepticism about financial services, particularly amongst those who are not already saving.

These barriers are reduced if there is a good savings solution put in place within the workplace by the employer.



#### Automation of saving through payroll deduction

People want to save, but it can be hard to do so consistently. Without a regular savings mechanism it's hard to remember to move money around. And it takes time, energy and knowledge to set one up.

Consistently, payroll savers talk passionately about the power of savings being made automatically every payday before the money hits their pocket. We should not take for granted how effective this is at overcoming barriers to saving.



#### Reduced loss aversion

Sometimes saving can feel like a 'loss' because one must put the money aside and reduce their capacity for spending in the present.

With payroll saving, the money is put in a savings account before the money hits a person's pocket resulting in a lower feeling of loss even though the same amount of saving might be achieved. This can make saving in this way more attractive to savers.

**Additional benefits of autosave approaches to payroll saving:**



**Raising awareness of payroll saving and other benefits**

Having an autosave approach also increases the awareness of payroll saving within an organisation in the short-term. Arguably, even if an employee chooses not to save at this time, their awareness that there is a payroll saving provider they could join in the future is likely to be heightened.

Where the provider offers other benefits such as bereavement funds, prize accounts, discounts at retailers, insurance, money management tools or loans, the autosave process is likely to improve the awareness of such other benefits and options.



**Harnessing inertia and reducing friction**

People often intend to set up a savings account or start saving but just never get around to it. Even those who do get around to starting to sign up may not complete the process: there is drop-off at every step of the payroll savings sign-up journey, even in the most streamlined version of this, from deliberating over how much to set as the regular savings amount, to the effort of entering personal information to allow for account creation

Autosave helps these individuals to start saving without them needing to do anything. When talking about opt-in payroll saving, one employee said:

**“I considered going for it, I don’t know why I didn’t do it, I didn’t get around to it.”**

*Employee*



**Supporting employees with low financial confidence**

People who have not saved before, or have struggled to save in the past, may doubt whether they can do it and lack the confidence to try.

Autosave can provide an easy and safe way for them to give saving a go, without the need to make lots of decisions that may feel overwhelming.

# Piloting a payroll autosave approach

In November 2021, Nest Insight launched a research trial in collaboration with SUEZ recycling and recovery UK and TransaveUK to examine whether changing the payroll saving mechanism to autosave improved the financial resilience and wellbeing of employees.

## The motivation

Both SUEZ and TransaveUK were motivated to test an autosave approach to explore ways that employees' financial wellbeing could be supported. By participating in the trial, both organisations are able to get a robust picture of 'what works' when it comes to supporting employees' financial wellbeing.

**“Our proactive and holistic approach to supporting our people encompasses all aspects of their wellbeing, including their finances. This trial complements our existing portfolio of financial benefits that includes a salary advance service, an opt-in savings scheme, emergency loans, discounts with a broad range of high street retailers and webinars on financial wellbeing topics such as budgeting, pensions and fraud prevention.**

**“We know that our people are making use of the salary advance service and, by setting the default savings amount at £40 to match the average salary advance draw down, we hope that it will be an accessible and user-friendly way for staff to build up a savings buffer to draw upon for those unexpected outlays, such as broken appliances or emergency vets fees.**

**“We have taken care to ensure communications to our new starters on the opt-out model were fully transparent, empowering them to decide if saving is right for them, and we're looking forward to hearing from those who save, on how the trial affects their financial position and attitude to saving.”**

*Michelle Sutton, Head of Reward and Pensions at SUEZ recycling and recovery UK*

**“Saving regularly is the single most important thing that a person can do to improve their financial wellbeing so any initiative which promotes payroll savings is to be encouraged. We hope other leading employers will take note of this important trial and consider the advantages of an opt-out savings model for their own employees going forward.”**

*Roger Shelton, Marketing and Business Development Manager at TransaveUK*

## The research design

In order to robustly examine whether the autosave mechanism is effective at increasing financial resilience and wellbeing, we are using a 'pre-post' trial design. Employees who joined SUEZ between 1 November 2020 and 31 October 2021 had, and continue to have access to, TransaveUK payroll saving products on an opt in basis. They are compared to new employees who have joined SUEZ since 1 November 2021.

