

# Talking with self-employed people about retirement saving



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## Authored by

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## Acknowledgements

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## About Nest Insight



Nest Insight is a collaborative research unit set up by Nest Corporation to help understand and address the challenges facing Nest members and other defined contribution savers.

For more information, visit: [nestinsight.org.uk](https://nestinsight.org.uk)

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## About Nest Insight's strategic partner, Invesco



Invesco is an independent investment management firm dedicated to delivering an investment experience that helps people get more out of life. Building on its strong track record in defined contribution research, and its existing partnership with the University of Cambridge Judge Business School, Invesco partnered with Nest Insight to support its ambitious programme of research, publications and events.

For more information, visit: [invesco.co.uk](https://invesco.co.uk) NYSE: IVZ

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## About our programme partner

### Department for Work and Pensions



The Department for Work and Pensions (DWP) is responsible for welfare, pensions and child maintenance policy. As the UK's biggest public service department, it administers the State Pension and a range of working age, disability and ill health benefits to around 20 million claimants and customers.

For more information, visit: [gov.uk/government/organisations/department-for-work-pensions](https://gov.uk/government/organisations/department-for-work-pensions)

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## Research collaboration

### The Association of Independent Professionals and the Self-Employed (IPSE)



IPSE's mission is to represent and promote the interests of the UK's self-employed population. They do this through a comprehensive policy agenda, research programme and services to members which aim to make the lives of self-employed professionals easier.

For more information, visit: [ipse.co.uk](https://ipse.co.uk)

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# Executive summary

Since early 2019, Nest Insight has been working with the Department for Work and Pensions (DWP) on a research programme to explore and test different approaches for encouraging and enabling increased long-term saving among self-employed people.

This work is part of the broader programme of research outlined in DWP's publication Enabling retirement savings for the self-employed: pensions and long-term savings trials<sup>1</sup>.

In this report we summarise the findings from two email messaging field trials conducted in the UK in 2019 which tested self-employed people's engagement with different retirement saving messages.

## Purpose

These email trials had two main purposes. Firstly, we wanted to understand the effect of messaging on engagement with pension saving and the behaviours that different messages might prompt.

However, we also recognised the potential limits of messaging alone in inspiring a change in saving behaviour among the self-employed. Some barriers to pension saving are particular to this population, for example their often irregular and uncertain income. Thus, our more fundamental, second aim was to build further evidence of what works in engaging self-employed people in pension saving generally. These findings could then be used to inform the design of technical solutions which we plan to test in future stages of our research programme.

<sup>1</sup> DWP, Enabling retirement savings for the self-employed: pensions and long-term savings trials (December 2018), [assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/789480/enabling-retirement-savings-for-the-self-employed-pensions-and-long-term-savings-trials.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/789480/enabling-retirement-savings-for-the-self-employed-pensions-and-long-term-savings-trials.pdf)

## Methodology

Nest Insight and DWP chose to partner with the Association of Independent Professionals and the Self-Employed (IPSE) and Nest Corporation. Both organisations have significant membership of self-employed people who could be contacted via email to test retirement saving messages. The two populations have some notable differences in characteristics, particularly gender composition and reported annual income, which we hypothesised would allow us to see how different types of self-employed people might respond to different messages.

The first trial, which began in June 2019, was with members of IPSE, which gives its members the opportunity to join a group personal pension provided by Aegon. The second trial, which began in September 2019, was with self-employed members of the Nest pension scheme.

- **IPSE member:** A person who has joined the professional body IPSE and may or may not have chosen to take up its group personal pension.
- **Self-employed Nest member:** Someone who has voluntarily set up a Nest pension. They may or may not be currently contributing to this pension pot, or currently or only self-employed.

In both trials, individuals were randomly selected to receive one of four messages by email:

- 1 Palatable contributions:** 'Could you save £2.50 a day?'  
Describing contributions as a daily rather than a monthly amount
- 2 Flexible contributions:** 'Flexible pension options for the self-employed'  
Emphasising that you can pay 'what you can, when you can'

### 3 Tax relief: 'A tax-free way to save for your retirement'

Highlighting tax relief you can get on pension contributions

### 4 Loss frame: 'Don't miss out on pension returns'

Framing the act of not saving into a pension as an opportunity cost

The trial messaging was developed through an earlier Nest Insight research programme which identified messages with the potential to engage self-employed people in pension and long-term saving. This research is summarised in our report *Supporting self-employed people to save for retirement*<sup>2</sup>.

We assessed engagement with the trial emails in the following ways:

- How many people opened an email after receiving it? (the open rate)
- How many people clicked on the link in an email after opening it? (the click-through rate)
- How many people engaged in related activities, such as exploring the Nest website or making contribution changes, in the three months after receiving the email? (downstream website behaviours such as account log-ins, average visit time and contribution changes)

We also looked at whether response rates and behaviour varied for different types of self-employed people, for example by age or gender.

## Key findings

Open rates for all four messages across both sample populations performed above benchmarks for comparable email campaigns to the partner organisations' members. This suggests that all four messages are salient for self-employed people and have the potential to engage them in considering pension saving.

There were no significant differences in open rates or click-through rates by gender. There were, however, notable differences by age, income, existing pot value and existing contribution pattern.

### Age

- Older age groups were more likely to open the tax relief email, with a 56% open rate among those aged 50 and older compared to 45% for those aged 30 to 39.

<sup>2</sup> Nest Insight, *Supporting self-employed people to save for retirement* (October 2019), [nestinsight.org.uk/wp-content/uploads/2019/10/supporting-self-employed-people-save-for-retirement.pdf](https://www.nestinsight.org.uk/wp-content/uploads/2019/10/supporting-self-employed-people-save-for-retirement.pdf)

## Income

- In the IPSE trial, the tax relief email had the highest open rate of all four messages, and the open rate was higher than for the palatable contributions email at a statistically significant level. In the Nest trial, there were no statistically significant differences in the open rates for the messages. It may be that the IPSE membership, which comprises higher income earners on average than Nest's membership, found this message to be more salient, perhaps because they stand to gain more from higher-rate tax relief or because they're more aware of the benefit as higher-rate tax payers.

## Pot value

- In the Nest trial, a larger pension pot value, over and above all other factors, was the strongest determinant of whether a self-employed person was likely to open the emails. Only the open rate for the palatable contributions email did not have a statistically significant relationship with pot size.

## Contribution pattern

- Those who contribute regularly to a Nest pension had higher open rates across all four emails compared to those who have been contributing irregularly or had not contributed at all in the past two years.
- However, regardless of how frequently a Nest member contributes to their pension pot, the higher their pot value, the more likely they were to open the email. The only exception to this pattern was that a higher proportion of those who have been making irregular contributions into a pot with a relatively lower value opened the palatable contributions email than those who have been doing so into a pot with a relatively higher value.
- The flexible contributions and loss frame messages appear to resonate more with those who have stopped making pension contributions for at least two years. These emails had higher click-through rates among this group compared to those who have contributed more recently.

Nest members who opened the palatable contributions email and then clicked a link to the scheme website spent more time on average on the website than those who opened and clicked through from other emails. A higher proportion of those who clicked through went on to log in to their Nest account. This suggests that different messages may prompt differing levels of engagement, with the palatable contributions messaging potentially encouraging deeper engagement among those who open an email and click a link to go to the website.

Nest members who were making regular pension contributions and received any of the four self-employed messaging emails were more likely to increase their contributions in the three months after receiving the email compared to our comparison group of self-employed members who did not receive trial emails.

Overall, the trial findings suggest that messages developed specifically around the characteristics, needs and context of self-employed people have the potential to engage them in pension saving. We have seen that tailored messages can appeal to self-employed people and have some impact on their saving behaviours.

We also realise that, on their own, messages are not likely to be enough to support self-employed people to save in greater numbers. Further support, in the form of products and mechanisms which better address the income volatility and affordability barriers facing many self-employed people, are needed to help this large and varied population meet the challenge of saving enough to help improve their financial security in later life.

## Next steps

The messaging developed through these trials will be taken through to the next stage of this research programme, where we'll be conducting technology-based trials of interventions designed to make it easier for self-employed people to save via platforms and services they already use to manage their money.

The development of these trials is currently on hold while we conduct additional research to better understand the impacts of the coronavirus pandemic on self-employed people's finances and needs around longer-term savings. This will enable us to assess, for example, whether the technology-based trials should focus solely on retirement savings, or whether they should also include shorter-term or emergency savings mechanisms if there is evidence that self-employed people feel they need to build up liquid savings before considering saving for retirement.

We also plan to explore the relevance of the messaging tested in these trials in the post-Covid-19 context.





# The quick read

Nest Insight and the Department for Work and Pensions (DWP) tested different approaches for encouraging increased long-term saving among self-employed people.

## 4 messages

### 1 Palatable contributions

**Subject line: 'Could you save £2.50 a day?'**

Describing contributions as a daily rather than a monthly amount

### 2 Flexible contributions

**Subject line: 'Flexible pension options for the self-employed'**

Emphasising that you can pay 'what you can, when you can'

### 3 Tax relief

**Subject line: 'A tax-free way to save for your retirement'**

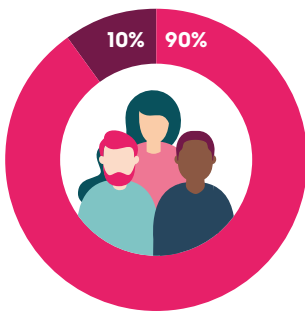
Highlighting tax relief you can get on pension contributions

### 4 Loss frame

**Subject line: 'Don't miss out on pension returns'**

Framing the act of not saving into a pension as an opportunity cost

## 2 different groups of self-employed people

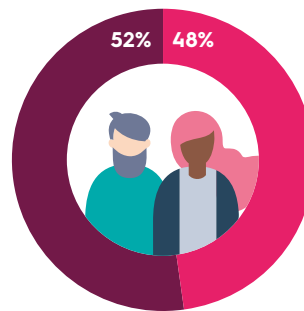


● male ● female

# 10.6k

Members of the Association of Independent Professionals and the Self-Employed (IPSE)

↑ higher earning



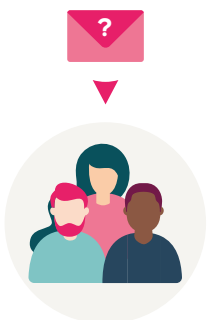
● male ● female

# 9.2k

Self-employed individuals who have voluntarily set up as members of the Nest pension scheme

↓ lower earning

## Randomly assigned to receive 1 of the 4 messages



only those who hadn't taken up IPSE's group pension plan offer

June 2019



including regular contributors, irregular contributors and lapsed members who hadn't contributed in 24 months or more

September 2019



## We looked at 3 outcome measures



### 1 Email open rates



### 2 Email click-through rates



### 3 Web behaviours

#### And we found...

- People were more likely than usual to open the emails. Open rates for all four emails were above benchmarks for comparable email campaigns sent to both groups.
- People with larger pension pots and people who contribute frequently to a pension pot were more likely to open the emails.
- The tax relief message was opened at a higher rate by older people and higher earners.
- People who received the palatable contribution message and clicked through to the Nest website spent more time on the site than those who received the other emails. They were also more likely to log in to their Nest account.

## For a subset of the Nest members, we looked at a fourth outcome measure








### 4 Changes to contribution levels in the 3 months following the email

We compared contribution behaviours for regularly contributing Nest members who received 1 of the 4 emails with a group of Nest members who were regularly contributing in the six months before the trial but didn't receive trial emails.

#### And we found...

- Self-employed Nest members who were already making regular pension savings and received any of the trial emails were marginally more likely to increase their contributions in the three months after receiving it compared to self-employed members making regular contributions who didn't receive a trial email.

-  **1 Palatable contributions**
-  **2 Flexible contributions**
-  **3 Tax relief**
-  **4 Loss frame**
-  **5 Comparison group**  
No targeted email

## Chapter 1

# Introduction

Self-employment is becoming more common in the UK, and self-employed people are less likely to save into a pension than employed people. Recognising that it's not possible to extend auto enrolment because self-employed people don't have an employer to set up a pension and enrol them, DWP has committed to trialling interventions to support these workers to save.

