nest insight

Workplace sidecar saving in action

Learnings from a multi-year, multi-employer UK trial of a new approach to supporting employees with emergency and retirement saving

BlackRock.

Money & Pensions Service

JPMorgan Chase & Co.

About this report

This report is part of our larger research programme on supporting workers in their financial resilience through workplace savings. More information on and other papers are available at **nestinsight.org.uk/research-projects/workplace-emergency-savings**

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About Nest Insight

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

About Nest Insight's strategic partner

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

Programme partners

Our strategic partner, BlackRock, provides support for our workplace emergency savings research as well as the wider Nest Insight programme.

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

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Foreword

When, in 2016, the research team at Nest Insight first encountered the idea of the 'sidecar' model of saving – combining support for emergency and retirement savings in one hybrid solution in the workplace – we found it compelling.

As a concept, sidecar saving is designed to work with human cognitive and behavioural biases, by sequencing people's saving to boost their financial resilience – by first, in the short term, building liquid savings, and then, for retirement, increasing contributions to pension saving. We knew immediately that this idea had the potential to address two of the biggest financial challenges for low- to moderate-income households in the UK: 1) not having a buffer to cope with a financial shock today and 2) not saving enough to achieve a liveable, dignified retirement income tomorrow.

But could a sidecar saving solution be built and implemented? How would employers and employees respond to the idea? How would people use it in reality? And what impacts would it have on their financial wellbeing? These were the questions that we sought to understand when we began piloting and evaluating a sidecar saving solution for the first time in the UK. This report is a culmination of this first exploration of sidecar saving in action.

> **These new insights mean we are better able to design solutions that genuinely support people to save.**

We're grateful to the pioneering funders, providers, employers and research and delivery partners who bravely set out on this journey with us. Without JPMorgan Chase's support at inception, this research would not have happened, and subsequent funding from the UK Money and Pensions Service (MaPS) and the BlackRock Foundation ensured we could maximise our impact and think about next steps. Turning ideas into reality involves doing many new things and finding fixes for the inevitable complexities which arise along the way. That is always difficult in field-based research but was made even more challenging in the context of the global coronavirus pandemic. Innovation requires creativity and tenacity, and we've been blessed to have collaborators who bring these qualities to this work.

It's one thing to pilot a new solution but building robust evaluation around that pilot requires additional commitment, time and resources. Thanks to the support of our partners, we've collected and analysed a huge amount of data during the trial period, innovatively combining research methods to understand both the 'what' and the 'why' of sidecar saving in action.

This research has greatly enriched our understanding of the real-world lived experience of saving – the difficulties that people face in getting started and continuing with saving and the different ways in which people build and use their savings. These new insights mean we are better able to design solutions that genuinely support people to save in a way that is responsive to their context, needs and barriers.

Indeed, based on what we learned from this sidecar saving trial about how difficult it can be for people who want to save to sign up to do so, Nest Insight has extended our workplace saving research to explore more new ways to support people to start saving. We already have three trials of opt-out approaches to payroll saving in the field. In these new pilots, people automatically start saving through their employer's payroll unless they say they don't want to. The early findings from these trials are hugely promising. This opt-out approach could further unlock the potential of payroll saving to support employees. Together, the learnings from all of our workplace saving trials provide robust evidence of the potential for linking emergency saving with retirement saving, and of how to do so in ways that make it easier for employers to offer this type of support to their employees while also helping workers to manage competing financial priorities.

The tensions people face in deciding where to put any discretionary income they have available have only intensified with the extraordinary rise in the cost of living in 2022 and 2023. If we think about retirement saving in isolation, we'll miss opportunities to design systems and solutions that are responsive to pressures like this. We've seen in our trials that helping people to build accessible, short-term savings can not only improve their short-term financial resilience but also protect their retirement saving for the future.

We're delighted that this work has contributed to the development and implementation of MaPS' **Financial Wellbeing Strategy** for the UK, and in particular to ongoing work around its objective to build a 'nation of savers'. Through our strategic partnership with BlackRock, we've been active members of BlackRock's **Emergency Savings Initiative** (ESI) in the US and the UK.[1] Our work has been strengthened by the international dialogue and sharing of best practice promoted through BlackRock's ESI network. We're excited to have made a contribution to the growing evidence base that is paving the way for US employers to automatically enrol employees in emergency saving options associated with their workplace retirement accounts under the SECURE 2.0 Act of 2022.

There has been considerable policy and industry interest in this sidecar saving trial. Many have called for some kind of emergency savings provision to be included in any evolution of workplace pensions auto enrolment policy in the UK. The 'plumbing' of the UK's pensions auto enrolment system could be used to also address workers' lack of accessible, short-term savings. Evidence and learnings from this trial would be valuable in the design of any accessible savings intervention.

This closing report of our sidecar saving trial is not the end of our work in this area. In spring 2023 we're convening stakeholders to discuss the implications of these findings for future policy and market innovation and will publish a review of the opportunities and challenges ahead by the end of the year. There are many design questions to consider. We welcome contributions from a wide range of perspectives. Please be in touch with us if you have ideas and would like to be involved.

We're pleased to share our learnings with you – and look forward to the debate and future change we hope will be catalysed by seeing sidecar saving in action in these workplaces.

Jo Phillips

Director of Research and Innovation, Nest Insight

1 BlackRock, 'The Emergency Savings Initiative: Impact and learnings report 2019–2022' (forthcoming summer 2023)

The quick read

What is sidecar saving?