In these analyses, we consider the autosave group who joined SUEZ between November 2021 and June 2022. The table below provides a description of the key characteristics of the sample included in the analysis. The opt-

in and autosave groups are well balanced on characteristics like starting salary, age, gender and type of job role ('manual' or 'graded').

	Opt-in group	Autosave group
<b>Total number of individuals</b>	1,153	904
<b>Number of individuals at tenure month four (used in many of the analyses)</b>	312	340
<b>Mean starting pay (annualised) inflation-adjusted</b>	£23,613.54	£23,219.43
<b>Female</b>	13.9%	14.3%
<b>Age:</b>		
<b>30 or under</b>	34.2%	33.1%
<b>31–50</b>	33.5%	35.3%
<b>51+</b>	32.4%	31.6%
<b>'Manual' workers</b>	82.6%	81.6%

## The payroll autosave process

New joiners to SUEZ after 1 November 2021 were automatically signed up to start saving £40 per month in a TransaveUK savings account created in their name, if they didn't opt out. Due to the regulatory landscape,<sup>12</sup> a pre-trial step during the employee onboarding process was needed to cover the relevant regulatory considerations. This consent step was reported by SUEZ to be near-universally accepted. This process was conducted on SUEZ's new-joiner onboarding platform along with the new employee agreeing to other policies and signing their employment contract.

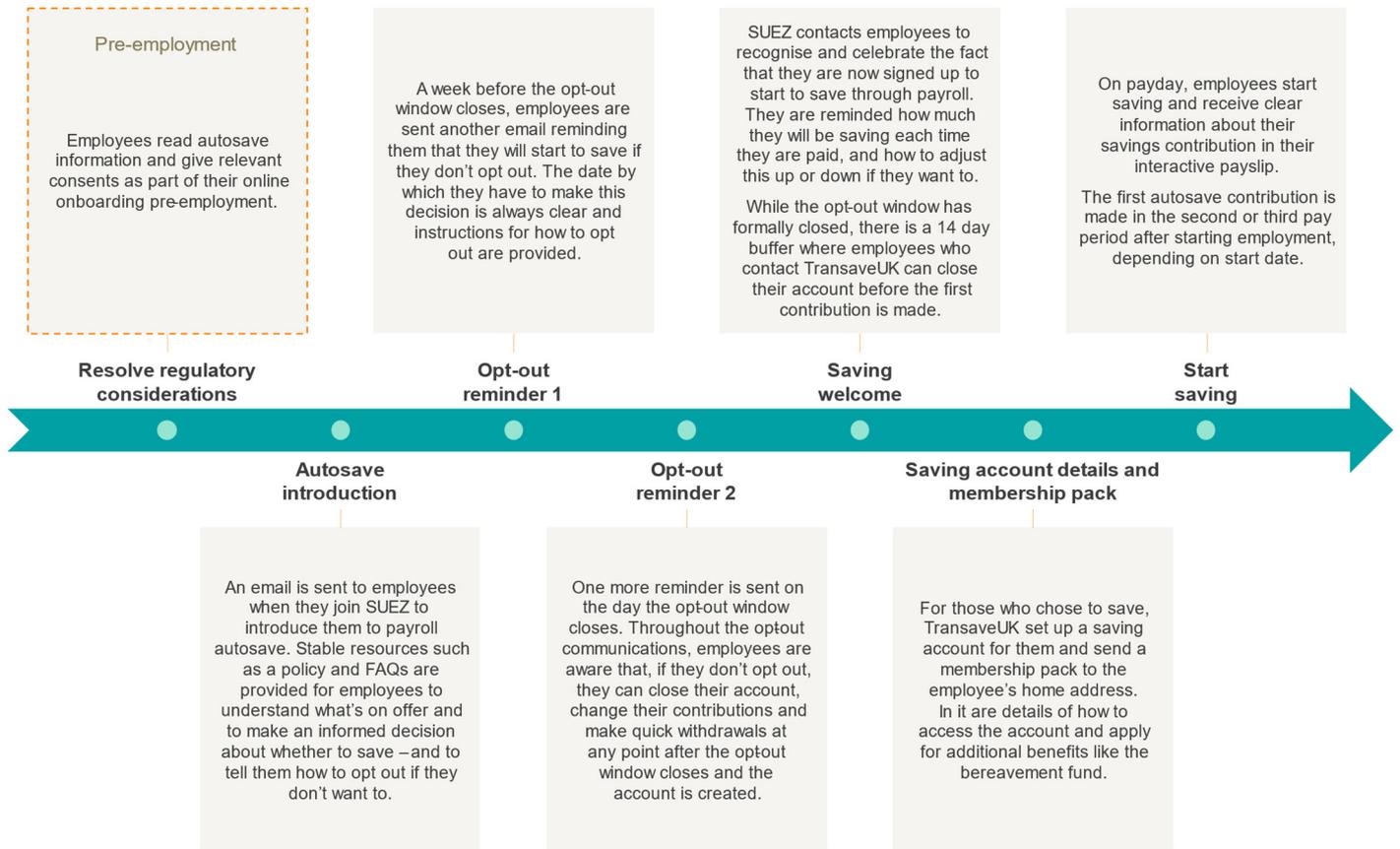
SUEZ developed a comprehensive communication strategy with TransaveUK that aligned with the Responsibilities of Providers and Distributors for the Fair Treatment of Customers (RPPD) from the Financial Conduct Authority. This approach was qualitatively tested in March 2022 amongst SUEZ employees who had experienced the autosave process and non-SUEZ employees new to the idea of autosave, and was widely considered to be both easy to understand and transparent.<sup>13</sup>