According to figures from the Office for National Statistics (ONS), nearly 5 million people in the UK, out of a working population of over 32 million, are in some form of self-employment<sup>3</sup>, either working wholly or partly on a self-employed basis. This is an increase from 2001, when 3.3 million people in the UK were self-employed<sup>4</sup>. And the proportion of self-employed people in the workforce has been increasing, from 12% in 2001 to 15% in 2019<sup>5</sup>.

<sup>3</sup> From ONS analysis of Labour Force Survey (LFS) data wherein the 'self-employed' are those people who self-report as self-employed, that is, who in their main employment work on their own account, whether or not they have employees. More generally, there is no single agreed definition of self-employment, with the three main approaches using definitions of employment law, tax law and self-identification.

<sup>4</sup> We have included figures on self-employment from before the Covid-19 crisis as this data demonstrates the longer-term trend towards self-employment in the UK and aligns with the period during which we conducted the email trials. The number of people saying they were in self-employment saw a record fall during the lockdown, in line with the often irregular and uncertain work and income of the self-employed.

<sup>5</sup> ONS, Labour market economic commentary (May 2019), [ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/labourmarketeconomiccommentary/may2019](https://ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/labourmarketeconomiccommentary/may2019)

Interventions to encourage retirement savings, including the UK's auto enrolment programme, have tended to focus on those in traditional forms of employment. Only around 14% of self-employed people are actively saving into an occupational or personal pension, compared to 88% of the working population eligible for auto enrolment through their employer<sup>6</sup>.

DWP's 2017 Automatic enrolment review<sup>7</sup> recognised that it would not be possible to extend auto enrolment to the self-employed due to the absence of an employer to enrol these individuals into a scheme. However, DWP set out an ambition to look at extending the principles underpinning auto enrolment, including targeted interventions and defaults, to support self-employed people to save. The review recognised that because of the diversity of the self-employed population, one solution is unlikely to fit the needs of all. It committed to trialling a range of interventions to increase the take-up of and participation in pension saving among self-employed people.

Since early 2019, Nest Insight has been working with the DWP on a research programme to explore and test different approaches for encouraging and enabling increased long-term saving among self-employed people. These trials are part of the broader programme of research outlined in DWP's publication Enabling retirement savings for the self-employed: pensions and long-term savings trials<sup>8</sup>.

<sup>6</sup> DWP, Workplace pension participation and savings trends of eligible employees official statistics: 2009 to 2019 (June 2020), [assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/892841/workplace-pension-participation-and-saving-trends-2009-2019.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/892841/workplace-pension-participation-and-saving-trends-2009-2019.pdf)

<sup>7</sup> [assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/668971/automatic-enrolment-review-2017-maintaining-the-momentum.PDF](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/668971/automatic-enrolment-review-2017-maintaining-the-momentum.PDF)

<sup>8</sup> [assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/789480/enabling-retirement-savings-for-the-self-employed-pensions-and-long-term-savings-trials.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/789480/enabling-retirement-savings-for-the-self-employed-pensions-and-long-term-savings-trials.pdf)

Nest Insight's research is designed to understand the retirement and long-term saving behaviours of self-employed people, and to explore and test solutions which are possible to deliver within the current regulatory framework and which could help self-employed people to save more for their later lives.

The first phase of this research, published in October 2019<sup>9</sup>, combined three components:

- 1 a literature review of evidence
- 2 qualitative research to develop messages about saving that are relevant to self-employed people
- 3 quantitative research to better understand self-employed people's saving behaviours, their interactions with different platforms and services and their appetite for interventions intended to support saving

This report summarises our learning from the second phase of our research, which involved two email messaging field trials in the UK that tested self-employed people's engagement with the retirement saving messages we identified in the first phase.

The messaging field trials were conducted in 2019, with analysis of people's responses continuing into 2020.

The email trials had two main purposes. Firstly, we wanted to understand the effect of messaging on engagement with pension saving and the behaviours that different messages might prompt. However, we also recognised the potential limits of messaging alone in inspiring a change in saving behaviour among the self-employed. Some barriers to pension saving are particular to this population, for example the lack of infrastructure for administering enrolment in a pension scheme and often irregular and uncertain income. Thus, our more fundamental, second aim was to build further evidence of what works in engaging self-employed people in pension saving generally. These findings could then be used to inform the design of online saving tools which we plan to test in future stages of our research programme.

These trials were conducted before the coronavirus pandemic. The UK economic context has changed significantly as a result of the pandemic and lockdown measures. We already know that many self-employed people's personal finances have been affected. However, it is too early for there to be a detailed evidence base to understand the nature of those impacts and whether and how they vary across different self-employed groups, for example by industry or length of time being self-employed.

Starting in summer 2020 we've been conducting research to better understand the impacts of the Covid-19 crisis on self-employed people, looking particularly at the challenges they face in saving for retirement. We also plan to look at how retirement saving interacts with other financial goals, such as building up a buffer of savings for use in emergencies. As part of our continuing work we're planning to explore the post-Covid relevance of the messages we tested in this trial, as well as new ones designed to be particularly relevant in this context.

<sup>9</sup> [nestinsight.org.uk/wp-content/uploads/2019/10/supporting-self-employed-people-save-for-retirement.pdf](https://nestinsight.org.uk/wp-content/uploads/2019/10/supporting-self-employed-people-save-for-retirement.pdf)

## Chapter 2

# Methodology

We were interested in seeing how different types of self-employed people might respond to different messages. We ran randomised field trials across two different populations involving four different messages.

We selected two self-employed populations for these messaging trials:

- 1 members of the Association of Independent Professionals and the Self-Employed (IPSE)
- 2 self-employed members of the Nest pension scheme

Nest Insight and DWP chose to partner with the Association of Independent Professionals and the Self-Employed (IPSE) and Nest Corporation because both organisations have significant membership of self-employed people who could be contacted via email to test retirement saving messages. Conducting the trial in partnership with these organisations also gave us the ability to oversee the randomisation process and to monitor and evaluate the responses to the test emails.

The two populations have some notable differences in characteristics, such as gender composition and reported annual income, which could be compared across trials. They also differ from the broader population of self-employed people.

## Demographics

### The IPSE's membership

The Association of Independent Professionals and the Self-Employed (IPSE) is a membership association for self-employed people. IPSE members have access to a range of benefits, including group insurance and personal pension plans. They also receive a member magazine, invitations to events and forums and other resources for growing their business. In addition, IPSE campaigns for self-employed people with government and industry stakeholders, and is a partner organisation working with DWP to trial interventions to support self-employed people in saving for retirement.

IPSE's membership in 2019 comprised about 16,000 core members with an average age of 49 years. About 90% of members are male and 10% female. Nearly half (49%) work in the IT or telecommunications sectors. People working in business, finance, research and administration account for 19% of members, followed by science and engineering professions at 9%. IPSE members tend to be higher earners, with 45% earning more than £70,000 per year and only 7% earning less than £30,000. Most members operate as limited companies rather than as sole traders.

When people join IPSE, they're offered a group personal pension provided by Aegon. A small proportion of IPSE members, around 500 people, had already signed up for the Aegon pension before the messaging trial took place. These IPSE members were excluded from the trial.

**Table 1. Profile of self-employed Nest members by contribution pattern**

Contribution pattern over previous 24 months	Time with Nest (months)	Average pot value	Median pot value	% Male	Average age	Percentage of Nest's self-employed members
Regular contributors (7+ contributions)	25	£5,311	£1,989	47%	41	50%
Irregular contributors (1-6 contributions)	21	£8,092	£1,304	50%	42	11%
Lapsed members (0 contributions)	27	£3,515	£492	50%	43	39%

## Nest's self-employed membership

Nest is a defined contribution workplace pension scheme in the UK. It was set up to facilitate auto enrolment as part of the government's workplace pension reforms under the Pensions Act 2008. Most members are automatically enrolled into the scheme by their employer unless they opt out. However, Nest also offers the opportunity for self-employed people to join the scheme on their own account. Members who sign up to a Nest pension as self-employed people can set up a regular savings contribution, make one-off contributions or do a combination of both. As at 31 March 2020, Nest had about 11,800 members who have joined the scheme as self-employed people.

Nest's self-employed members have made an active choice to save for retirement. For this reason, they're more representative of the portion of the self-employed population that are already saving for the long term. However, not all self-employed Nest members are regularly or currently contributing.

These self-employed members tend to be sole traders rather than limited companies (who would be more likely to enrol with Nest as a registered employer). In general, they are also lower earners than those who are employed. In a recent survey of Nest's membership, 65% of self-employed people saving with Nest reported an annual income of less than £30,000, and 37% of them reported annual income of less than £20,000<sup>10</sup>.

<sup>10</sup> This data comes from a Nest survey of self-employed members which asked: 'Which band from the grid below does your personal total annual gross income from all sources fall into? INCOME is any money from work, including a second job or occasional work, and any other sources, such as benefits, pensions, savings and investments, maintenance payments and rent from property or subletting.' Respondents could choose between three bands: less than £20,000, £20,000 to £30,000, and £30,000 plus. Those who answered 'prefer not to say' were not counted.

They're more likely to work in arts and entertainment, education, marketing or professional services compared to a nationally representative sample of the self-employed<sup>11</sup>. About 48% were male and 52% were female, and the average age was 42 years.

There are variations within this population in the value, frequency and time of year in which they make contributions to their Nest pension. When looking at pattern of contribution behaviours over the last 24 months, we observed three broad groups within this self-employed population<sup>12</sup>, as seen in Table 1:

- 1 regular contributors** (50%) who were making contributions to their Nest pension somewhat frequently, so that they had made seven or more contributions over the last two years, often but not always once per month
- 2 irregular contributors** (11%) who were likely to make large, ad-hoc contributions at less regular intervals, particularly at the end of the tax year
- 3 lapsed members** (39%) who had not contributed to their Nest pension in the last two years

<sup>11</sup> [nestinsight.org.uk/wp-content/uploads/2019/10/supporting-self-employed-people-save-for-retirement.pdf](https://nestinsight.org.uk/wp-content/uploads/2019/10/supporting-self-employed-people-save-for-retirement.pdf)

<sup>12</sup> This data comes from an analysis of self-employed Nest members undertaken in June 2019, before the email trials discussed in this paper took place.

**Table 2. Demographics of trial groups compared with overall UK self-employed population**

Population	Male	Female	Age 16 to 29	Age 30 to 39	Age 40 to 49	Age 50 to 59	Age 60 +
Labour Force Survey	64%	36%	8%	29%	35%	22%	6%
Nest sample	52%	48%	11%	35%	31%	18%	5%
IPSE sample	90%	10%	2%	20%	43%	28%	8%

Before the trial, the average gross contribution made by self-employed regular contributors was £135 per month. This regular contributors group also had the highest median pot size (£1,989), compared to the self-employed irregular contributors (median pot size £1,304) and the self-employed lapsed member group (£492). Within the irregular contributors group there was a wider range of pot values, resulting in these members having the highest average (mean) pot value (£8,092). Perhaps because they were making contributions infrequently, the average one-off contribution for this group was relatively high at £1,517.

Gender and age demographics were broadly similar across the three contribution pattern groups.

The differences in contribution patterns and pot values across Nest's self-employed membership are likely to reflect differences in saving preferences and barriers to pension saving. For example, irregular contributors may be withholding pension contributions until they have greater certainty over their income for the financial year, perhaps due to income volatility. This pattern has been recognised by a Hargreaves Lansdown study which found a third of pension contributions by the self-employed take place between 1 March and the end of the tax year<sup>13</sup>.

In our analysis of the responses to the four trial messages we look at each of these contribution pattern groups in turn to understand whether these differences in behaviour were associated with differing levels of engagement with each message.

## Weighting

There are variations between both trial populations and the UK self-employed population as a whole, as Table 2 shows.

IPSE members are disproportionately male and skewed towards older age cohorts than the overall UK self-employed population. In contrast, Nest's self-employed population has more female members and is slightly skewed towards younger age cohorts.

Our analysis of both the IPSE and the Nest trials was therefore weighted by gender and age using data from the UK Labour Force Survey (LFS) to make the samples more representative of the UK self-employed population overall.