Accessible, short-term saving combined in one hybrid solution with saving 'locked up' for retirement

Sidecar saving solutions are designed to:

- work with the way we naturally think, including our behavioural biases
- enhance financial wellbeing by making sure some money is available for immediate financial shocks
- protect retirement saving
- boost pension saving through a pre-commitment to save more for retirement in the future

The Jars sidecar saving solution

In this trial we piloted a sidecar saving solution called Jars. Here's how it works:

1 **Sign up**
If your employer offers Jars you can sign up to save via payroll.

2 **Choose settings**
You choose how much you want to save from each pay packet and set a savings target. You can change these settings at any time.

3 **Open savings account**
You open a new instant-access savings account. This accessible savings 'Jar' sits alongside your existing pension pot.

4 **Save every pay day**
Your chosen saving amount is moved automatically from your salary each pay day into your Jar.

5 **Auto rollover to pension saving**
Once you reach your savings target, your future contributions are sent to your workplace pension pot, on top of your normal pension contributions.

6 **Use your savings when you need them**
You can take money out of your accessible savings Jar as often as you want. Whenever the balance drops below your savings target, your payroll saving starts going back into your Jar to fill it back up.

Retirement savings are made as additional voluntary contributions into the employee's existing workplace pension scheme, which is already in place at their employer through the UK's auto enrolment system.

Our delivery partners

Jars is provided by Salary Finance.

The accessible, short-term savings accounts are provided by Yorkshire Building Society (YBS).

Salary Finance

Salary Finance is on a mission to help millions of people around the world to become financially happier and healthier. It currently helps over 4 million employees at 650+ of the UK's largest employers. Salary Finance partners with employers to provide a range of salary-linked employee benefits, helping employees to get out of debt, start saving, advance their pay, protect their future and learn better financial habits. For more information, visit **salaryfinance.com**

YORKSHIRE BUILDING SOCIETY

Yorkshire Building Society (YBS) is a mutual organisation, owned by its members and customers. It's driven by social purpose and here to serve its members. It's proud of the difference it makes to people's lives by helping them to achieve their goals. It's here to create long-term member value, help people have a place to call home and support them towards greater financial wellbeing. It believes that helping people with these goals is how it can make the biggest contribution to society. For more information, visit **ybs.co.uk**

The research trial

We conducted a multi-year, multi-employer trial of Jars in the UK.

4 years

of data collection and analysis

5 employers

making Jars available to their employees

- **BT**
- **ITV**
- **StepChange Debt Charity**
- **Timpson Group**
- **University of Glasgow**

80k+ employees

offered Jars, most of them on a low to moderate income

29 surveys

between June 2019 and December 2022

70k+ responses

to the surveys from Jars users, eligible employees and UK employed adults in a comparable population

60k+ administrative data points

from Jars savings accounts

I think it's a good idea because you've got the best of both worlds – you've got your target but then anything over that target goes towards your future. But if you have to withdraw then you get back to it. It's positive… I like the idea of saving for both. There's a goal – for when you retire.

Employee eligible for Jars

I felt it was a good way to save; with the money coming off regularly each month I was able to save without difficulty. It also allowed me to add to my pension pot once my target was reached.

Jars user

Key learnings

1 Sidecar savings has high appeal with employees who need support with saving.

- Not all employees need this support. Just over half of employees eligible for Jars were already saving every month or most months.
- 46% of eligible employees think Jars would help them.
- Those who lack financial security and are struggling financially are more likely to think Jars would help them.

2 Payroll saving enables employees to save persistently.

- Employees are more likely to stick to saving when the money goes directly into their savings account through payroll.
- 99% of Jars accounts are still active after 18 months.
- 3 in 4 Jars users are making a payroll contribution at 18 months.

3 Savers value having the control and flexibility that Jars gives them.

- 4 in 10 Jars users make at least one change to their saving amount in the first year.
- 6 in 10 Jars users make at least one withdrawal in the first year of having a short-term savings account.

4 Payroll saving helps people to build a safety net, boosting their financial wellbeing and resilience.

- £384 savings balance at 12 months (median)

> Having a Jars account really reassured me… knowing that if something was to happen, I had a little bit of money to take care of something. It put my mind at ease, and it was stress-free.

Jars user

> It's peace of mind, because say in an emergency your car breaks down and you need to get it in the garage, you know that you've got that access, you've got the money there to take out to pay the mechanic.

Jars user

5 The pension rollover enables people to save more for retirement once they've built up some short-term savings.

- 4% of Jars users have their Jars payroll saving going into their pension at 18 months.
- £100 in additional pension contribution made each month through Jars (median)

6 Take-up of sidecar saving under opt-in conditions is stubbornly low.

- Although 46% of eligible employees think Jars would help them, only around 1% sign up to save.
- People need more support to follow through on their desire and intention to save, and early data suggests that an opt-out approach to emergency saving is likely to be more effective and more inclusive than an offer that requires employees to opt in.

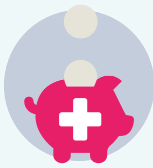
Sticking with saving

99% of Jars accounts are still active after 18 months.

Using accessible savings

6 in 10 Jars users make at least one withdrawal within one year.

The pension rollover



4% of Jars users have reached their saving target and have extra savings going into their pension pot at 18 months after opening their Jars account.

Participation among employees

46% of eligible employees think Jars would help them but only 1% sign up.

I need to save some money for emergencies as I rely too much on loans. I want some financial stability.

Jars user

It's the psychological side of it – you don't see [the money] coming into your bank account, so you're not tempted to dip into it.

Jars user

Executive summary

This multi-year, multi-employer UK trial was designed to build an evidence base around the impact of having access to a workplace-based sidecar saving solution.

Background and approach

Nest Insight piloted a sidecar saving solution called Jars, which was built by Salary Finance for the trial.