**“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.”**

*SUEZ employee*

<sup>12</sup> Nest Insight. (2021) [Opt-out payroll saving: The regulatory considerations](#)

<sup>13</sup> Nest Insight. (2022) [Talking about payroll autosave with employees](#)



## Expected take up of autosave

Saving through payroll clearly isn't the right option for everyone, which is why it is important that employees can easily choose not to save under an autosave approach. Some people will already have other saving accounts, or simply decide that saving through payroll isn't for them. Equally, we know from our research with employees that some people who we might not expect to particularly benefit from such a scheme still value the ease of payroll saving, the fact it is separate to other accounts, contributed to before your pay hits your bank account, or wish to use the other services on offer (that may be unique to the payroll saving provider), such as bereavement funds, access to budgeting tools, prize accounts or loans.

**“I love saving anyway [...] I just thought, well, it's being done automatically [...] it helps.”**

*SUEZ employee, remained enrolled but had other savings and investment accounts*

The number of people who may find this scheme useful is likely to vary from employer to employer, with those with no savings perhaps most likely to use and benefit from such a scheme. To get an indication of what the participation rate might be at SUEZ, before the trial began we asked employees whether they had any money set aside that they consider savings. 37% of respondents said that they had no savings, and 47% said that they would need to either borrow money, sell possessions or cut back on expenses to meet an unexpected expense of £300.<sup>14</sup>

While these individuals may be most likely to benefit from autosave, others may use the account for its convenience, to help them manage their within-month finances or to help with self-control. Therefore, we also asked employees, regardless of whether they would save or not, if they want their employer to offer payroll

<sup>14</sup> Note that the sample size of this survey was small and was the result of <5% response rate.

autosave. Overall, individuals were positive about the idea of autosave with 46% of those who responded wanting their employer to offer it and 28% neutral to the idea. When we asked employees whether they would stay enrolled if offered autosave, 54% of respondents thought they would “definitely” or “probably” remain enrolled. This provides an indication of the level of enrolment we may expect at SUEZ.

### Data collection and analysis

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

The administrative data analyses featured in this paper have been conducted by the trial’s academic team: Sarah Holmes Berk, John Beshears, James J Choi, David Laibson and Jay Garg. Their full analysis was published in a working paper on July 2022.<sup>15</sup>

Nest Insight is conducting qualitative research and surveys with SUEZ employees during the trial and the analysis of this data presented here is also by Nest Insight.

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<sup>15</sup> Berk et al., (2022). [Automatic short-term payroll savings: Initial evidence from a large UK experiment.](#)

# The preliminary results

After six months of data collection, it is now possible to give an early indication of the headline findings. We will continue to report on the results over the coming year looking in more detail at how participation and saving behaviours change over time.

## Understanding the data

The preliminary analysis is conducted on data collected between 1 November 2020<sup>16</sup> and 30 June 2022 with the introduction of autosave occurring on 1 November 2021. This provides us with seven full months of data on the effect of the autosave approach.

In this paper we include only preliminary analysis related to payroll saving participation, balance accumulation and pension scheme participation. We will continue to publish our results as more data are received and analyses performed.