These weights helped to ensure that the results of our messaging trials reflected the broader population of self-employed people. However, our sample of self-employed people saving with Nest is more engaged with pensions than the self-employed population as a whole, since they have chosen to join a pension scheme. In addition, the IPSE membership has higher income, on average, than the overall self-employed population.

<sup>13</sup> Jack Gray, Self-employed favour last minute pension contributions, PensionsAge (25 February 2019), [pensionsage.com/pa/Self-employed-favour-last-minute-pension-contributions.php](https://pensionsage.com/pa/Self-employed-favour-last-minute-pension-contributions.php)

## Trial design

### Messaging frames

The four messages tested in the email trials were designed in the first stage of Nest Insight's research programme to understand the retirement and long-term saving behaviours of self-employed people and develop solutions which could help them save more for later life. This research, published in October 2019<sup>14</sup>, included three components:

- 1 a literature review of evidence of what works to encourage voluntary participation in retirement saving
- 2 qualitative testing and development of the messaging frames which were shown by the literature review to have the greatest potential to engage self-employed people in saving for retirement
- 3 quantitative research to better understand self-employed people's saving behaviours, their interactions with different platforms and services and their appetite for interventions intended to support saving

The first two components fed directly into the design of the messages tested in this phase of our research.

Our exploratory research had found that messages which are personalised and tailored to an individual's context are more likely to gain traction given the variety of financial circumstances and attitudes to saving among the self-employed.

However, some core principles of communication cut across the diverse range of self-employed people:

- **Focusing on the here and now:** People are keen to know what they can do now, not what they should have done in the past or what might happen in the future.
- **Emphasising control:** People are highly sensitive to anything that feels like selling and want to make up their own minds.
- **Giving the facts:** Simply providing clear information and addressing common myths with facts can be effective in engaging people.

Three messaging themes emerged in our exploratory qualitative research as having greater potential to engage self-employed people in saving for later life:

- 1 **Palatable contributions:** Describing contributions as a daily rather than a monthly amount can make saving feel more manageable and within reach.
- 2 **Flexible contributions:** People assume pensions will be rigid and rulebound. Emphasising that you can pay 'what you can, when you can' is reassuring for those who don't receive a regular wage.
- 3 **Tax relief:** Tax relief was highly motivating for the self-employed people in our qualitative research. Although the self-employed do not get an employer contribution towards their pensions, the 'free money' message was powerful.

We found that messaging which focused on what a person could be losing out on by not saving (a loss avoidance frame) provoked a negative reaction among the self-employed people in our exploratory qualitative research. However, given the strength of this reaction we believed it would be worth testing with self-employed people in a trial context, as there is often a gap between how people say they'll respond and how they actually behave in a real-life setting:

- 4 **Loss frame:** People had a strong emotional reaction when the act of not saving into a pension was framed as an opportunity cost.

Based on this, we developed four subject lines and supporting email texts with links to take action to test in our messaging trials. The subject lines were:

- 1 'Could you save £2.50 a day?' (for palatable contributions)
- 2 'Flexible pension options for the self-employed' (for flexible contributions)
- 3 'A tax-free way to save for your retirement' (for tax relief)
- 4 'Don't miss out on pension returns' (for loss frame)

The emails included brief text related to the relevant messaging frame before turning to identical content encouraging the recipient to click a link to the sender organisation's website to find out more about pension saving.

Images of the design of all eight initial emails sent in the trials are included in the [Appendix](#).

<sup>14</sup> [nestinsight.org.uk/wp-content/uploads/2019/10/supporting-self-employed-people-save-for-retirement.pdf](https://www.nestinsight.org.uk/wp-content/uploads/2019/10/supporting-self-employed-people-save-for-retirement.pdf)

## IPSE member sample

Trial emails were sent out to a sample of 10,629 IPSE members. These members were each randomly assigned to receive one of the four messaging frames identified in our earlier research.

The initial emails to the sample group were sent on 13 June 2019, with a reminder sent one month later. The emails were addressed 'Dear Member' in line with other email campaigns from IPSE.

## Nest member sample

Trial emails were sent to a sample of 9,171 Nest self-employed members. These members were randomly assigned to receive one of the four messages identified in our earlier research.

A group of 635 self-employed members were also set aside for comparison. To create this comparison group, we set a limit that a person had to have joined Nest before June 2019 and made at least six consecutive contributions before the start of the trial. The comparison group did not receive any of these trial emails.

The initial emails were sent on 5 and 6 September 2019, with a reminder message sent one month later. The emails were addressed to the recipient's first name in line with other email campaigns from Nest.

For Nest members making regular contributions (about 50%), we measured downstream behaviours and contribution patterns in the three months before the trial email was sent against patterns in the three months after the email was sent. These members' behaviours were also compared with the 378 members in our comparison group who were regular contributors.

Demographically, the regular contributors in our comparison group had broadly similar characteristics to the regular contributors who received trial emails. However, they were different in one aspect: on average they had been saving with Nest for a shorter period of time (15 months) compared to the group that received trial emails (25 months).

All of the self-employed Nest members who were sent trial emails were sent a survey afterwards to capture further demographic information and to better understand their reactions to the messages. This survey was completed by 452 people. Their responses were weighted to match the contribution patterns of Nest's overall self-employed membership.

## Outcome measures

We assessed engagement with the messaging at several steps after the member received the trial emails. We did this using three outcome measures:

### 1 Member receives an email with the subject line

Outcome measure: percentage of members opening the email (the open rate)

### 2 Member reads the content in the email

Outcome measure: percentage of members clicking the link at the bottom of the message to take them to the IPSE or Nest website to learn more (the click-through rate)

### 3 Member spends time on the website to find out more about pension saving

Outcome measures: percentage of members who take further actions, such as logging in to their account (it was only possible to analyse this data in the Nest trial)

The focus of these messaging trials was on measuring and comparing engagement outcome measures. However, for the subset of self-employed Nest members in the trial who were making regular pension contributions, we were also able to look at a fourth outcome:

### 4 Member changes pension saving behaviour

Outcome measure: whether members made any changes to their contribution levels in the three months after receiving the email

It was not possible to do further analysis of changes in pension saving behaviour for the other two groups of self-employed Nest members – those making irregular contributions and those who had lapsed – because of sample size and lack of information around these members' payment patterns.





## Chapter 3

# Trial results

Given the differences between the IPSE and Nest test populations, we assessed the degree to which self-employed people engaged with each of the four messages both across the two trials combined and as individual samples.

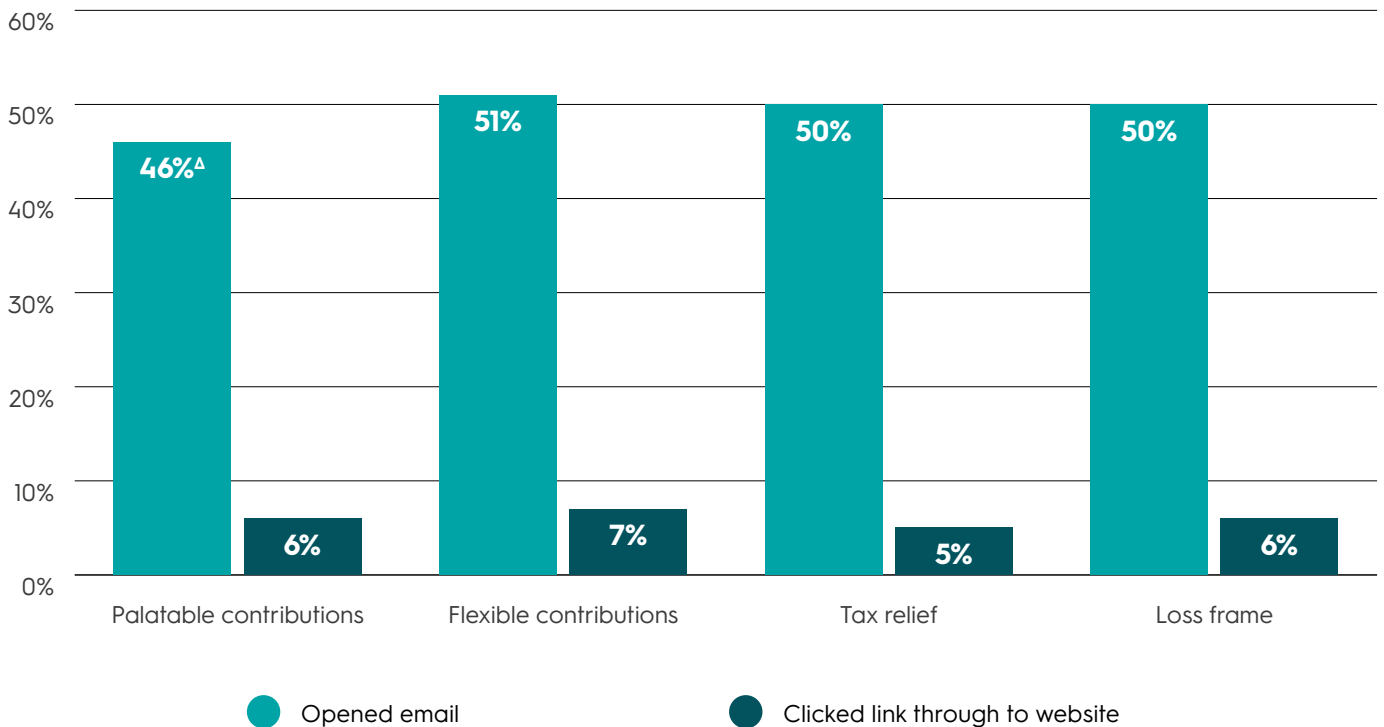
### Combined Nest and IPSE results

Open and click-through rates were monitored for one week after an email message was sent.

#### Open rates

Across the combined IPSE and Nest trial sample populations, we observed high open rates for all four messaging frames - between 46% (for the palatable contributions email) and 51% (for the flexible contributions email), as shown in Figure 1.

**Figure 1. Open and click-through rates – Nest and IPSE samples combined**



Statistically significant differences in open and click-through rates for the four messages are indicated by the Δ symbol (chi-squared test,  $p < .05$ ).

**Figure 2. How would you rate the subject line of this email? – Nest after-trial survey**



Statistically significant differences between those who said the subject line was of 'great interest to me' are indicated by the  $\Delta$  symbol (column proportion test,  $p < .05$ ).

These open rates are between 5% and 10% higher than the benchmarks set by IPSE and Nest for similar email messaging campaigns to their members<sup>15</sup>. This suggests that the subject lines of the emails we tested were salient for self-employed people.

Overall the emails performed similarly to each other with respect to open rates. There were some marginal differences across the four messages, but only the lower open rate for the palatable contributions email (46%) was statistically significant.

This slightly lower level of initial engagement with the palatable contributions message was also reflected in the follow-up survey of the Nest population when people were asked to rate the subject lines of all the emails, not just the one they received (Figure 2). The subject line 'Flexible pension options for the self-employed' received the strongest positive feedback in the survey. This email also had significantly higher open rates than the palatable contributions email, which carried the subject line, 'Could you save £2.50 a day?'

<sup>15</sup> We used different benchmarks for IPSE and Nest. IPSE benchmarks were open and click-through rates for email campaigns undertaken by IPSE around subjects including insurance, mortgages and healthcare. Nest benchmarks were open and click-through rates for a variety of email campaigns targeting the Nest membership as a whole.

**Table 3. Open rates by gender and age – Nest and IPSE samples combined**

Campaign	Male	Female	Age 20 to 29	Age 30 to 39	Age 40 to 49	Age 50 to 59	Age 60 +
Palatable contributions	47%	47%	38% <sup>Δ</sup>	47%	51% <sup>Δ</sup>	48% <sup>Δ*</sup>	49% <sup>Δ*</sup>
Flexible contributions	51%	52%	47% <sup>*</sup>	54% <sup>*</sup>	53%	51%	53%
Tax relief	51%	49%	39% <sup>Δ</sup>	45%	53% <sup>Δ</sup>	55% <sup>Δ</sup>	56% <sup>Δ</sup>
Loss frame	50%	51%	36% <sup>Δ</sup>	48%	55% <sup>Δ</sup>	56% <sup>Δ</sup>	54% <sup>Δ</sup>

Reading across to compare different age groups on each message, statistically significant differences for each age group are indicated by the <sup>Δ</sup> symbol, that is, those aged 20 to 29 who received the loss frame email were less likely to open the email (36%) than those aged 50 to 59 (56%). Reading down to compare different messages with each age group, statistically significant differences are indicated by the <sup>\*</sup> symbol, that is, those aged 20 to 29 who received the flexible contributions email were more likely to open the email (47%) than they were to open the tax relief email (39%) (chi-squared test,  $p < .05$ ).