After employees sign up for Jars, savings are made automatically through their employer's payroll, firstly going into an instant-access savings account provided by Yorkshire Building Society (YBS), and later, once the employee's savings target is reached, going into their workplace pension. These pension contributions are on top of any regular contributions to the pension being made under the UK's pensions auto enrolment system.

Five participating employers launched Jars at staggered times between July 2019 and June 2021. Data collection ended in August 2022, so that the longest tenure for a Jars account in the trial was about 36 months.[2]

The participating employers varied in size, sector, location and employee profile.

Our approach combined analysis of various kinds of data:

- **Administrative account data**

  Data from around 500 Jars users allowed us to look at account usage, including savings contributions, balances, withdrawals and pension rollovers across the Jars population as well as by employer. These user data were collected by Salary Finance and YBS.

- **Survey data**

  Data from employees at the participating employers as well as from large employed adult comparison groups, drawn from the Nest scheme membership, allowed us to track if and how self-reported financial wellbeing changed across these UK populations during the trial period. Employee surveys also allowed us to track awareness and consideration of the Jars offer at each participating employer. These data were collected by Nest Insight or, in one case, by the participating employer.

- **Qualitative research data**

  Interviews with programme stakeholders, participating and non-participating employers and eligible employees allowed us to delve deeper into the views and experiences of having access to and saving with Jars. These data were collected by Nest Insight, in some cases in partnership with independent qualitative researchers.

Findings

The need for savings

Almost all UK workers think saving is important, yet a significant minority do not have a buffer in place to cope with unexpected costs.

In the surveys conducted by Nest Insight during this trial, 86% of UK employees said it's very or fairly important to save money for an emergency. However, many households do not have a savings buffer in place. In our surveys nearly one half of UK employees said they'd struggle to pay an unexpected expense of £300 in an emergency.

2 In this report, account data have been reported for each account's first 20 months, due to sample size becoming too small after this point.

Some groups are more exposed than others. Those with a high degree of self-reported income volatility or low household income are particularly vulnerable to financial shocks. So are those with children at home.

Not all employees need support with saving, however. The level of need for Jars varies between employee populations. Overall, more than half of employees eligible for Jars were already saving every month or most months, with 4 in 10 eligible employees saying they already have over £1,000 in savings.

Response to the sidecar saving idea and design

The Jars sidecar saving solution has seen broad appeal among eligible employees, with Jars appealing most to those with low financial security.

Jars has highest appeal among employees who are lower paid or who have more variable pay. In addition, employees who say they would struggle to pay an unexpected bill of £300 and those who are financially struggling are more likely to say they think Jars would help them.

However, the trial's participation and usage data suggest that the appeal of Jars also extends beyond lower-income employees.

Who uses Jars

Jars users have a broad range of characteristics and have a range of reasons for signing up.

Jars users are varied by demographics and contexts, with a wide spread of ages, income levels and household circumstances represented in the user population. There is a slight skew towards women among users, and towards those without dependent children.

Jars does reach employees with lower financial security. Around 6 in 10 Jars users said they are struggling to keep up with their bills and commitments. Around one half of Jars users are categorised as being financially 'squeezed', with another 2 in 10 'struggling' financially.About half of Jars users in our surveys said they signed up for Jars with a clear purpose in mind. The top reasons given for signing up were:

- starting a saving habit
- building a savings buffer against unexpected expenses or income shock
- working towards future goals

Jars features with the most appeal

In our qualitative research and surveys Jars users told us they liked that:

- **Jars is a saving solution put in place by their employer.**

  Some key barriers to getting started with saving, such as provider and product choice paralysis or a lack of trust in providers, can be reduced when a good saving solution is offered through the workplace. Jars users see their employer as a trusted party that can relieve them of the cognitive load of choosing a provider.

- **Payroll deduction makes regular saving easier.**

  People value the power of savings being made automatically every pay day, before the money hits their pocket, as a way of building a saving habit.

- **Putting the money into a separate account helps them ringfence their savings.**

  The savings account being accessible yet separate – and effectively 'invisible' – from day-to-day finances acts as an effective self-control mechanism.

- **Making the accounts flexible and accessible gives people a sense of control.**

  At any time Jars users are able to change their payroll saving amounts and savings target, pause or stop saving, make ad hoc contributions and withdraw savings instantly. These are considered to be useful benefits and help to give Jars users a sense of control over their finances, particularly for those in more constrained or volatile circumstances.

- **Additional saving for retirement happens automatically once their accessible savings buffer is in place.**

  While this is not a primary motivator for most Jars users, the pension rollover is a welcome secondary benefit, even among those with lower financial resilience.

Signing up to save

Participation grows over time but remains well below the proportion of employees who say that Jars would help them.

Although participation does increase organically, it has not reached the level of employees who say in surveys that Jars appeals to them or that they want to and intend to start saving. At the end of the data collection period, Jars participation was only around 1% of eligible employees.

Contextual and behavioural barriers appear to prevent people who want to save from signing up. These include inertia, differing awareness of the Jars offer within the participating employers' workforces, low confidence around financial decision-making and, potentially, frictions within the sign-up journey.

Early evidence from Nest Insight's newer trials building on these sidecar trial learnings suggests promise for overcoming these barriers through an opt-out approach, where employees are automatically enrolled in an accessible saving solution and start saving from payroll unless they choose not to.[3] An opt-out approach can provide the support needed to boost participation to levels more in line with people's needs and stated intention.

Saving regularly

Jars supports people who have previously struggled with saving to keep going. Most people sign up to save £50 to £100 a month.

The most common saving amount set by Jars users at the point of sign-up was £50 per month. The median (middle of the distribution) amount was £60 per month.

