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Nest Insight



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**Invesco**

nestinsight.org.uk

What if....

...you only had to take one step to improve short and long-term financial wellbeing?



**SAVE TODAY,
ENJOY YOUR TOMORROW**

By saving straight from your salary you can work towards your financial goals without the hassle. Jars from Salary Finance is an account that helps you save for both the short and long-term.



SALARY FINANCE

Simply set yourself a savings target and your savings will transfer across automatically when you get paid. Once you've reached your savings target, your contributions will transfer into your pension on top of your usual pension savings, helping you to prepare yourself for retirement.

Find out more about Jars and if it could work for you at:

SF Sign In

Get started

To get started, please select the amount you want to save from each payslip and the frequency of your payslips

Amount you want to save from each payslip
£50

Select how often you get paid
Monthly

After 1 year you could have saved
£600

Next

SF Sign In

Set a savings target

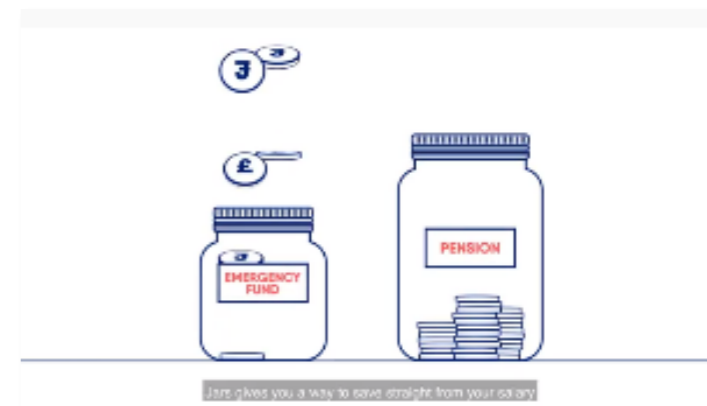
Decide how much you want to build up in savings, before you start making contributions into your pension.

If you don't have a pension, you can Skip This Step
[Find Out More](#)

Savings target
£1,000

When you reach your emergency savings target, the deduction from your salary will go into your pension. Your Nest pension can be accessed when you're 55 years old.

Next



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JPMORGAN CHASE & Co.

Salary Finance



How do people use payroll saving?

Jars users are saving actively and persistently



Monthly saving amount:

Mean **£106**

Median **£60**

1/4 users have made at least one change



Deposits:

22% users have made a deposit outside payroll



Saving persistency:

Only **7%** of accounts closed

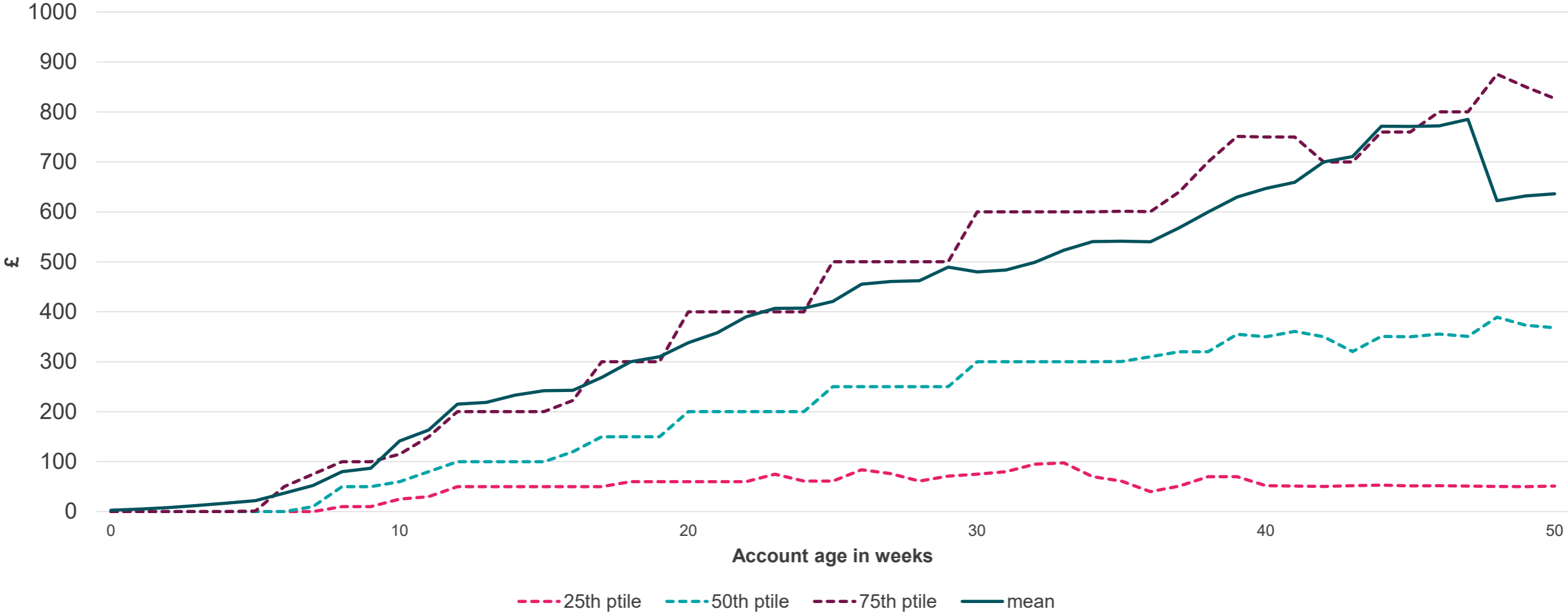
93% users have saved every month since signing up



Withdrawals:

66% users have made a withdrawal

Jars facilitates different saving behaviours



Source: Analysis of Jars administrative data provided by Salary Finance as at February 2022