Open rates were reasonably consistent across the four emails by gender, as shown in Table 3.

Except for those who received the flexible contributions email, there was a general trend for older people to engage more with the emails than younger recipients. This is to be expected with any messages about pension saving, which are likely to have greater relevance for those approaching or in retirement than for younger people.

The age of the recipient appears to have been an important factor in whether or not they opened the messages about tax relief ('A tax-free way to save for your retirement') and loss avoidance ('Don't miss out on pension returns'). Both of these emails had similarly large differences in open rates between the younger and older age groups, and displayed the highest open rates among those aged 50 to 59.

Again, this is potentially explained by the proximity of those aged 50 years and over to their retirement, and this cohort's ability to realise the tax efficiencies of pension saving more immediately than younger people<sup>16</sup>. Older self-employed people who have accumulated more life experience may also have greater awareness of what tax relief means.

Higher open rates for the flexible contributions email among those aged 20 to 39 suggests that an email describing how you can save 'what you can, when you can' may speak more to barriers related to available income that this group faces when it comes to pension saving.

The high open rates for the tax relief and flexible contributions emails echo the learnings from the first phase of our research where we found that tax relief and flexibility are motivating messages for self-employed people and may be generally under-communicated to these audiences by pension providers and other stakeholders.

### Click-through rates

In these self-employed messaging trials we observed click-through rates of 5% to 7% across the combined sample (see Figure 1 on [page 18](#)), with no significant differences between the email groups. It is not possible to provide an exact benchmark for click-through rates across the two separate organisations. However, as a standalone result the click-through rates for the Nest trials fell within the expected benchmark of campaigns sent to the wider Nest membership.

In the initial phase of our research into supporting self-employed people to save for later life, we found that while people are open to being helped to save, variability and uncertainty of income as well as affordability create barriers to actually saving. Almost half (48%) of the self-employed people we surveyed in our quantitative research stated that they're put off pensions because they feel they would not be able to easily access their savings if they needed to, while 49% said they could not afford to save for retirement<sup>17</sup>.

<sup>16</sup> It is usually possible to access private pension saving in the UK from the age of 55. For more information see: [pensionsadvisoryservice.org.uk/about-pensions/retirement-choices/when-can-i-take-money-from-my-pension](https://pensionsadvisoryservice.org.uk/about-pensions/retirement-choices/when-can-i-take-money-from-my-pension)

<sup>17</sup> [nestinsight.org.uk/wp-content/uploads/2019/10/supporting-self-employed-people-save-for-retirement.pdf](https://nestinsight.org.uk/wp-content/uploads/2019/10/supporting-self-employed-people-save-for-retirement.pdf)

We should consider the high open rates, but more average click-through rates, within this context. The disparity in these outcome measures suggests that messages appealing to self-employed people's specific needs have an important role to play in attracting attention to any solution or intervention but, as expected, are not enough on their own to support these workers to save more consistently in greater numbers.

## In-depth look: Nest results

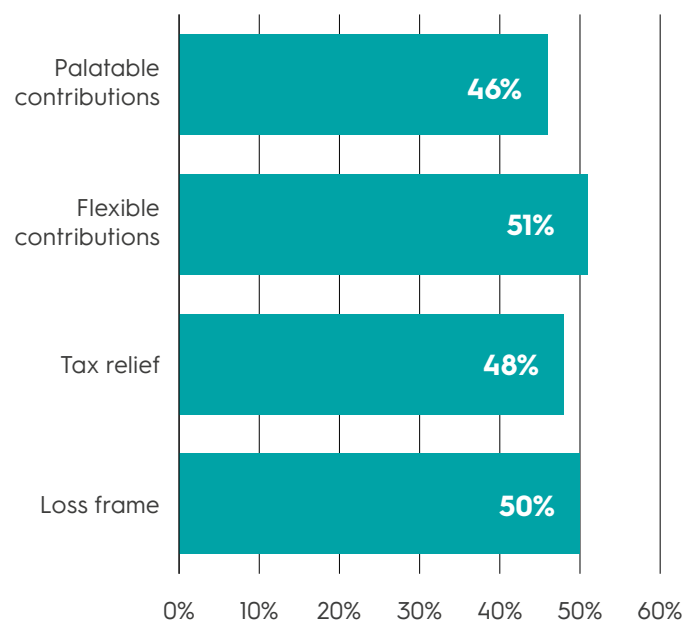
Because Nest holds specific pensions saving data about their members, we were able to undertake a more in-depth analysis of the downstream behaviours of Nest's self-employed members following the trial emails campaign. We review these findings here before turning to the differences in responses seen between Nest and IPSE members.

### Open rates

The Nest sample had high open rates, ranging from 47% to 51%, as shown in Figure 3. As with the results for the combined sample, this suggests that all four messaging frames and email subject lines had salience for self-employed Nest members. There were no significant differences in the open rates of the four trial emails.

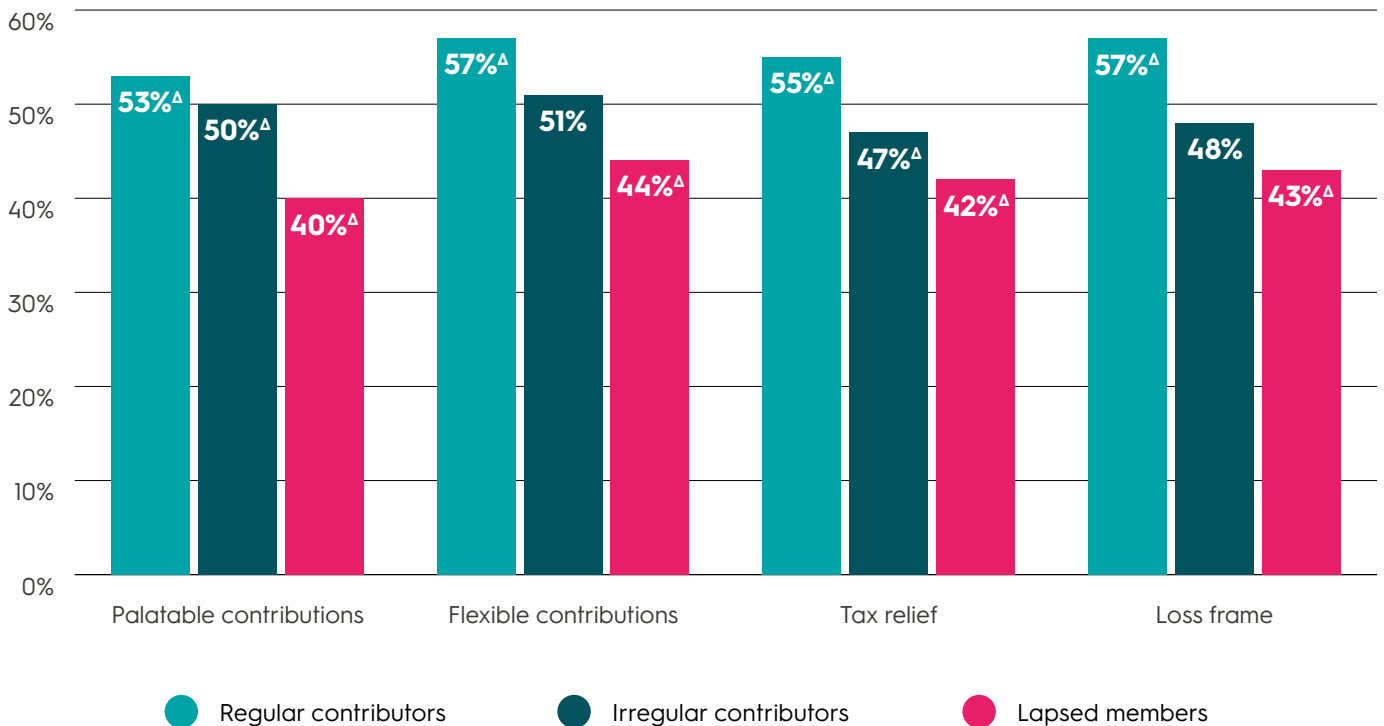
Different patterns emerged when the Nest sample's open rates were analysed by age. Older people tended to open all four emails at higher rates than did younger people, with 53% of those aged 30 or older opening the emails compared to 44% for those under 30.

**Figure 3. Opened email - Self-employed Nest members**



For the Nest sample, there were no statistically significant differences in the open rates across the four emails (chi-squared test,  $p > .05$ ).

**Figure 4. Open rates by contribution pattern – Self-employed Nest members**



For each message, statistically significant differences are indicated by the Δ symbol for the contribution pattern profile of self-employed Nest members based on the number of payments they made into their pension in the preceding 24 months (chi-squared test,  $p < .05$ ).

There was a strong correlation between the regularity with which self-employed members make contributions to their Nest pension and their likelihood of opening the email (Figure 4).

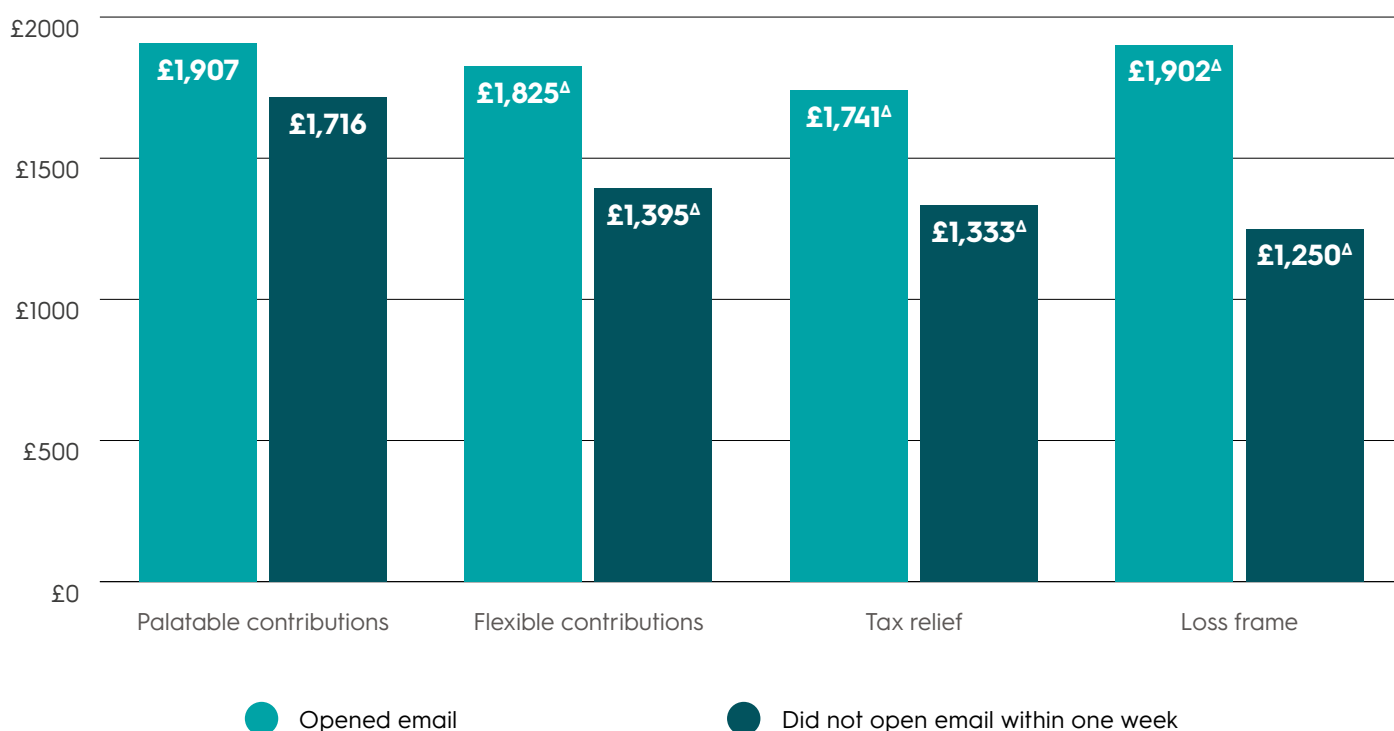
Across all four messages, open rates were higher for regular contributors (those who made seven or more contributions to their Nest pension over the previous 24 months) than for those who were irregular contributors or lapsed members.