Just over one third of Jars users make a change to their saving amount in their first year. There are both increases and decreases in saving amounts. Many Jars users actively make changes to their account settings and value the ability to do this. Even in the context of the rising cost of living, the most constrained of savers told us that they still want to do everything they can to preserve some buffer of savings for emergencies.

Once employees start saving through payroll, they tend to continue saving. About 99% of Jars users still have an active account 18 months after signing up. Around 3 in 4 Jars users are still making a contribution to Jars through payroll at 18 months.

In our qualitative research interviews and surveys of Jars users we heard that some people who have saved persistently with Jars previously struggled to build the saving habit.

Some Jars users add extra savings into their account beyond what they are set up to save automatically through payroll. Nearly one third of Jars users make at least one ad hoc deposit in their first year of saving.

3 Nest Insight, 'Does payroll autosave support employees to get started with saving?: Preliminary results from a trial of an opt-out approach to workplace saving' (September 2022), **nestinsight.org.uk/wp-content/uploads/2022/09/Does-payroll-autosave-support-employees-to-get-started-with-saving.pdf** and Sarah Holmes Berk, John Beshears, James J. Choi and David Laibson, 'Automating short-term payroll savings: Evidence from a large UK experiment' (July 2022)

Building the saving habit

Very few people leave Jars and even fewer close their savings accounts.

People are more likely to leave Jars because they leave their employer than for other reasons.

Some people keep using their instant-access savings account after they leave their employer and thus Jars. Around 1 in 4 Jars leavers who keep their savings accounts open make additional deposits into them. Our qualitative research interviews found that leavers did not always realise they could continue saving automatically into their account by setting up a standing order through their bank, so there's an opportunity to support more people to continue saving through timely prompts and reminders.

Building and using the savings

People access their savings when they need them, and usually only withdraw what they need.

Nearly half of users have made at least one withdrawal within their first 6 months of having the account. Nearly 7 in 10 make at least one withdrawal by the time their account is 18 months old.

We observed a range of withdrawal behaviours. Some savers withdraw all or most of their balance while others make only partial withdrawals. The median withdrawal is below £250. Withdrawals can be as little as £10 or £20. Some much larger withdrawals are taken at the upper end of the distribution.

Although summer holidays, the new academic year and Christmas are common seasonal reasons for withdrawals by Jars users, no strong calendar effects on withdrawal size are observed.

Some savers build, use and rebuild their savings regularly while others build their savings balance gradually over time. At most of the participating employers, savings balances climb initially and then level off, remaining below £500 when the accounts have been active for 20 months.

When we looked at the savings balances by account age, we found that those whose savings balance was in the bottom 25% have a relatively flat balance over time. In contrast, accounts in the top 25% by savings balance continue to grow over time. It's important to note here that individual employees may move between quartiles, so these do not reflect individual saver journeys.

Patterns in saving behaviour

This trial identified three broad patterns of saving behaviours, or 'use cases', for payroll saving:

- **Budgeting and cashflow management**

  Money is kept aside for ongoing ad hoc expenses such as bills, fuel and shopping. The Jars user makes frequent withdrawals of small amounts. The savings account balance cycles up and down but overall stays quite flat over time.

- **Building a safety net**

  Savings are earmarked as a financial buffer to protect against unexpected expenses or income shocks, such as the cost of repairing a car or an appliance or a drop in income due to working fewer hours. The savings balance builds steadily over time, unless a financial shock happens. At this point the Jars user withdraws part or all of their balance to cover the cost or drop in income. The account balance grows steadily upwards, punctuated by sudden drops, followed by renewed upwards progress.

- **Working towards future goals**

  Money is put aside to fund expected future events. These can be shorter- or longer-term goals, such as Christmas, holidays or a home deposit. The Jars user typically does not withdraw money until their goal is met, so the balance builds over time until one big withdrawal, possibly to zero, before saving for a new goal begins.

The pension rollover

Over the relatively short trial period, a small proportion of Jars users see their payroll savings roll over into additional pension savings.

Importantly, after the rollover to pension saving has kicked in, they do still withdraw from their instant-access account when they need it.

The proportion of Jars users making additional pension contributions is growing over time, from 2.5% of users making additional pension contributions 6 months after signing up to 3.6% of users doing so 18 months after signing up. We know that it's rare among workplace pension scheme members who've been automatically enrolled to make additional contributions to their pension. For example, just 1.5% of Nest scheme members have ever made an additional direct contribution to their pension pot.[4] Therefore, we believe the additional pension contribution behaviours we see happening through Jars are encouraging.

If sustained over time, the additional pension contributions at the level made through Jars could have a meaningful impact on retirement saving outcomes for many UK workers. The median additional monthly pension contribution made by Jars users is £100 (£50 at the 25th percentile and £150 at the 75th percentile).

At the point where Jars users start to roll over their savings into additional pension saving, they're also likely to have a useful financial buffer in place. The median savings balance when the pension rollover kicks in is £600. This level of savings is likely to make a real difference to the saver if they face an unexpected expense or financial shock.

About 6 in 10 Jars users who have started to make additional pension contributions through Jars switch back to making savings into their instant-access savings account at some point.

The impact on financial wellbeing

The Jars sidecar saving solution can help people to build a saving habit, save persistently and boost subjective financial wellbeing.

Most Jars users said that saving with Jars has made them 'better off' financially.

Saving regularly and having savings can reduce people's anxiety. Jars users frequently talk about the peace of mind that Jars has given them.

They often gain financial confidence over time too. Jars users report that saving in this way led them to believe more in their ability to save and to manage their finances more broadly. In some cases, they told us they'd started to take steps to manage other areas of their finances – for example, by starting to save in other ways – as a result of their success in saving with Jars.