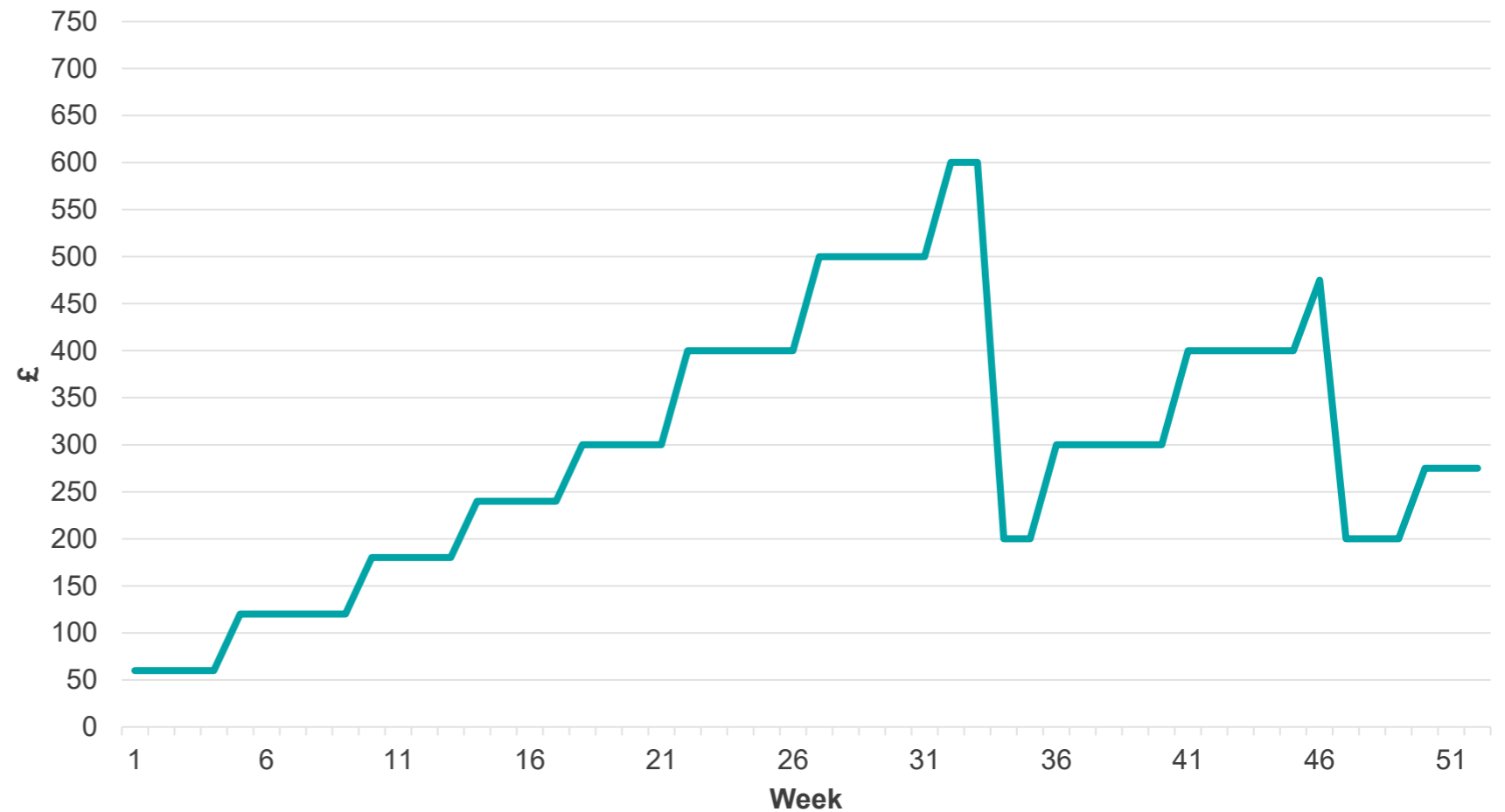
Notes: Analysis based on preliminary data and may be subject to amendment. Percentiles calculated each week. Sample size: 425 at Week 0; 277 at Week 50. Observations included in the chart are conditional on having an open account.