Open rates were also strongly correlated with median pot size (Figure 5, next page). Across the four emails, only the open rate of the palatable contributions message did not have a statistically significant relationship with pot size.

A similar relationship between pot size and email open rates was seen in the subgroup of self-employed Nest members who made regular contributions to their Nest pension. This extended to a statistically significant relationship between pot size and opening the palatable contributions email ('Could you save £2.50 a day?') that was not evident in the full sample. Across all four emails, the median pot size among regular contributors was between £287 and £336 higher for those who opened the email compared to those who did not.

Among irregular contributors (those who made one to six contributions to their Nest pension over the previous 24 months), the only significant difference between pot value and opening an email was seen in those who received the palatable contributions email. This was the only savings group where those who did not open the email had a higher median pot value (£1,992) than those who did open it (£1,257).

Figure 5. Open rates by median pot value – Self-employed Nest members



For each message, statistically significant differences in the median pot size are indicated by the  $\Delta$  symbol (ANOVA test,  $p < .05$ ).

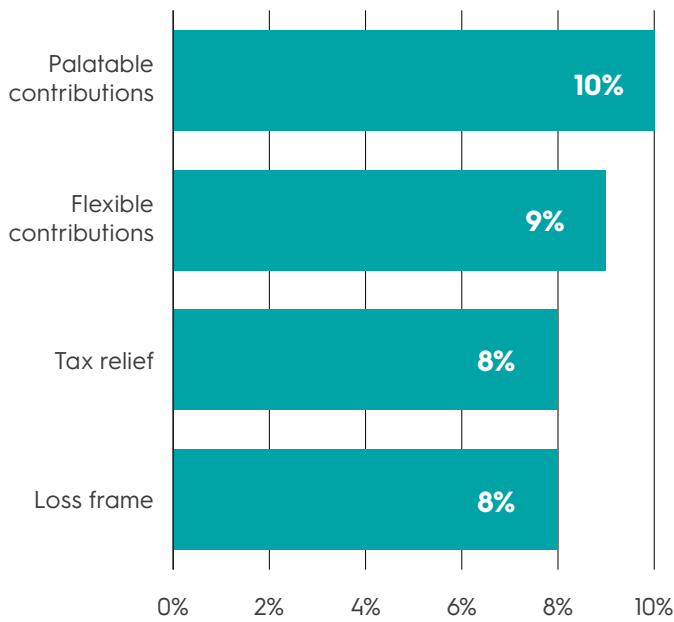
Finally, there were several significant differences in open rates when looking at members' behaviour by the size of their pot. The loss frame email ('Don't miss out on pension returns') had a 66% open rate among those with a pot value greater than £10,000, compared to 46% for those with a pot value less than £500. This trend was not observed, however, in the open rates for the palatable contributions email, where 52% of those with a pot over £10,000 opened the email – the identical percentage to open the email among those with a pot less than £500. This relationship was observable despite the small but significant difference in the median pot size of regular contributors who opened the palatable contributions email and those who did not.

In summary, those saving with Nest more regularly and those with higher pot values were more likely to engage with all four messages. The exceptions were for the palatable contributions email where there was no difference in aggregate open rates across pot value size, while those who were making irregular contributions and opened the email actually had lower pot sizes than those who didn't open it. This suggests that an email describing manageable '£2.50 a day' savings may resonate more with people with small pots or who are not saving regularly, including those for whom perceived affordability is a barrier to pension saving.

## Click-through rates

As seen in Figure 6, there were no significant differences in the click-through rates for the four emails, which ranged from 8% to 10%. However, looking at Nest members' click-through rates by contribution pattern revealed some differences in engagement behaviour, as seen in Table 4.

**Figure 6. Click-through rates  
Self-employed Nest members**



There were no statistically significant differences in click-through rates for the emails in the Nest sample (chi-squared test,  $p < .05$ ).

Click-through rates for the flexible contributions and loss frame emails were higher for lapsed members, even though they had not actively saved into the Nest scheme for the past two years and therefore could have been expected to have lower engagement levels with retirement saving compared to both regular and irregular contributors. Combining these messaging frames with the standard call to action to 'restart contributions' (included in all four emails) may have particularly resonated with this group.

Contribution pattern history may also explain the lower open rates for the tax relief email among lapsed members compared to regular contributors, as an email explaining 'a tax-free way to save for retirement' may not resonate as strongly with people who are not contributing because of perceived affordability barriers.

There were no other significant differences in the click-through rates for the emails when analysed by the three contribution patterns.

We also investigated whether there was a link between pot size and click-through rates. It was not possible to complete a full analysis due to sample size. However, we found no statistically significant differences in our preliminary analysis.

We used our survey of Nest members after the messaging trial to better understand how people reacted to the message they received (Figure 7, next page). The flexible contributions and tax relief messages were more appealing to those surveyed, with 80% and 76% respectively answering that they found these messages appealing to them. The loss frame and palatable contributions emails were much less appealing, with 26% and 20% answering that these messages were appealing to them.

**Table 4. Nest member click-through rates by messaging frame and contribution pattern**

Campaign	Regular contributors (7+ contributions in past 24 mos)	Irregular contributors (1-6 contributions in past 24 mos)	Lapsed members (0 contributions in past 24 mos)
Palatable contributions	11%*	12%*	9%
Flexible contributions	9%	9%	11%*
Tax relief	9% <sup>Δ</sup>	7%*	5% <sup>Δ*</sup>
Loss frame	6% <sup>Δ*</sup>	8%	10% <sup>Δ*</sup>

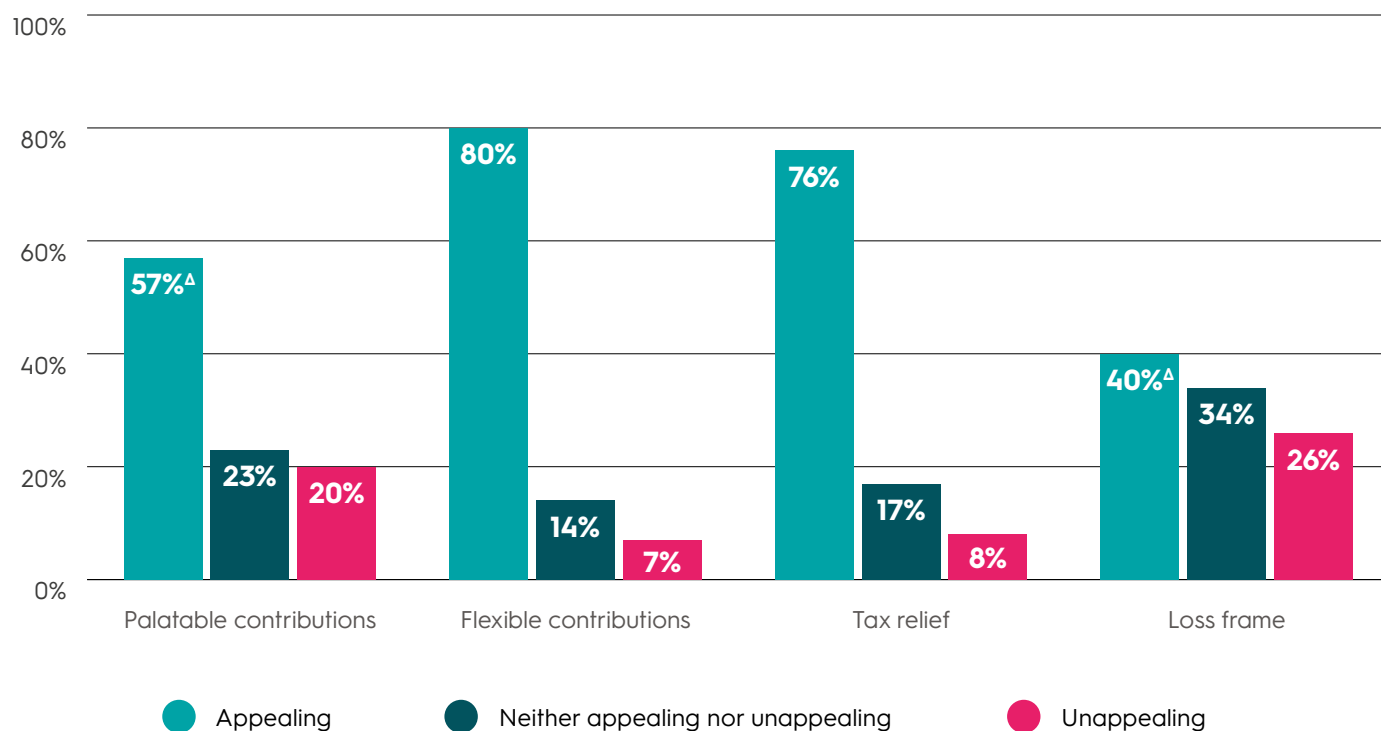
Reading across to compare different contribution pattern types on each email, statistically significant differences are indicated by the  $\Delta$  symbol, that is, regular contributors who received the loss frame email were less likely to click a link through to the website compared to lapsed members who received it. Reading down to compare different messages by contributor type, statistically significant differences are indicated by the \* symbol, that is, regular contributors were more likely to click through from the loss frame email than the tax relief email (chi-squared test,  $p < .05$ ).



We found only one significant difference in members' after-trial survey responses when the results were broken down by age cohorts: among those aged 18 to 34, 39% said the loss frame ('Don't miss out on pension returns') was unappealing to them, compared to 26% overall.

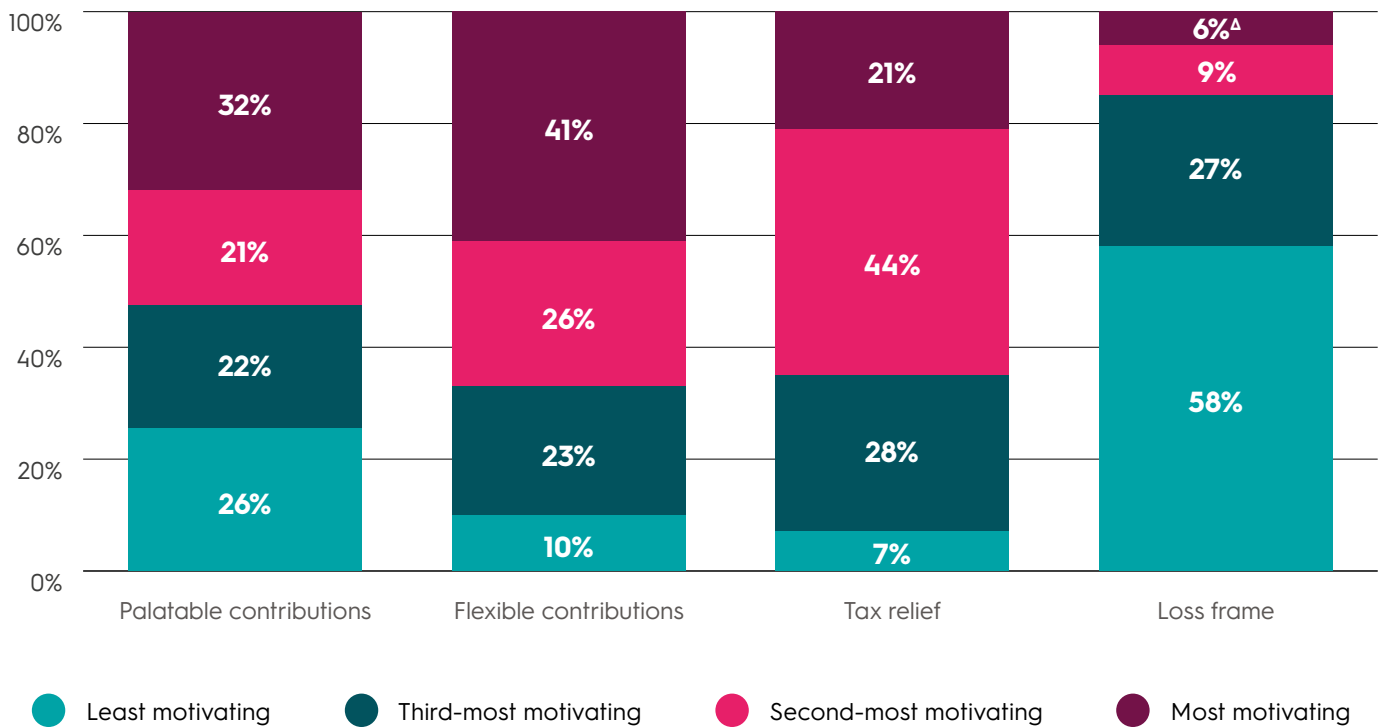
These results are consistent with the qualitative research conducted in the first phase of our self-employed research programme, which found that self-employed people reacted more positively to the flexible contributions and tax relief messaging frames, and that the loss frame and palatable contributions messages could prompt negative reactions. In that research, the palatable contributions message was perceived as lacking relevance by some unless it was personalised to an amount of money appropriate for their situation.