### What is 'participation'?

The mechanism of autosave is 'opt out' and an opt-out rate would typically be calculated based on those who choose not to save during the opt-out window only (as is the case with pensions, with the term 'cessation' used to refer to those who stop saving after this). However, in this paper we use a broader definition of participation in the saving scheme which provides an indication of who utilises the account rather than simply who has one open. Based on data provided by TransaveUK, participation is defined as having a non-zero saving balance and/or a non-zero contribution amount in a given month.

This means that someone who has an account open but does not contribute into it in a given month and has no savings in their account would appear in the data as not participating for that month, even if their account is not closed or they 'participate' again in the following month.

### What is 'tenure'?

In this report we talk about tenure months rather than calendar months that an individual has been at SUEZ. This allows us to compare someone in the opt-in group who has been at SUEZ for one month to someone experiencing autosave who has been at SUEZ for the equivalent amount of time, even though the calendar month in which they joined is different. For example, someone in the opt-in group may join SUEZ in August 2021 and someone in the autosave group may join in January 2022; for both individuals, this is tenure month zero.

We have used tenure month four for reporting in this paper as, due to administration considerations, an individual may not start saving (and therefore meet the criteria for participation) until month two or three of their tenure.

## How does autosave affect participation in payroll saving?

The results from the TransaveUK administrative data suggest that, in tenure month four, the participation rate is 50 percentage points higher among those in the autosave group than those in the opt in group (Figure 1).

There is an increase in participation in the first three months of tenure amongst the autosave group due to the fact that the first payroll contribution is not taken until the second or third month of payroll in most cases.<sup>17</sup> The level of participation doesn't differ by gender, starting salary or age although we do see slightly lower participation

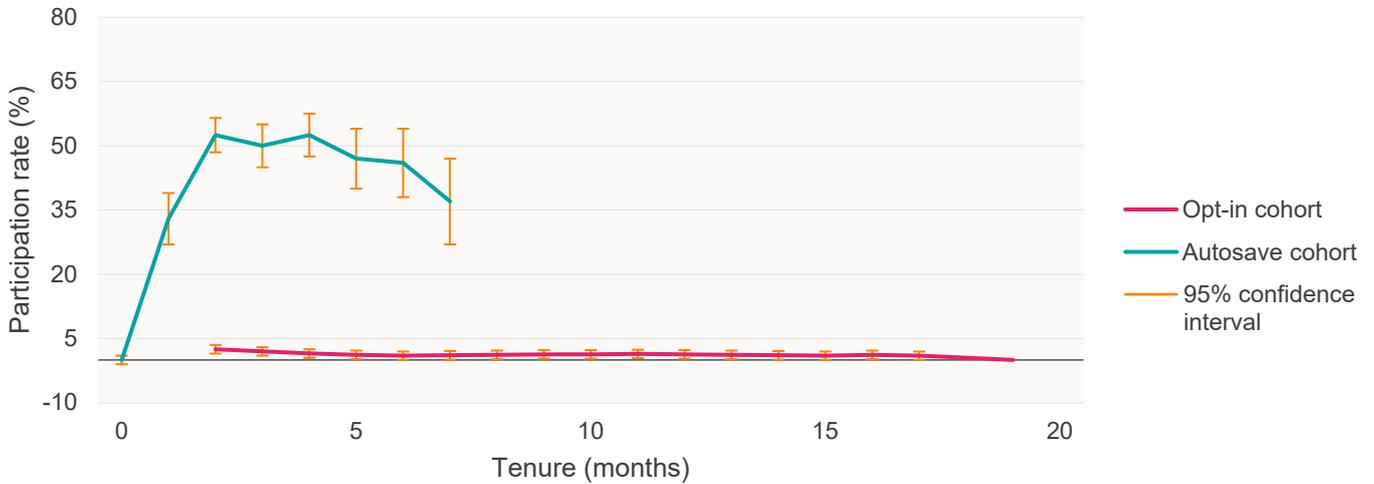
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<sup>16</sup> The November data is not a full month of new joiners. TransaveUK data begins in December 2021.

<sup>17</sup> This is due to administration of the scheme and payroll which may vary between employers and providers. In the opt-in group, first contributions are generally made in the first or second pay period, depending on when an individual applies and when their application is approved.

amongst graded than manual workers from tenure month four, possibly due to low sample sizes at this stage in the trial.