Building a safety net



“Jars is for big, emergency spends [...] My car needed serious engine work and I had to decide whether to sell it or keep it. I used quite a chunk of the Jars for that. It’s for something that’s way beyond what you would be able to afford from your normal budget.”

An example building a safety net profile: Jars savings account balance over time



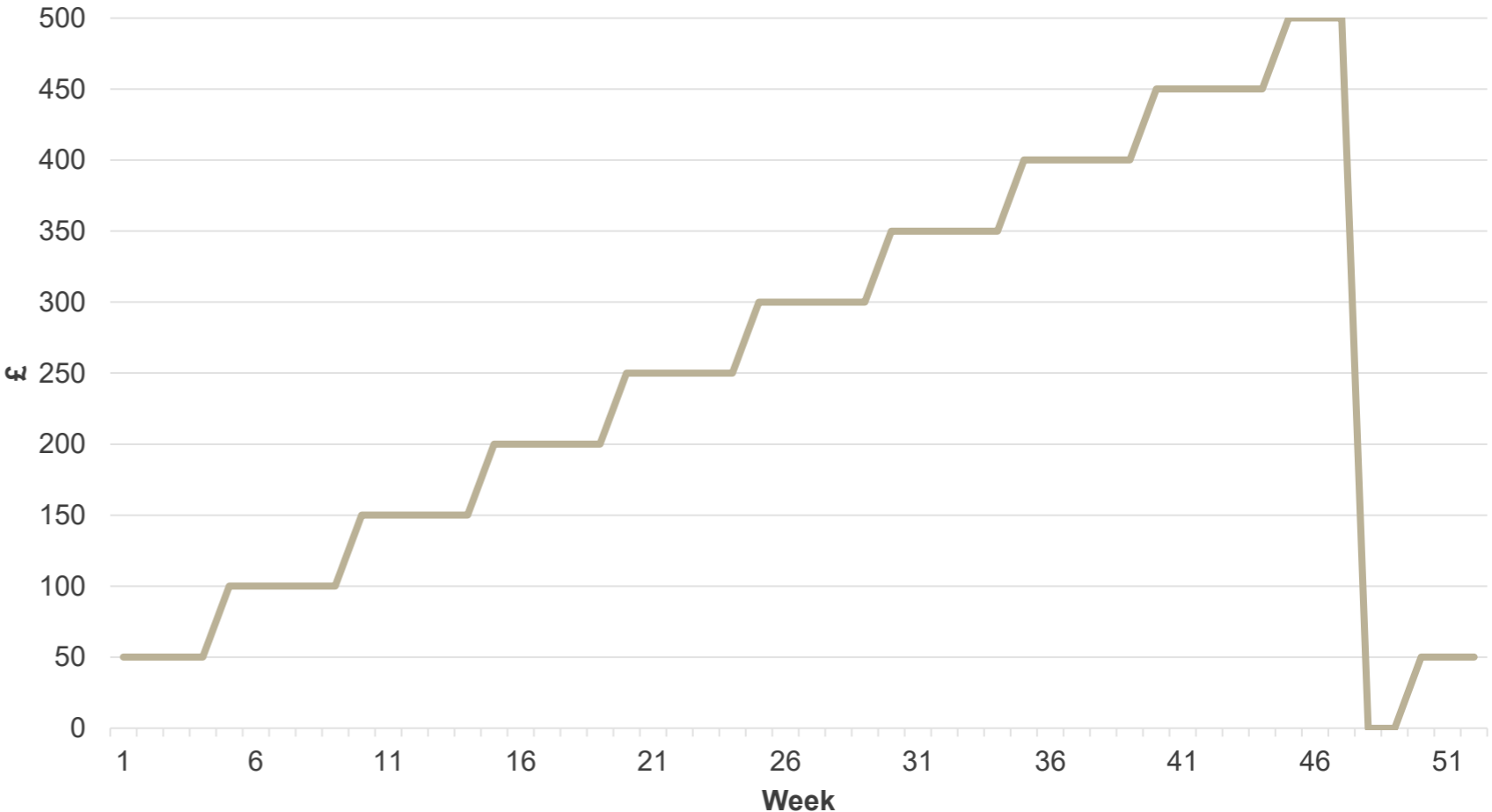
This chart is an illustrative example of a savings behaviour pattern we have observed based on looking at individual level administrative data and qualitative interviews with Jars users.

Working towards future goals



“It worked, I just felt like I was prepared for Christmas last year. I didn’t feel like I was on the back foot in the new year. January was then a normal month, not having to catch up. It helped me feel a bit more in control.”

An example working towards future goals profile: Jars savings account balance over time