**Figure 7. Please rate each of the messages in terms of how appealing they are to you – Nest after-trial survey**



Survey respondents answered on a 5-point scale from 'very appealing' to 'very unappealing'. Statistically significant differences in which messaging emails were rated as 'appealing' or 'very appealing' by self-employed Nest members responding to the after-trial survey are indicated by the Δ symbol (column proportion test,  $p < .05$ ).

**Figure 8. How do the messages compare for you? – Nest after-trial survey**



Statistically significant differences in which emails were ranked as ‘most motivating’ by self-employed Nest members responding to the after-trial survey are indicated by the Δ symbol (column proportion test,  $p < .05$ ).

We also asked people in the survey to rank the message frames in absolute terms of how motivating they found them (Figure 8). The palatable contributions email, rated as the second-most unappealing in the survey and with the lowest open rate, was ranked the second-most motivating by the self-employed people surveyed.

The fact that the messages were appealing or motivating to self-employed Nest members, albeit to differing extents, suggests that the high open rates but more average click-through rates we saw cannot be explained by a lack of salience. The messages were engaging to the audience in these trials. The more average click-through rates for the emails are likely to be due to the structural, behavioural and cultural barriers to pension saving for self-employed people that we identified in the first phase of our research.

While it did not show up in the click-through rates, there is some evidence from both our preliminary qualitative research and the after-trial survey that messages about flexibility and affordability of pension contributions have the most potential to motivate and appeal to the self-employed. If tools could be developed and delivered to help self-employed people automatically save ‘what they can, when they can’ with, for example, contribution amounts flexing to variable income, they would likely be well received.

**Table 5. Key website activities after email click-through**

Campaign	Users	Average sessions	Bounce rate	Average session duration	Average page views	Logged in during journey
Palatable contributions	131	1.70	22% <sup>Δ</sup>	05:09 <sup>Δ</sup>	8.46	34% <sup>Δ</sup>
Flexible contributions	103	1.50	39% <sup>Δ</sup>	03:39	7.01	28% <sup>Δ</sup>
Tax relief	117	1.61	27%	03:14 <sup>Δ</sup>	6.41	31%
Loss frame	110	1.56	31%	04:49	8.13	30%

Within each column, statistically significant differences for the email message compared to the average across all four emails are indicated by the  $\Delta$  symbol (chi-squared test used for bounce rate and log in, ANOVA test for session duration and average page views,  $p < .05$ ).

## Further actions and downstream behaviours

Click-through rates indicate whether a person takes immediate action after reading an email. Because saving for retirement involves taking a long view, we were also interested in the extent to which the four messages led self-employed people to spend time exploring pension options after that click.

### Web analytics

We used web analytics to monitor the steps people took after they clicked the link in the trial email through to the Nest website<sup>18</sup>.

The palatable contributions message ('Could you save £2.50 a day?') had higher engagement across several web analytics measures, as shown in Table 5.

For example, a bounce rate is the percentage of visitors who enter a website from a click-through link and then leave rather than continuing to view other pages. The bounce rate for users accessing the Nest website was lower for those receiving the palatable contributions message than for the other three emails, and it was 17% lower than the bounce rate for those who received the flexible contributions message. The palatable contributions message also led self-employed Nest members to spend a longer average duration of time on the website, and to a higher percentage of those who clicked through actually logging in to their personal Nest account.

<sup>18</sup> Web data is a proxy rather than an exact measure of further actions taken by the email trial recipients because data was recorded based on cookie acceptance and cannot be broken down individually. Further, if a person later returned to the website using a different device than the one on which they initially clicked through from an email, then this visit was not recorded as being part of the campaign.

## Contributions behaviour

We also looked at whether the emails prompted self-employed Nest members to increase contributions into their Nest pension in the months after they received the trial messaging. To do this, the level of contributions made by the regular contributors group in the three months before the emails were sent was compared to their level of contributions in the three months afterwards, and these behaviours were in turn compared with those of a comparison group of regular contributors who did not receive a trial email. Lapsed members and irregular contributors were omitted from this analysis due to lack of sufficient data.

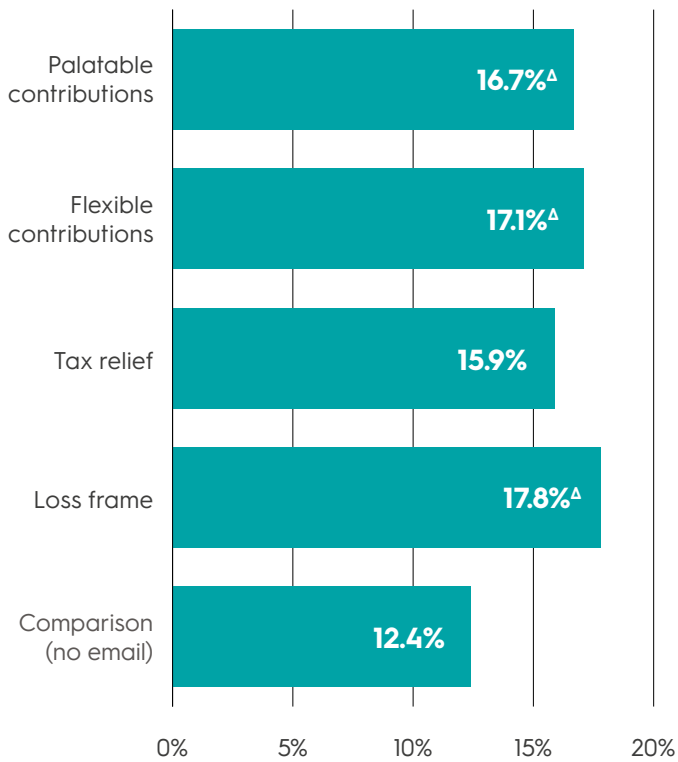
As illustrated in Figure 9 (next page), regular contributors who received the trial emails were marginally more likely to increase their contributions compared to the comparison group in the three months after the trial<sup>19</sup>. Those from this group who received either the palatable contributions, flexible contributions or loss frame messages and opened the email were significantly more likely to increase their contributions compared to our comparison group<sup>20</sup>.

Our analysis found that regular contributors who received trial emails were also slightly less likely to decrease their contributions in the three months after receiving them compared to self-employed people who had not received a trial message.

<sup>19</sup> It should be noted that while these are significant findings, the strength of the relationship is weak (eta-squared effect = .05 from measure of association tests).

<sup>20</sup> While the comparison group and the email group did have some differences in their characteristics, we did further analysis on the groups that opened or did not open the email to further validate these findings. It was found that the groups that received a palatable contributions or flexible contributions email and opened it were significantly more likely to increase their contributions compared both to those who didn't open the email and the comparison group. The difference in open rates for the loss frame email were statistically significant compared to the comparison group. For more detail on this significance testing, please refer to the technical report available at the Nest Insight website, [nestinsight.org.uk/research-projects/self-employed-pension-saving](https://www.nestinsight.org.uk/research-projects/self-employed-pension-saving)

**Figure 9. Increased contribution payment amount three months after opening email – Self-employed Nest members making regular contributions**



Statistically significant differences for messages compared to the comparison group are indicated by the Δ symbol (ANOVA test,  $p < .05$ ).

It was not the primary intention of this piece of research to measure impacts on contribution behaviours. However, this analysis against the comparison group suggests that, for some self-employed people, the messaging they received acted as a prompt for them to review their pension saving and indeed take some action. This raises the possibility that even one-off email campaigns targeted at self-employed people can have some impact on their retirement saving behaviours.

Across both measures of further action – web analytics and contributions – a pattern emerges of some messages being better able to prompt action than others. Despite having the lowest open rate across both the Nest (47%) and the combined (46%) samples, the palatable contributions message in particular was found to be the most effective at prompting downstream behaviours measured through web analytics and contribution increases.

Different messages are likely to resonate to differing extents with particular subgroups within the very diverse population of self-employed people in the UK. Our trials suggest that it is very important to target messages as closely as possible to specific subgroups of self-employed people in order to better engage them in pension saving.

#### Follow-up survey analysis

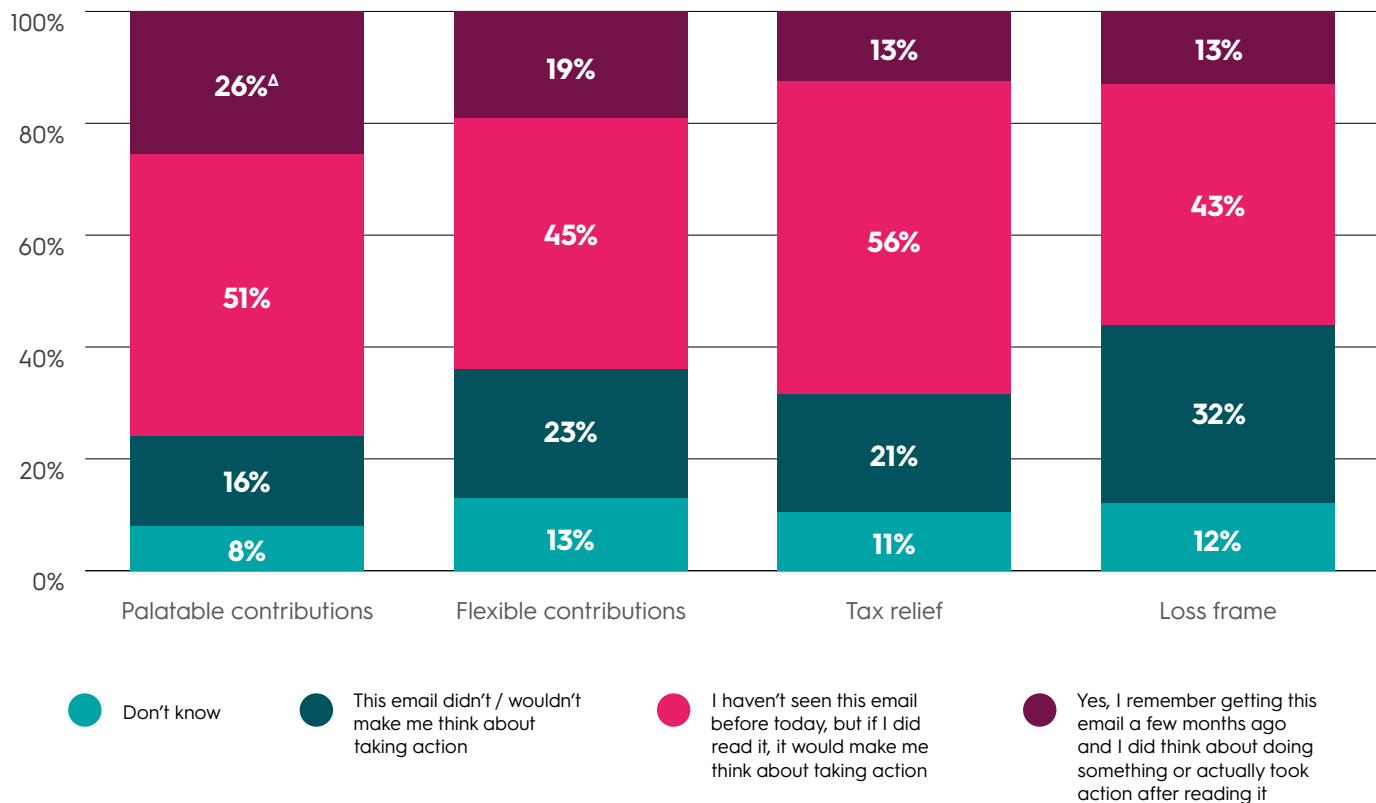
We used our follow-up survey to gain further insight into the potential of the four messages to prompt action among self-employed Nest members. Overall, 17% of those surveyed remembered receiving an email about pensions and self-employed people before actually being shown the email they received. Those who received the palatable contributions messaging had the strongest level of recollection, with 26% saying they remembered receiving the email before being shown the email, compared to 14% on average for other messaging groups (Figure 10, next page). Those who received the palatable contributions messaging were also most likely to say that they thought about taking or did take further action after receiving the email.