The employer perspective

Jars fits in well within employers' increasing focus on employees' financial wellbeing and other benefit offers.

However, in the broader landscape, few employers currently offer payroll saving schemes to their employees.

Both participating and non-participating employers view Jars as a positive way to help improve financial wellbeing and build financial resilience among employees who are most in need. This was one of the key drivers of appeal and consideration to taking part in the trial among participating employers.

4 Nest Insight, 'Retirement saving in the UK 2022: Member experience from Nest, the National Employment Savings Trust (October 2022), **nestinsight.org.uk/wp-content/uploads/2022/10/Retirement-saving-in-the-UK-2022.pdf**

The main appeal of Jars is in helping to build employees' short-term savings but the pension rollover is also key for some employers. Despite most communications focusing on the short-term saving element of Jars, the concept of a hybrid saving model that combines both short- and long-term saving goals is seen to be valuable.

Employers found Jars to be no more complicated to set up and manage than other benefits. Overall, participating employers reported that the implementation and launch of Jars proceeded smoothly and in line with expectations. Employer feedback at the end of the trial also suggests that the ongoing day-to-day time and resources required for administering and managing Jars are minimal.

Yet, we must also note that few employers currently offer workplace payroll saving benefits like Jars, with smaller employers least likely to be doing so.

Conclusions and next steps

The sidecar saving concept has broad appeal and works well if people sign up to save, but more support is needed to help the people who need it most to get started with saving.

Evidence from this trial suggests that supporting employees to save through the workplace can be a powerful way to boost short-term accessible savings and broader financial wellbeing. Payroll saving is an easy and flexible way to save and supports people to save persistently.

Evidence from Nest Insight's broader workplace saving research programme suggests that an opt-out joining mechanism could be a more effective way to support employees with saving, unlocking the potential of saving solutions like the one piloted here.

The pension rollover mechanism in sidecar saving provides a pre-commitment device that is responsive to changes in people's financial resilience. It can enable people to save more for retirement after they have built up some short-term savings, ensuring that immediate financial wellbeing and retirement outcomes are supported in tandem. Those who don't reach their accessible savings target continue to focus on improving their shorter-term financial position.

Learnings from this trial suggest that future research should concentrate on:

- boosting the supply of workplace emergency saving solutions and supporting small and medium-sized employers to offer them
- making it easier for employers and providers to adopt opt-out mechanisms to support greater take-up of emergency saving among employees
- exploring the role that subsidies could play in supporting the most financially constrained to save
- designing effective hybrid saving solutions joining up emergency and retirement saving
- exploring options for building emergency saving into UK pensions auto enrolment policy

We have learnt much from this trial which holds great promise to inform the evolving thinking and debate in this area and look forward to hearing and exploring the perspectives of a wide range of stakeholders. There are many opportunities and challenges ahead.

Nest Insight's workplace saving programme continues. To find our latest research and thinking in this area, visit **nestinsight.org.uk/research-library-emergency-savings**

Chapter 1

From idea to real workplaces

Many people in the UK face two key financial challenges: having short-term resilience to cover financial shocks or emergencies and ensuring they have enough money for their retirement. Could creating an account structure that can do both offer a solution?

The sidecar idea

The idea of sidecar saving – where an accessible 'emergency' savings account is combined with a traditional defined contribution (DC) retirement savings account – was first proposed by researchers in the US as a way to optimise the needs and preferences of individual savers and enhance overall financial wellbeing.[5] The model aimed to preserve retirement saving 'locked away' for the future (illiquid savings) by putting in place employer-sponsored 'rainy-day' savings accounts (liquid savings) that would be better positioned to help people cope with financial shocks in their working life.[6] The goal was to find the optimal balance between supporting liquid and supporting illiquid savings. It was inspired in part by the data on use of retirement saving funds in the US, where for every $1 in savings, 30 to 40 cents leaks out before retirement.[7]

The sidecar saving model has been developed to address savers' preferences as well as their behavioural biases. People tend to exhibit a present bias – the tendency to prefer smaller rewards today over greater rewards later – which suggests they will prefer liquid savings today over retirement savings later in life. At the same time, we're often prepared to make decisions to favour a longer-term payoff if the result of those decisions will be deferred to the future. For example, when asked to choose a snack ahead of time people are more likely to pick fruit, while they're more likely to pick chocolate if they're going to have their snack now.[8]

Applied to retirement saving, thinking about these biases has led to innovations such as Save More Tomorrow,[9] where people pre-commit to increase their pension contributions in the future, timed to coincide with pay rises. The sidecar saving model also uses this logic, as it asks people to commit to increased pension contributions in the future, when their more immediate need for liquid savings has been satisfied.

The sidecar saving model is also designed to create financial peace of mind. People with savings set aside for emergencies may gain greater confidence about their finances more generally, including their ability to manage the pressures of the cost of living. In turn, this may instil confidence in their ability to make additional contributions into an illiquid account, overcoming key barriers to retirement saving.