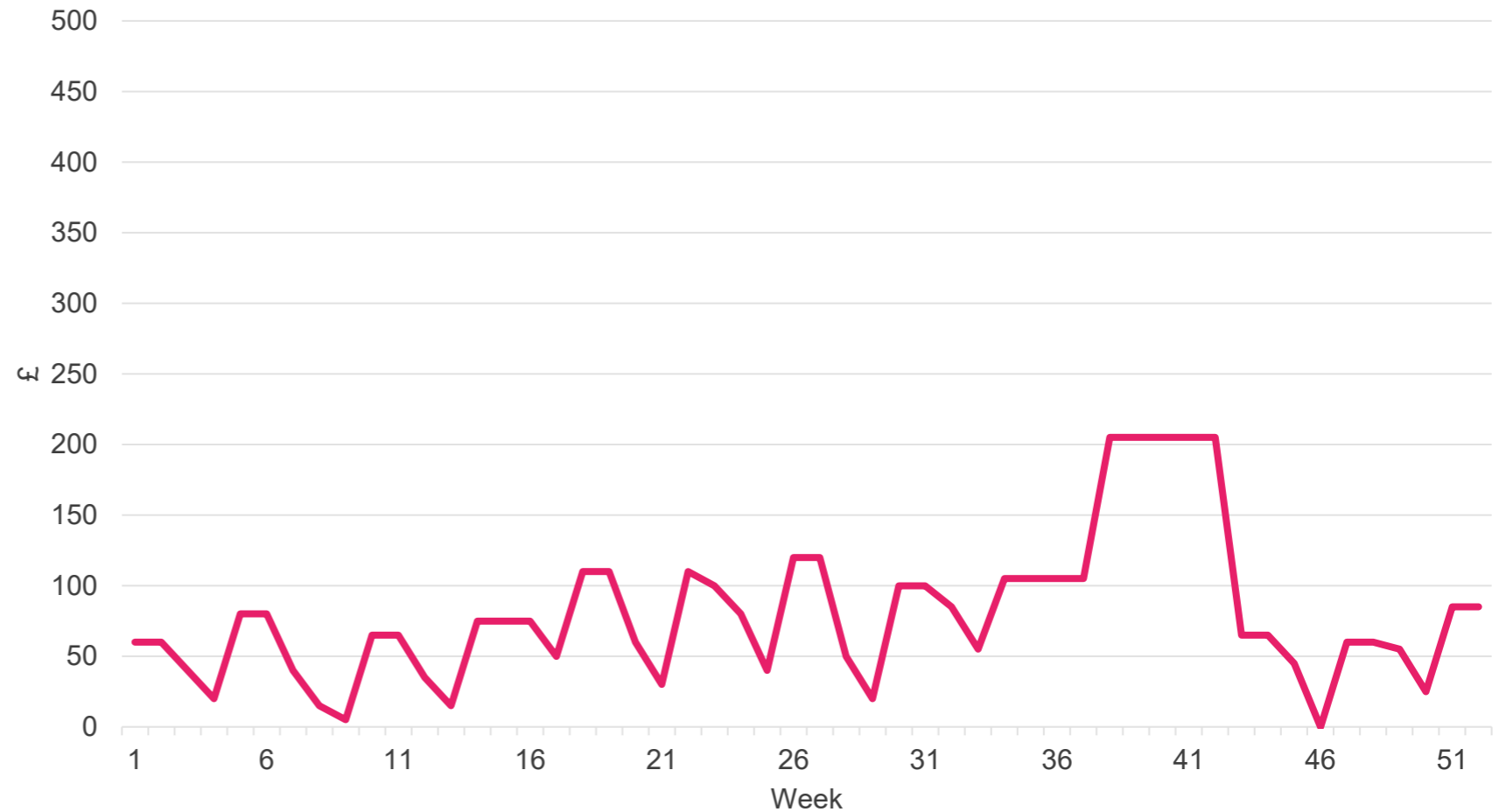
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Budgeting and cashflow management



“I took money out on average once every couple of weeks, the odd £20 to top up the gas card, or if the food shopping was more than we thought, I'd take money out so I could buy my lunches.”

An example budgeting and cashflow management profile: Jars savings account balance over time



This chart is an illustrative example of a savings behaviour pattern we have observed based on looking at individual level administrative data and qualitative interviews with Jars users.

Why does this matter?

Budgeting and cashflow management



- › Reward the savings habit, rather than the balance
- › Facilitate withdrawals
- › Avoid being too prescriptive about what the saving should be for

Building a safety net



- › Allow people to earmark money saved in their own way
- › Build confidence by recognising and celebrating milestones

Working towards future goals



- › Connect saving to support and guidance around other aspects of financial health

What's so great about payroll saving?

1

Ease & simplicity

**CHOICE
OVERLOAD**

COMPLEXITY

MISTRUST



**Having something
in place ready to go**

“I trusted my employer. I find it very hard to trust banks as I don’t know a lot about them, so it was good to go with my employer.”

“I didn’t have to do anything at all to set it up, it was a breeze, my employer did everything.”

2

Payroll deduction

**LACK OF
TIME +
ENERGY**

**DIFFICULTY
FORMING
HABITS**

**LOSS
AVERSION**



**Savings made automatically
every pay day before the
money hits my pocket**

“It’s great because I never saw that money, so I didn’t miss it, I like saving money that way.”

“You don’t have to look at your wages, it’s already gone. You do it without even thinking about it... you know your net sum is your net sum, you don’t have to worry about putting that money aside.”