We then showed survey respondents the initial trial email which they had been sent and asked what actions they did or would take as a result of receiving the messaging in the email. Respondents were able to give as many answers as they liked, so for the purposes of this analysis we have grouped them into categories where answers were similar in nature. We saw three categories of reported action:

- interacting with Nest, for example by logging in to their Nest account
- seeking information elsewhere, for example by speaking to friends or family
- starting to save elsewhere, for example by setting up a new pension with another provider

These categories are useful for understanding people’s intentions, although they should naturally be treated with a note of caution because intentions do not necessarily translate into behaviours.

**Figure 10. Would you say that the information in this email prompted you, or would prompt you, into thinking about taking any action on what to do to save for you retirement? – Nest after-trial survey**



Statistically significant differences for those saying 'Yes, I remember getting this email' are indicated by the Δ symbol (column proportion test,  $p < .05$ ).

**Table 6. What action did you, or would you, take as a result of receiving this email? – Nest after-trial survey**

Type of action	Option	% of respondents
<b>Interact with Nest</b>	Log in to your pension account	32%
	Find out how much money you have saved already for retirement	25%
	Get a projection of your income in retirement	15%
	Increase the amount that you regularly contribute to your pension	14%
	Look at an annual pension statement	14%
	Make a one-off additional contribution to your pension	13%
<b>Seek information elsewhere</b>	Look for information online on saving for retirement, such as on moneysavingexpert.com	13%
	Speak to friends or family for advice about saving for retirement	10%
	Restart saving into an existing pension	8%
	Speak to a professional for advice on saving for retirement	5%
<b>Start saving elsewhere</b>	Start saving in another way	4%
	Set up a savings account for retirement	3%
	Set up a new pension	3%

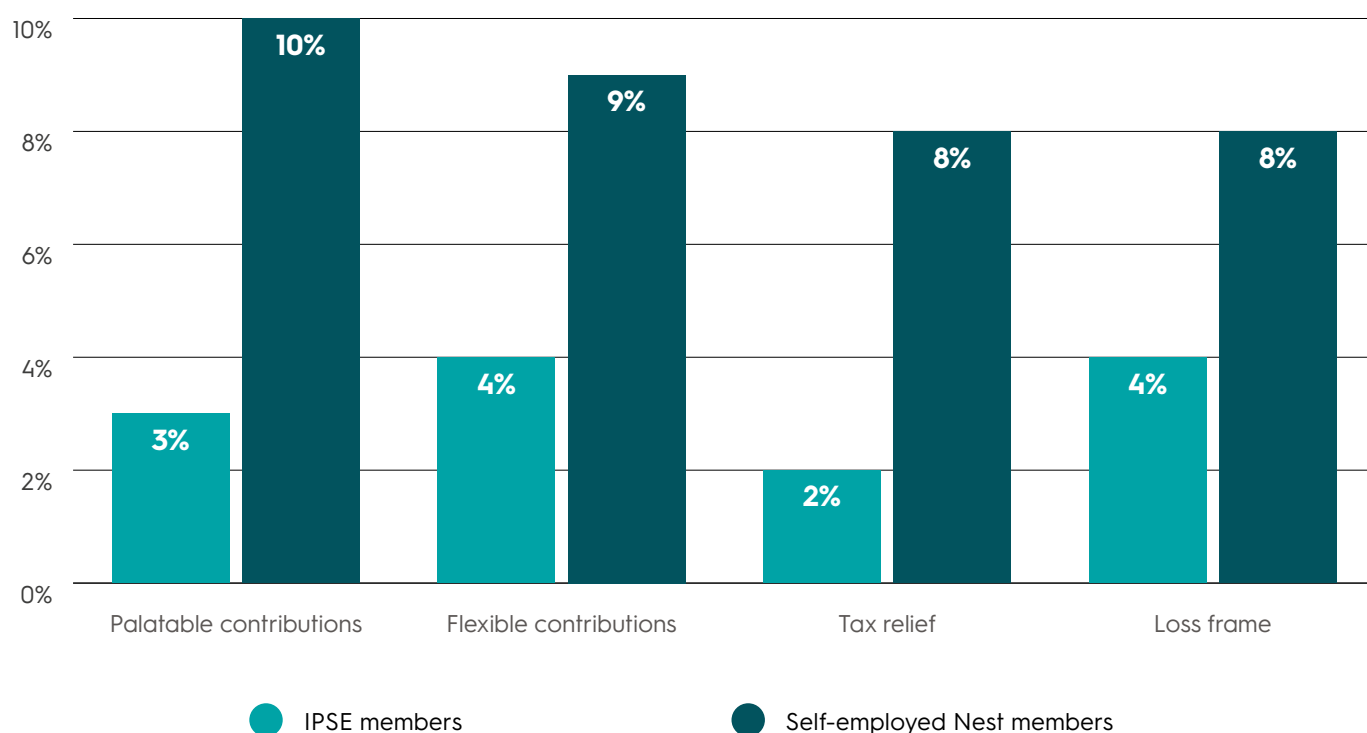
A principal component analysis was carried out to identify factor loadings between the itemised responses. Our categories of action, grouped above, are based on results with the highest grouping Eigenvalues.

Survey respondents were also asked why they did not take further action after receiving the trial emails. The main reason given was that they were already saving for retirement: 34% of those who said they did not or would not take action in response to the messaging said this was because they were already saving. Only 3% said the reason for not acting was that the emails didn't make it easy to act, and only 1% said that the emails did not look trustworthy.

People's receptivity to marketing campaigns should also be considered: 11% said they did not take or were not taking further action because they 'would think it is a sales email and ignore it'. This differed to some extent for the four emails, with 23% saying that the tax relief email came across as a 'salesy' email compared to 5% who said this of the palatable contributions email. This is important feedback since a key finding from our qualitative research was that self-employed people do not like, and do not want to engage with, emails that come across as selling something. It may be that the tone of the tax relief email could be refined in the future to make it more salient for self-employed people.

Also noteworthy is that, unprompted, several survey respondents informed us that they did act after receiving the trial emails by providing a response in the 'other' answer box available for this question. Examples of these responses were 'I took action!', 'I did take action (there was no option in your list for that)' and 'I took the action a few months later when the money to invest became available'.

Although our after-trial survey involved only a small sample of participants (452), these responses offer some further evidence that people did take action as a result of receiving these trial emails.

**Figure 11. Click-through rates – IPSE versus Nest**

There were no statistically significant differences in click-through rates between the Nest and IPSE trial populations (chi-squared test,  $p < .05$ ).

## In-depth look: IPSE results

In the IPSE trial, the tax relief message had the highest open rate of all four messages and the open rate was higher than for the palatable contributions email at a statistically significant level. It may be that the higher income earners who make up the IPSE membership are more likely to be engaged by this message because they stand to gain more due to their higher income-tax rates, and consequently have a higher existing awareness of the benefits of tax relief<sup>21</sup>.

The IPSE trial saw lower click-through rates than the Nest trial, as shown in Figure 11. This is perhaps not surprising, as all the Nest members emailed had already set up a pension with Nest, even if they were not actively contributing to it. By contrast, the IPSE members emailed had not yet joined the group personal pension plan on offer to them as a benefit of their IPSE membership. For some of these members, clicking the link in the email to find out more about the group pension plan might not have seemed relevant to them, for example if they felt they were already saving for retirement in other ways.

## Web analytics

It was not possible to do as much analysis of downstream behaviours for the IPSE trial as for the Nest trial. However, we were able to look at web analytics. These showed that the lowest bounce rate was for those who received the tax relief email (52%). The highest bounce rate was seen among those who received the flexible contributions email (62%). Those who received the tax relief email spent the longest amount of time on average on the IPSE website.

<sup>21</sup> Further analysis of the IPSE trial is available in the technical report available at the Nest Insight website, [nestinsight.org.uk/research-projects/self-employed-pension-saving](https://nestinsight.org.uk/research-projects/self-employed-pension-saving)

## Chapter 4

# Conclusions and next steps

The self-employed workforce in the UK is extremely varied. Developing messages more relevant to self-employed people's circumstances clearly has the potential to boost their engagement with saving for later life. Other structural, behavioural and cultural barriers could also be addressed.

Nest Insight's exploratory research in 2019 found that self-employed people face some particular barriers to pension saving. These include uncertain or irregular income from which to make pension contributions, the lack of an employer to set up a pension and administer payroll deductions on their behalf and a desire for greater liquidity in their savings to help manage their cash flow. We concluded that there are opportunities to develop more flexible saving retirement options that could better meet the context and needs of self-employed people.

Among the subsection of self-employed people who are saving with a pension scheme, there are also opportunities to improve the services available to better meet this population's context and needs. Many pension providers have understandably been focused over the last decade on meeting the needs of the huge number of employed people brought into defined contribution pension saving under the UK's auto enrolment regime. As a result, self-employed people who are saving into a pension may rarely have received messages from their pension provider that are relevant to their context and contribution patterns.

Emails alone cannot address the structural, behavioural and cultural barriers to saving that self-employed people face. However, relevant, targeted communications can and should be part of the solution. These trials show that messages designed with self-employed people in mind have the potential to boost engagement. And for a small but significant group of the self-employed, a targeted email looks to have been enough of a nudge to boost their pension saving.

So, even without making changes to their products, pension providers can better support the retirement saving outcomes of their self-employed members by tailoring communications to them. Ideally, these campaigns should target not just those who joined an occupational pension scheme as self-employed members but two other groups of self-employed people: 1) those who came into pension saving under auto enrolment through an employer and have since moved into self-employment and 2) those who combine traditional employment and self-employment.

These email messaging trials were shaped by the findings of our exploratory qualitative research. After the trials, a sample of the Nest members who received an email were surveyed. This revealed, as we predicted, that how people say they'll respond to messages in a research setting and what they actually do in a real-life setting are different. While people may not like hearing about what they're missing out on, a loss frame message appears to drive similar levels of engagement and action as more positively framed messages. The differing extents to which Nest members reported that the messages were appealing or motivating in the survey after the trial suggest that there may not be a particularly strong relationship between the messages which self-employed people self-report out of context as engaging or motivating, and those that they respond to in a real-life setting.

In these trials, we developed and tested four different messaging frames. While all four messages performed well, some were more effective with particular types of self-employed people. As we observed in the first phase of our research, this is an extremely varied population. Ideally, as developments in technology make more granular personalisation easier, messaging will become even more tailored to self-employed people's individual circumstances.

For self-employed people who aren't currently saving into a pension, which is most self-employed people in the UK today, salient messages will need to be combined with tools and solutions that make saving easier for them. The messaging trials reported on here were designed to prepare the ground for this next phase of our research programme, rather than to be considered in isolation.