**Figure 1: Participation rate**



Source: Berk et al., (2022)

After tenure month four, there appears to be a downward trend in the participation rate between months five and seven in the autosave group. However, because the onboarding process is staged on a monthly basis, this trend may be caused by smaller sample sizes in later tenure months rather than an actual decrease in participation (see, Table 1) and so we should not draw any conclusions from this data at this stage. As we collect more data over time we will be able to see whether the decrease in participation is the result of a genuine decline in those using payroll saving, or indeed just the result of sample size. Nonetheless, the data show that overall participation rates in the autosave group are at far higher levels than the opt-in group in every tenure month.

**Table 1: Sample size for the first seven tenure months in the opt-in and autosave groups**

Tenure month	Sample size for each month of tenure	
	Opt-in	Autosave
0	–	791
1	–	804
2	92	614
3	226	474
4	312	340
5	394	224
6	462	139
7	505	82

Source: Berk et al., (2022)

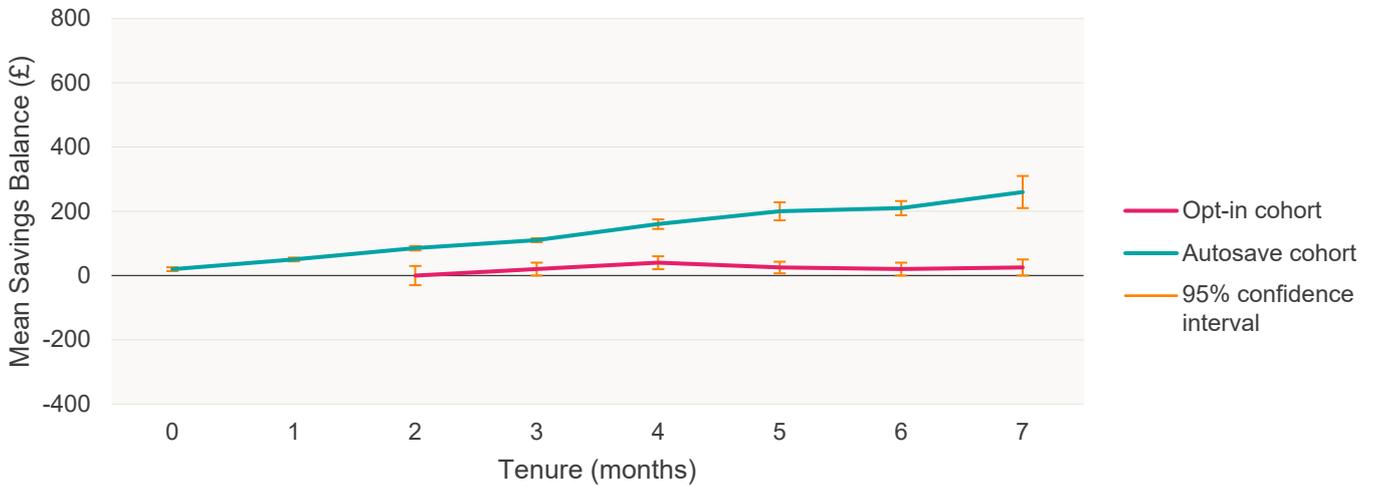
Note: Sample sizes in the autosave group after tenure month four are small because the trial is ongoing and later joiners to SUEZ are not yet represented in this data.

## How does autosave affect how much people save?

In tenure month four, the mean savings balance for the opt in cohort is less than £1 compared to over £68 in the autosave group – a 100-fold difference. When this is adjusted to include only those who have ever saved, this becomes £29.34 in the opt-in savers group compared to £129.99 in the autosavers group (Figure 2).

This early data suggests that not only do more people save when the autosave mechanism is applied, some also save at much higher rates than under opt-in conditions. Overall, in the autosave group, around 84% of people remain at, or very close to, the default saving rate of £40.