5 John Beshears, James J. Choi, Mark Iwry, David C. John, David Laibson and Brigitte C. Madrian, 'Building emergency savings through employer-sponsored rainy-day savings accounts', *Tax Policy and the Economy*, vol. 34 (2020), pages 43–90, **journals.uchicago.edu/doi/10.1086/708170**

6 John Beshears, James J. Choi, Christopher Clayton, Christopher Harris, David Laibson and Brigitte C. Madrian, 'Optimal illiquidity', National Bureau of Economic Research (NBER) working paper no. 27459 (July 2020), **nber.org/papers/w27459**

7 Robert Argento, Victoria L. Bryant and John Sabelhaus, 'Early withdrawals from retirement accounts during the great recession', *Contemporary Economic Policy*, vol. 3, no. 1 (January 2015), pages 1–16, **federalreserve.gov/pubs/feds/2013/201322/index.html**

8 Daniel Read and Barbara van Leeuwen, 'Predicting hunger: The effects of appetite and delay on choice', *Organizational Behavior and Human Decision Processes*, vol. 76, no. 2 (November 1998), pages 198–205, **sciencedirect.com/science/article/abs/pii/S0749597898928035**

9 Richard H. Thaler and Shlomo Benartzi, 'Save More Tomorrow™: Using behavioral economics to increase employee saving', *Journal of Political Economy*, vol. 112, no. S1 (February 2004), pages S164–87, **jstor.org/stable/10.1086/380085**

Finally, sidecar saving fits with people's natural mental accounting. We're most comfortable thinking about our finances in distinct, functional 'pots'.

Sidecar saving is a type of hybrid saving solution, in which the functions of two or more consumer financial products that are generally offered separately are combined. This kind of solution may be particularly well suited to resource-constrained consumers, particularly those whose incomes fluctuate from pay day to pay day.[10]

The UK context

The sidecar saving solution piloted in this Nest Insight trial was designed to help address two key challenges facing many UK workers:

1. a lack of short-term, accessible savings to provide a buffer in case of an unexpected expense or other financial shock
2. a need to save more for retirement

The UK introduced pensions auto enrolment in 2012. Under the legislation, employers and eligible employees make mandatory minimum contributions each pay period into a pension scheme based on the worker's eligible earnings, unless the employee opts out of retirement saving. Currently, jobholders must be automatically enrolled if they make £10,000 or more a year and are aged 22 or older. Those who earn less can ask to be enrolled by their employer.

The level of minimum mandatory contributions into DC pension schemes was increased in phases, starting with 1% of band earnings for employees and 1% for employers, rising in April 2018 to 3% for employees and 2% for employers and rising again in April 2019 to 5% for employees and 3% for employers.

Workers can receive tax relief from the government on their pension contributions, so that a gross contribution of 5% made by the employee currently involves a net contribution of 4% for most employed people. Workers can opt out of auto enrolment within one month of being enrolled. They can also stop contributions at any time. However, they can't usually access the money in their pension pot until they reach age 55. Opt-out rates are low.[11]

Auto enrolment has been highly successful in driving a step change in saving for retirement in the UK. According to the latest review of workplace pension participation, 88% of eligible employees – or about 20 million people – were participating in a workplace pension in 2021, up from 55% of employees in 2012.[12] However, the concern remains that many people in the UK are under-saving for retirement. Few workers make changes to their pension contribution level or make ad hoc additional voluntary contributions during their working life.[13]

In other countries, including the US, withdrawals from DC pensions are relatively common before retirement, because there are low penalties for early access.[14] Although this may result in lower total retirement savings, or in a false sense of security that one is saving sufficiently for retirement, this gives people some reassurance that they could access their retirement money in an emergency.

In the UK, the situation is different. Once savings are put in a pension scheme they cannot be accessed until the saver is at least 55 years old.[15] While this has many benefits, the fact that savings are locked up may lead some to feel hesitant about making additional pension contributions in case the money might be needed for an emergency or other expense, such as a home deposit, before it becomes accessible.

Indeed, increasingly we've seen evidence that people's capacity to make adequate provision for the long term depends on their broader financial resilience and wellbeing. Even a small financial buffer of 'emergency savings' – money set aside in case of unexpected financial needs – makes a material difference to people's capacity for positive financial behaviours, including saving for retirement. Those living on a low to moderate income (LMI) have a thin margin between their income and their expenditures in any given pay period. Financial shocks beyond this margin could leave them no choice but to borrow money, potentially getting them into problem debt, creating anxiety and stress, and cascading into a loss of productivity at work. For people in this situation, having **any** amount of savings set aside and mentally labelled as 'for emergencies' can protect against these negative impacts.

10 The Aspen Institute, 'Two birds, one stone: Using hybrid financial products to manage income volatility' (2017), **aspeninstitute.org/publications/two-birds-one-stone-using-hybrid-financial-products-manage-income-volatility**

11 **nestinsight.org.uk/wp-content/uploads/2022/10/Retirement-saving-in-the-UK-2022.pdf**

12 Department for Work and Pensions (DWP), 'Workplace pension participation and savings trends: 2009 to 2021' (June 2022), **gov.uk/government/statistics/workplace-pension-participation-and-savings-trends-2009-to-2021/workplace-pension-participation-and-savings-trends-of-eligible-employees-2009-to-2021**

13 **nestinsight.org.uk/wp-content/uploads/2022/10/Retirement-saving-in-the-UK-2022.pdf**

14 Typically, this is about 10% plus tax, but it can be lower if the retirement savings withdrawals are used on medical bills, a first home purchase, education, alimony or child support.

15 This will rise to age 57 from 6 April 2028.

However, levels of liquid savings are low in the UK.[16] According to research by the Money and Pensions Service (MaPS), around 1 in 4 adults in the UK couldn't pay an unexpected bill of £300 from spare cash or affordable borrowing.[17] Additionally, around one half of UK adults struggle to keep up, are falling behind or have fallen behind with their bills and other financial commitments.

In recognition of the importance of saving, in the 'UK strategy for financial wellbeing' MaPS set a goal to create a 'nation of savers' by encouraging 2 million extra working-age people on low to moderate incomes to save regularly by 2030.