3

Partitioning

**MULTIPLE
CALLS ON
MONEY**

**SPENDING
TEMPTATION**



**Savings there when you need
them, invisible if you don't**

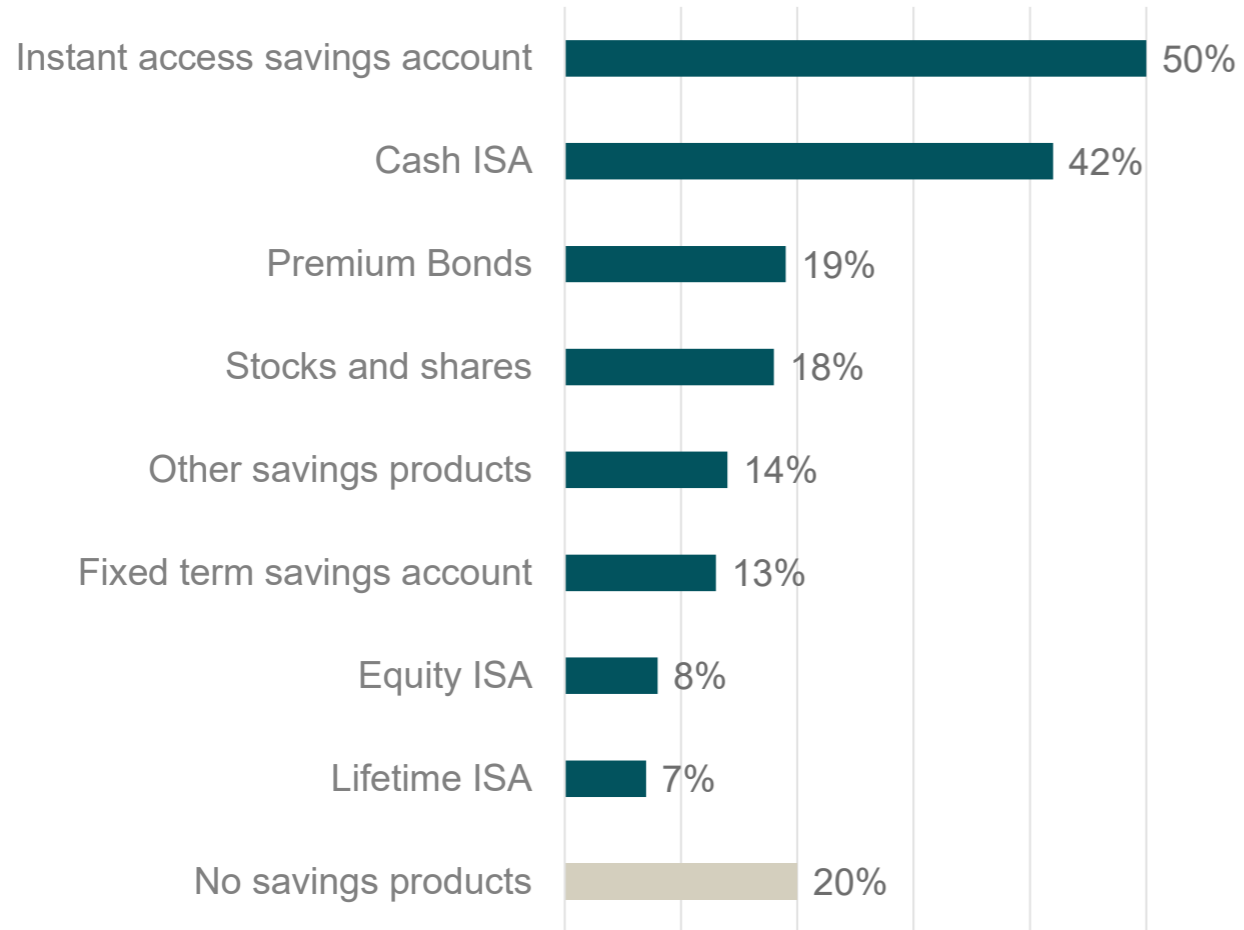
“You almost forget you have it so you don't dip into it. You don't see it when you log into online banking.”