**Figure 2: Balances by cohort**



Source: Berk et al., (2022)

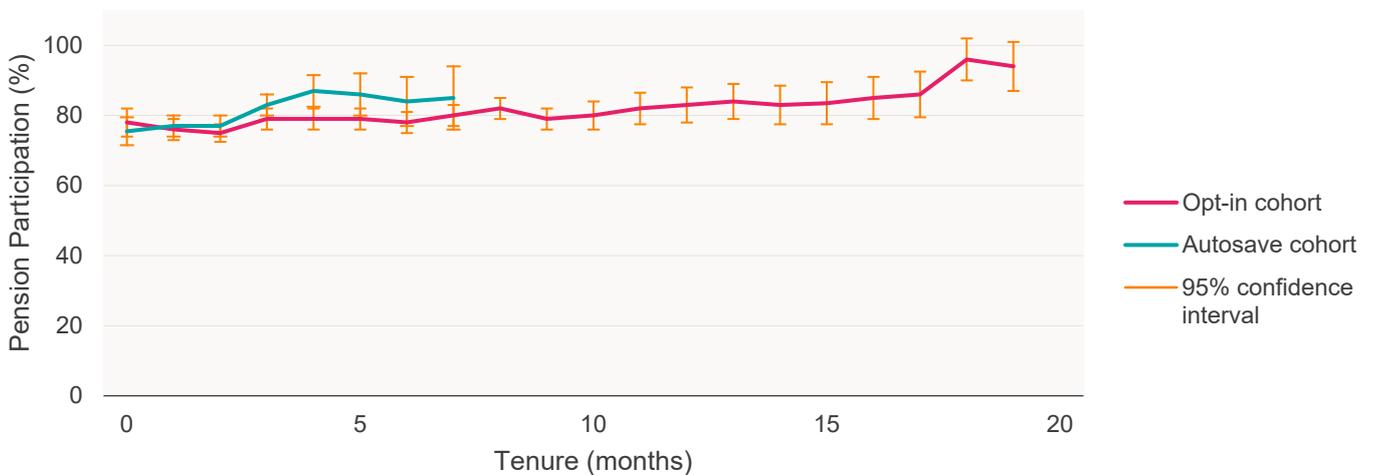
Note: Only individuals with a positive balance in at least one month are included in these calculations. To see balances for the opt-in group after tenure month seven, please see Berk et al., (2022)

### How does autosave affect pension enrolment?

The introduction of autosave occurs at the same point in an employee’s onboarding journey as auto enrolment into a workplace pension. Given this, understanding the effect of payroll autosave on the opt-out rate of pensions is important to understand whether there are any adverse impacts on pension saving behaviours.

In the preliminary data, we find no evidence that people opt out of their pension at higher rates when simultaneously offered payroll autosave compared to when offered opt in payroll saving.

**Figure 3: Pension participation by tenure**



Source: Berk et al., (2022)

## Conclusions and next steps

The early results of this trial suggest that the autosave mechanism is a promisingly effective way to support employee saving behaviours and improve financial resilience. We will continue to monitor the findings on participation, balances and the interaction with pensions shared here to understand any changes over time, as well as looking more deeply into the data to answer questions about how autosave affects financial resilience and wellbeing.

The preliminary findings of this research are very positive, suggesting that not only does autosave seem like an effective mechanism to improve payroll saving participation among those who choose to save in this way, it also improves the amount saved and without any immediate detriment to pensions auto enrolment.

We will continue to collect data on new joiners to the trial until December 2022 and will then continue to track those who experienced autosave and those in the control opt-in group for a further 12 months to examine how behaviours change over time. It is likely that the headline data shared in this paper will evolve as the trial cohort sample size increases and as the context evolves. We are mindful of the current cost-of-living challenges, including the extraordinary energy price cap increases which are occurring during the trial period, and will be actively looking to explore the impact of this on employee saving and borrowing behaviours during the ongoing trial research.

Some of the questions we are looking to explore are:

- › How does saving behaviour change over time?
  - Do savings balances increase over time?
  - Do people change their contribution amount?
  - Do people make additional contributions outside of payroll?
  - Do people use the account to manage in-month spending?
  - Do people continue to save with TransaveUK after they leave SUEZ?
- › How does autosave interact with earned wage access? Do those offered autosave drawdown from their pay cheque less frequently than those who opt in?
- › Do those offered autosave take out payroll loans at a different rate to those in the opt-in condition?
  - Does the average value of the loans taken out differ between the autosave and opt-in condition?
- › Does participation change over time? (including across the price cap rises)
- › Is there an impact of autosave on financial wellbeing?