Concerns about low levels of short-term financial resilience are not new, nor are they unique to the UK. Yet, they are central to addressing a broad range of issues, from problem debt and mental wellbeing to productivity and retirement security. The global coronavirus pandemic and recent rise in the cost of living have only exacerbated these concerns, and rightly so: these significant challenges show how vulnerable people are to unexpected financial shocks when they don't have an accessible savings buffer.

16 Resolution Foundation, 'ISA ISA baby: Assessing the government's policies to encourage household saving' (January 2023), **resolutionfoundation.org/publications/isa-isa-baby**

17 MaPS, 'Adult financial wellbeing survey 2021' (March 2022), **maps.org.uk/2022/03/28/financial-wellbeing-survey-2021**

Piloting a sidecar approach in the UK

Towards the end of 2018, Nest Insight officially launched our research trial to test the impact of a hybrid saving tool, where a liquid 'emergency savings' account is linked to a traditional DC pension pot. To our knowledge, this was the first large research trial of the sidecar saving model in the world.

This hybrid saving tool is being offered across varied workplaces by five participating employers in the UK:

- BT, a telecommunications company headquartered in London
- ITV, a media company
- StepChange Debt Charity
- Timpson Group, a major service retailer shop chain
- The University of Glasgow

The trial has been supported by the BlackRock Foundation, MaPS and JPMorgan Chase.

The research has been led by Nest Insight, working with academics Sarah Holmes Berk, John Beshears, James J. Choi, Jay Garg, David Laibson and Brigitte C. Madrian as well as researchers at MaPS.

Chapter 2

Trial approach

In order to explore whether sidecar saving could support employees' financial wellbeing, a research trial was set up with five participating employers to evaluate the model's impact in the UK context.

Research questions

This trial was designed to build an evidence base around the impact of having access to a sidecar saving tool over a two-year timeframe. Our research questions included:

- What levels of participation in sidecar saving are seen?
- Who is most likely to save?
- What levels of saving are seen, and with what persistency? What are the dynamics between balance accumulation and decumulation?
- How does sidecar saving affect:
  - the short-term financial resilience of savers – that is, their ability to weather negative income or consumption shocks?
  - the longer-term financial prospects of savers – that is, their retirement security?
  - the financial wellbeing of savers – that is, their money-related anxiety, satisfaction and confidence?
- Who is most helped by a sidecar saving intervention?

The Jars sidecar saving solution

We piloted a sidecar saving solution called Jars, which was built by employee financial wellbeing provider Salary Finance specifically for this trial.

Savings are made automatically through payroll, firstly into an instant access savings account and later, when a savings target is reached, into the individual's workplace pension on top of the regular contributions they're already making under the UK's pensions auto enrolment system.

The accessible savings accounts linked to Jars are provided by Yorkshire Building Society (YBS). The interest rate on these savings account is variable. Throughout the trial period, interest rates were comparable to rates on other instant-access savings accounts available to savers in the UK.

Pension savings are made as additional voluntary contributions into eligible employees' existing workplace pension scheme in place through their employer.

Those interested in signing up to Jars were able to register and log in by visiting their employer's page on the Salary Finance website. At two of the employers, employees were able to sign up to Jars via their company benefits portal.[18]

At some employers, Jars is provided alongside other Salary Finance benefits, such as loans, pay advances and financial education.

18 These were Employer C and Employer E. See **Table 1. Characteristics of employers in the sidecar saving trial on page 24**for a description of each employer.

Signing up to save with Jars takes 5 to 10 minutes for most people. As part of the sign-up process, the employee chooses a payroll saving amount – how much they want to save each pay period – and a savings target. They can change these settings at any time. They then open an instant-access savings account linked to Jars that sits alongside their existing pension pot. Once the instant-access account is set up, the employee saves automatically every pay day, at first into their instant-access Jar. When they reach their savings target, a pension rollover kicks in. Payroll saving contributions are then added to their workplace pension pot as additional voluntary contributions, on top of the regular pension contributions already being made into their pot under the UK's pensions auto enrolment system.

Once registered and onboarded, Jars users can log into their instant-access savings account at any time to check their balance, change their regular saving amount or their savings target or make a withdrawal by transferring all or part of their savings into a different bank account. Savers can take money out of their accessible savings Jar as often as they want.

When the saver is about to hit their savings target, they are sent a personalised email reminding them that their regular payroll saving contribution is about to be rolled over into an additional pension contribution.

Whenever their instant-access balance drops below their savings target, their payroll saving starts going back into their instant-access saving Jar, to fill it up again.

Communicating Jars

The participating employers have taken a variety of approaches to communicating the availability of the Jars saving solution to their employees.

A range of channels has been used, including announcements on company intranets and in employee newsletters, manager briefings, individual emails and posts on social media.

Salary Finance created template communications posters, fliers, brochures, manager briefing notes and a video to support participating employers. Examples of these are shown in Figures 1, 2 and 3.

In some cases, employers also produced their own campaign materials. As a result, the language around Jars varied over time, although the key messages stayed largely consistent across all communications.

While it can be difficult to raise awareness and take-up of employee benefits offers at any time, there have been additional challenges for the employers taking part in this trial. During the pandemic and extended periods of lockdown, many employers had critical messages to share with employees through their internal communications channels. Prolonged pressures to support employees through the pandemic may have resulted in reduced visibility for the Jars solution or some of its features.