“I check my current account every day but I very seldom check to see how much money is in my Jars. I just know it's there – it's comforting to know you've got something put away.”

Who is it reaching?

Not everyone needs it...

Savings and investment products held:
(employed people)



Nest Insight Covid 19 Impacts Survey, September 2020

7/10

employees eligible for Jars say they could pay an unexpected bill of £300 seven days from today with their own cash

...but participation does not reflect appetite or need

9/10

eligible employees
say emergency
savings are important

Nest Insight Sidecar Trial Wave 1 employee surveys n=1560

1/2

eligible employees
say they think Jars
would help them

Nest Insight Sidecar Trial Wave 1 employee surveys n=1514

Jars participation is
currently around
1% of employees

NB Participation rates at each employer vary



So how could we support more appropriate levels of participation?

The barriers that remain

Awareness

Even with investment in communication programmes, employees are often unaware that there is a payroll savings scheme they could use

Inertia

Many employees mean to sign up to save but just don't get round to it

Self-confidence

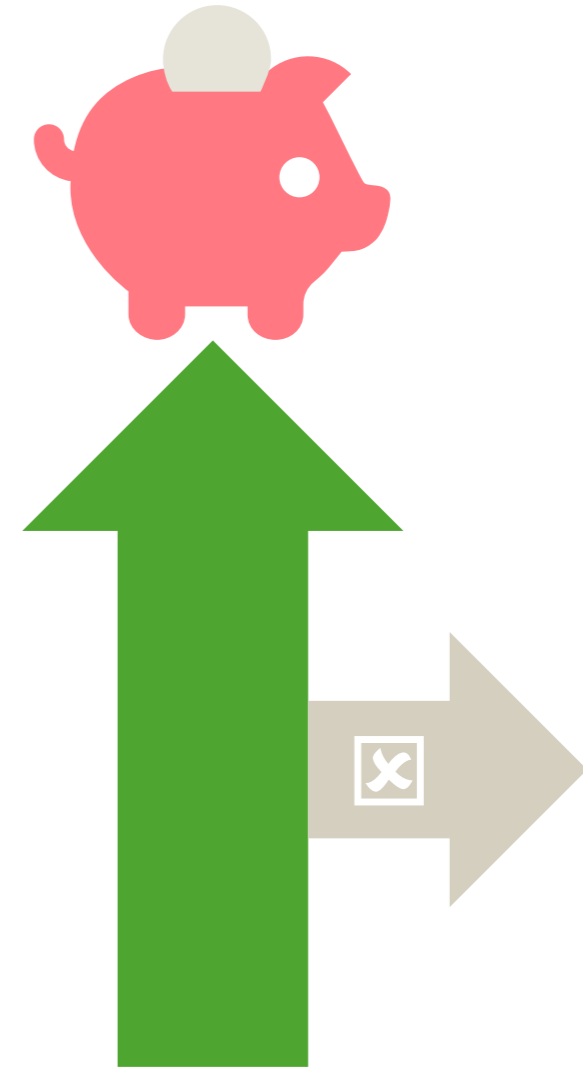
People who have not saved before, or have struggled to save in the past, may doubt whether they can do it and lack the confidence to try

Friction

There is drop-off at every step of the payroll savings sign-up journey

What if....

...it was easier to start saving than not to save?



Trialling payroll autosave with SUEZ and TransaveUK

- › Are participation rates higher among workers offered access to payroll savings where they automatically start saving if they don't 'opt out,' compared to if they are required to 'opt in'?
- › Do we see any impact on downstream behaviours or other saving and borrowing?

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What difference could it make?

Participation in payroll saving with TransaveUK is currently at over

40%

amongst employees who experienced the autosave approach

“There was ample opportunity to opt out if that’s what I wanted to do, but I decided to stay in because that was the right thing for me [...] it actually feels a little bit empowering to be putting away this amount every month.”

“Now I have savings, I’ve never had savings before, that’s a nice feeling, my financial situation is improving [...] I thought it was a good idea. I never would have sorted it out myself. I didn’t have to do anything, that all came through the post and in emails – it was all done for me”