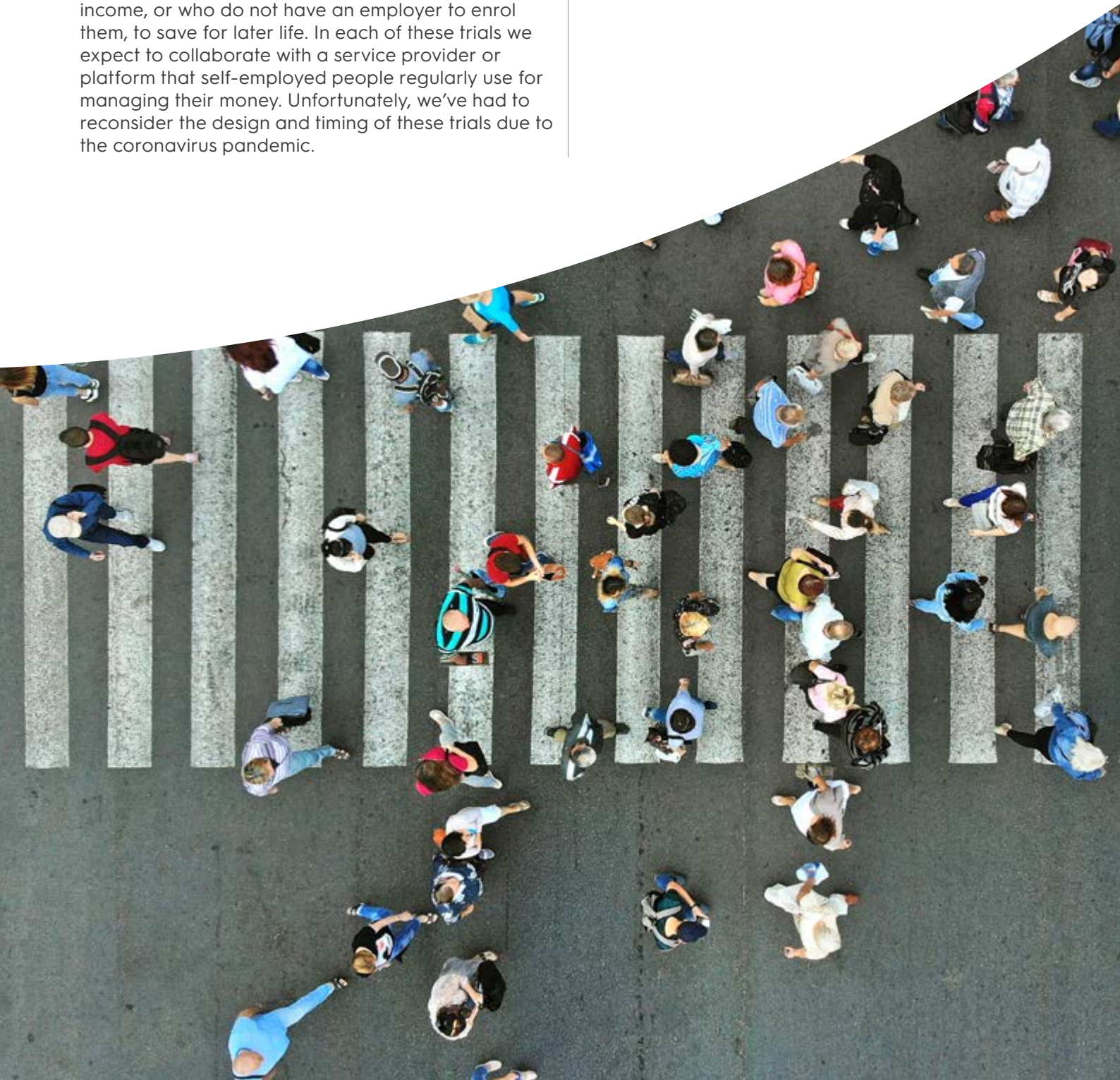


At a high level, there was no clear 'winner' among the messages tested in these trials. The messages to be taken through into the next phase of research will therefore depend on the self-employed population that we're seeking to engage. A message directed at a broad population of 'all' self-employed people might combine elements of each of the messages tested in these trials, whereas if we were looking to engage older or higher-earning self-employed people, we might emphasise the tax relief message, which tested better with these cohorts.

Since these messaging trials were conducted, we've started work on developing technology-based trials to design and test some tools that could potentially make it easier for people who have less predictable income, or who do not have an employer to enrol them, to save for later life. In each of these trials we expect to collaborate with a service provider or platform that self-employed people regularly use for managing their money. Unfortunately, we've had to reconsider the design and timing of these trials due to the coronavirus pandemic.

The Covid-19 crisis has had a major impact on the self-employed and it appears this impact has been unevenly distributed. So, before we finalise the design of our technology-based trials, we are conducting additional research to better understand these impacts and how different groups within the self-employed population have been affected.

As part of this research we plan to look at whether the messages we tested with IPSE members and self-employed Nest members will need to evolve to continue to be salient for self-employed people in the post-pandemic economy. Following this further research, we'll restart our developmental work on the technology-based trials.



# Appendix: trial emails

Each organisation designed the initial trial emails to match the standard format of their member communications.



The emails from the IPSE were tailored to provide information for the Aegon pension scheme offered to members. The emails from Nest were tailored to provide information about services available when reactivating or accessing a Nest account.

## 1. Palatable contributions trial email

**Subject line: Could you save £2.50 a day?**

### IPSE members

Sent out: 13 June 2019

**The IPSE Group Personal Pension Plan (GPP)**

Dear Member,

If you're self-employed, planning for later life and retirement can seem overwhelming. Who knows what the future will hold?

It's therefore important that you make your own retirement provisions to allow you to have an income when you decide to retire. Even saving small amounts can make a difference to the value of your pension. With the IPSE GPP you can contribute as little as £2.50 a day (over £900 a year).

[Login to Start Saving](#)

If you choose to start an IPSE GPP:

- You can set up everything online in minutes
- You're able to see the value of your pension and make changes to it online
- Under current Government rules, you can access your funds from the age of 55
- You can leave the proceeds of your pension to a named beneficiary in the event of your death


It's important to note that the value of the money you invest in the IPSE GPP plan can fall as well as rise. The value of your pension pot when you choose to take benefits could be less than has been paid in.

The IPSE GPP is provided by Aegon, who is authorised and regulated by the Financial Conduct Authority.


[Login to Start Saving](#)

### Self-employed Nest members

Sent out: 5-6 September 2019



## Joining as self-employed



Dear Jo,

Are you self-employed?

If you're self-employed, planning for later life and retirement can seem overwhelming. Who knows what the future will hold?

But retirement saving might be easier than you think. If, starting now, you put just £2.50 aside every day, that's over £900 a year, which could help you to maintain a reliable income when you retire.

If you decide to restart contributions to your pension pot with Nest, you'll need an activated account.

- you can set up everything online in minutes
- you can access your funds from the age of 55
- your named beneficiary is entitled to your funds in the event of your death.

Nest is the workplace pensions scheme set up by government. To find out more about our pensions options for the self-employed, click below.

[Find out more](#)



To log in the first time you need your Nest ID. If you don't have it that's fine – just use your National Insurance number.

## 2. Flexible contributions trial email

**Subject line: Flexible pension options for the self-employed**

**IPSE members**

Sent out: 13 June 2019

**The IPSE Group Personal Pension Plan (GPP)**

Dear Member,

As someone who is self-employed, you won't have an employer providing a workplace pension for you.

You might not know how much money you're going to earn each month, and how much you can afford to save into a pension as a result.

But that doesn't mean pensions aren't for you.

The IPSE Group Personal Pension plan (GPP) allows you to save what you can, when you can. If you've had a good month, you could choose to pay in a little more, but if times are tough, you don't have to save anything at all.

[Login to Start Saving](#)

If you choose to start an IPSE GPP:

- You can set up everything online in minutes
- You're able to see the value of your pension and make changes to it online
- Under current Government rules, you can access your funds from the age of 55
- You can leave the proceeds of your pension to a named beneficiary in the event of your death


It's important to note that the value of the money you invest in the IPSE GPP plan can fall as well as rise. The value of your pension pot when you choose to take benefits could be less than has been paid in.

The IPSE GPP is provided by Aegon, who is authorised and regulated by the Financial Conduct Authority.


[Login to Start Saving](#)

**Self-employed Nest members**

Sent out: 5–6 September 2019



# Joining as self-employed



Dear Jo,

Are you self-employed?

As a self-employed person, you might not know how much money you're going to earn each month, and how much you can afford to save into a pension as a result.

But that doesn't mean you can't add to your pension pot.

Your NEST pension allows you to save what you can, when you can. If you've had a good month, you could choose to pay in a little more, but if times are tough, you don't have to save anything at all.

If you decide to restart contributions to your pension pot with Nest, you'll need an activated account.

- you can set up everything online in minutes
- you can access your funds from the age of 55
- your named beneficiary is entitled to your funds in the event of your death.

Nest is the workplace pensions scheme set up by government. To find out more about our pensions options for the self-employed, click below.

[Find out more](#)



To log in the first time you need your Nest ID. If you don't have it that's fine – just use your National Insurance number.

### 3. Tax relief trial email

**Subject line: A tax-free way to save for your retirement**

**IPSE members**

Sent out: 13 June 2019

**The IPSE Group Personal Pension Plan (GPP)**

Dear Member,

No matter if you work for yourself or you're employed, a pension plan is a tax efficient way to save for retirement.

In the IPSE GPP, a basic rate taxpayer receives tax relief on their contribution at the basic rate of income tax – so for every £80 a basic rate taxpayer contributes, the Government will contribute a further £20, giving a total contribution of £100.

Higher and additional rate income taxpayers can claim additional tax relief in their annual tax return.

This is based on our understanding of current tax law, which is subject to change. The value of tax relief will depend on your individual circumstances.

[Login to Start Saving](#)

If you choose to start an IPSE GPP:

- You can set up everything online in minutes
- You're able to see the value of your pension and make changes to it online
- Under current Government rules, you can access your funds from the age of 55
- You can leave the proceeds of your pension to a named beneficiary in the event of your death


It's important to note that the value of the money you invest in the IPSE GPP plan can fall as well as rise. The value of your pension pot when you choose to take benefits could be less than has been paid in.

The IPSE GPP is provided by Aegon, who is authorised and regulated by the Financial Conduct Authority.


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**Self-employed Nest members**

Sent out: 5–6 September 2019



**Joining as self-employed**



Dear Jo,

Are you self-employed?

No matter if you work for yourself or you're employed, you don't pay tax on money you save into your pension.

If you are a basic rate taxpayer and were to contribute £100 from your earnings into your pension it would actually only cost you £80. The government adds an extra £20 on top – what it would have taken in tax from £100 of your earnings.

If you decide to restart contributions to your pension pot with Nest, you'll need an activated account.

- you can set up everything online in minutes
- you can access your funds from the age of 55
- your named beneficiary is entitled to your funds in the event of your death.

Nest is the workplace pensions scheme set up by government. To find out more about our pensions options for the self-employed, click below.

[Find out more](#)



To log in the first time you need your Nest ID. If you don't have it that's fine – just use your National Insurance number.

## 4. Loss frame trial email

**Subject line: Don't miss out on pension returns**

### IPSE members

Sent out: 13 June 2019

**The IPSE Group Personal Pension Plan (GPP)**

Dear Member,

Over 20 million employed people are now saving every month for their retirement, and growing numbers of self-employed people have expressed concern about getting left behind.

As someone who is self-employed, you won't have an employer providing a workplace pension for you. It's therefore important that you make your own retirement provisions to allow you to have an income when you decide to retire.

It's never too late to start investing for your future retirement, and an IPSE pension can help.

[Login to Start Saving](#)

If you choose to start an IPSE GPP:

- You can set up everything online in minutes
- You're able to see the value of your pension and make changes to it online
- Under current Government rules, you can access your funds from the age of 55
- You can leave the proceeds of your pension to a named beneficiary in the event of your death


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[Login to Start Saving](#)

### Self-employed Nest members

Sent out: 5-6 September 2019



## Joining as self-employed



Dear Jo,

Are you self-employed?

Did you know that if you had invested £1,000 in a NEST pension in 2012, it would be worth nearly £2,000 today?

Over 20 million employed people are now saving every month for their retirement, and growing numbers of self-employed people have expressed concern about getting left behind.

It's never too late to add more money to your pension pot and invest for your retirement.

If you decide to restart contributions to your pension pot with Nest, you'll need an activated account.

- you can set up everything online in minutes
- you can access your funds from the age of 55
- your named beneficiary is entitled to your funds in the event of your death.

Nest is the workplace pensions scheme set up by government. To find out more about our pensions options for the self-employed, click below.

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

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