We'll continue to report on the findings of this trial as we progress. You can keep up to date with the latest information on this trial and our other research, including future payroll autosave trials, by [signing up to our quarterly e-newsletter](#) or visiting our website: [nestinsight.org.uk](https://nestinsight.org.uk).

# Frequently asked questions

## Is autosave a sneaky way to make people save?

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No. An autosave approach should not try to make anyone do anything they don't already want to do. Autosave preserves the same choices that exist in an opt-in saving model – save or don't save. The decision to save remains with the individual and therefore it is important that all communications are easy to understand and transparent.

Autosave should be:

**Transparent** – it should always be clear to employees what is happening to their money and what their choices are.

**Empowering** – in both opt-in and opt-out models, employees have two choices: save or don't save. In autosave, employees retain choice and autonomy as to how they manage their money.

**Easy to understand** – Opt-out payroll saving is about making sure all employees have easy access to a savings product if they want it. Therefore, it is vital that communications are simple and clear to allow employees to make the best decision for them.

To read more about how autosave should be communicated, see our paper on [communicating autosave](#).

**“It's pretty much black and white, isn't it? If you don't want to save, you don't need to. If you want to opt-in at a later date, you can.”**

*Employee, new to autosave*

## Is autosave difficult to implement?

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There are currently two ways that we think autosave could be implemented in the UK given regulatory and legislative considerations: through pre-opt out consent or through changes to the employment contract.

The pre-trial consent, if run by the employer, requires the employer to manage the opt-out communications, consents and track opt outs which may require more time and effort. A change to the employment contract is likely to require more work up front but may be less work to manage over time.

An alternative approach would be for the provider, rather than the employer, to manage the autosave process. This would make it easier for employers while providing a scalable model for providers wanting to offer this. We are currently looking into this as a model and hope to have more to report on this in the coming months.

Our understanding of the current regulatory considerations has previously been summarised.<sup>18</sup> In that paper we highlight areas where the regulatory considerations could be addressed so that more employers and providers feel comfortable adopting similar approaches.

## Should employers be offering autosave in the current cost-of-living crisis context?

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The current spiralling of energy, food and other essential costs means that many more people may be driven into debt when unexpected costs arise. Whilst it may not be possible for all employees to save, having even a small pot of accessible savings can help individuals to be better prepared and reduce some of the stress. Saving in this way can also make building up a savings pot feel less daunting as it can be done with a small amount per month.

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<sup>18</sup> Nest Insight. (2021). [Opt-out payroll saving: The regulatory considerations](#).

We know these accounts are not only used for saving. As we have seen in our sidecar savings trial research,<sup>19</sup> many people use their accounts for budgeting and cashflow management rather than to build up savings. Payroll saving can be an easy and efficient way for employees to manage their money, whatever the purpose.

### Why was the default amount set at £40?

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Defaults are sticky, and once set people tend to stay with them. Therefore, it was important to set a default that would allow employees to build up a meaningful buffer in a reasonable time span whilst also being affordable.

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

- › The average drawdown on salary advance was around £40
- › This value is approximately 2% of gross salary for the lowest salary (a rate commonly used in opt-out savings designs)
- › Mean, median and range of salaries was considered
- › It results in a meaningful level of saving (£480 in 12 months if no changes or withdrawals are made).

In our early qualitative research, employees reported that the £40 level felt reasonable, and spoke about it being easy to relate to and relevant, making comparisons with the equivalent of a takeaway or £10 per week.

Other employers may choose higher or lower default amounts based on their employee population and the saving product being offered.

### Is it overly paternalistic for an employer to take an autosave approach?

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Employees retain choice and autonomy with an autosave approach – save or don't save. The autosave approach is about providing people with the tools to make it easy to save without removing the freedom and responsibility of deciding what to do with one's own money.

Autosave does not override autonomously-held choice, but rather makes it simpler for an individual to exercise their choice by removing barriers like inertia that often get in the way.

### Many of our employees are on low salaries, can we offer autosave?

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In the preliminary data, we currently see that participation behaviour does not differ by income, which suggests that even employees on low incomes feel that £40 is achievable when the money can be quickly accessed when they need it.

We will continue to monitor the behaviour of employees on lower salaries as we get more data. This will include participation behaviour as well as balances, withdrawals, use of salary drawdown and sizes of loans taken.

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<sup>19</sup> Nest Insight. (2021). [Payroll saving behaviours](#).



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