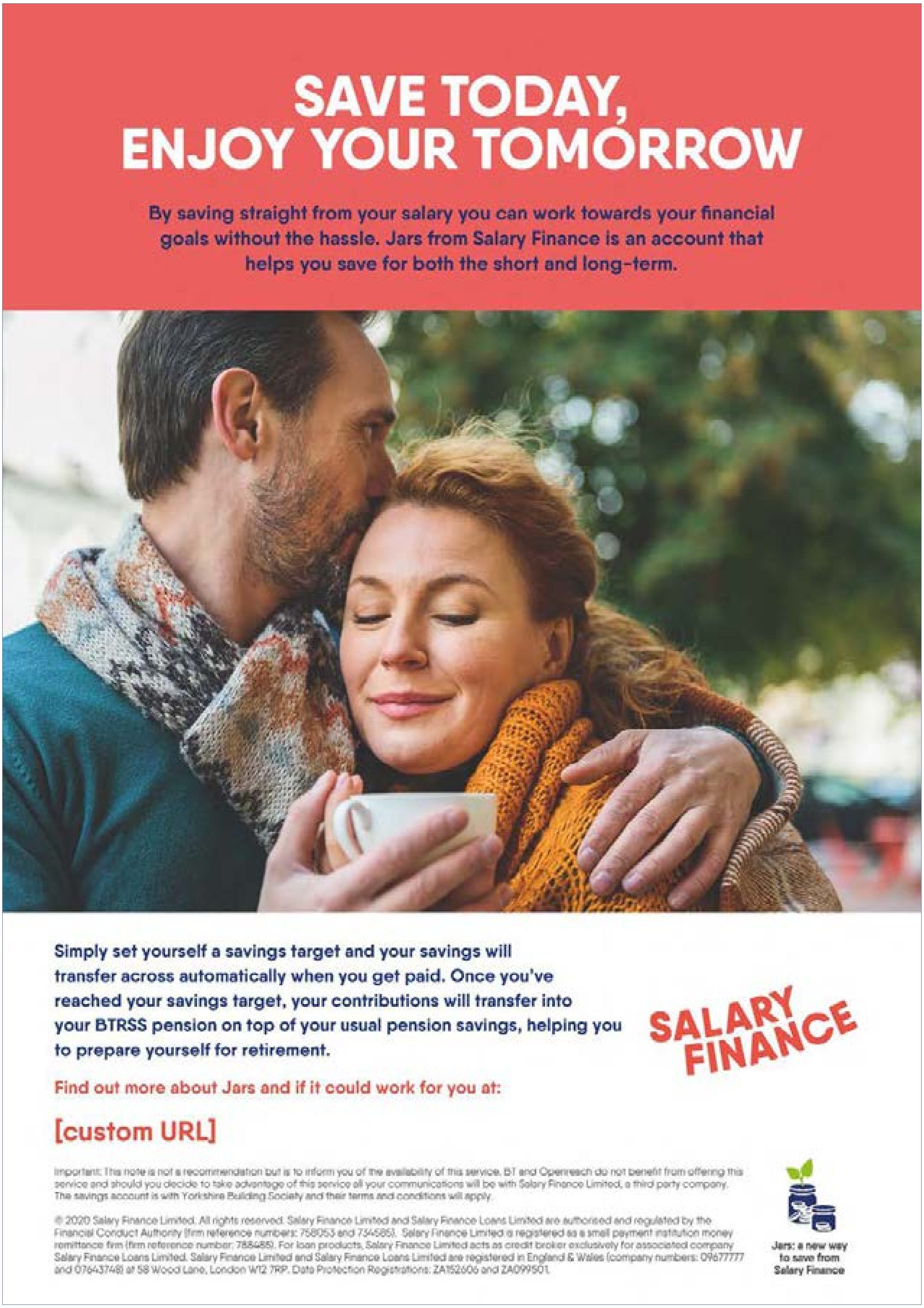
Ongoing communications to raise awareness of Jars within each participating employer have varied. Some of the employers have been able to consistently promote Jars as part of their wider annual benefits campaign while others have had limited opportunities to do any communications beyond the initial launch.

Figure 1. Jars sign-up screen for one participating employer

Note: All Jars screenshots and communications images courtesy of Salary Finance. © Salary Finance 2023

Figure 2. Jars leaflet template, March 2020

Figure 3. Jars workplace poster template, June 2020



Participating employers

Five employers launched Jars during the trial time frame. The employee populations included in the trial are not representative of all UK employees, and each has distinct characteristics.

Table 1. Characteristics of employers in the sidecar saving trial

	Employer A	Employer B	Employer C	Employer D	Employer E
Sector	Retail	Education	Communications	Charity	Media
Jars launch date	July 2019	December 2019	Soft launch March 2020 Relaunch October 2020	June 2021	October 2020
Employees eligible for Jars*	Available to all employees – approximately 5,000	Available to eligible employees – approximately 1,500	Available to eligible employees – approximately 67,000	Available to all employees – approximately 1,500	Available to all employees – approximately 4,500
Location	Head office in Manchester, hundreds of small shops across the UK	5 sites in Glasgow	Head office in London, operates nationally	Head office and contact centre based in Leeds	10 sites with main sites in Leeds, Manchester and London
Gender	Roughly even split	Predominantly women (72%)	Predominantly men (82%)	Largely women (63%)	Largely women (60%)
Other notable differences		Relatively more part-time workers^ (15% of employees part-time)	Less likely to have dependent children^ (13%, versus 34% mean for all participating employers)		

* Eligible employee numbers are estimates provided by employers at the point Jars was launched. Employee numbers fluctuated during the trial period, but this is not taken into account. Therefore, all participation levels given in this report are estimates.

^ Annual gross income, income volatility, work status (full-time versus part-time), gender and having dependent children were self-reported by employees responding to our surveys. This self-reported survey data are based on the baseline surveys conducted around the time each employer launched Jars within their organisation. Self-reporting may not be an accurate representation of workforce characteristics.

Research methods

In this trial we brought together different methodologies to address our research questions comprehensively:

— **Administrative data**

Administrative account data were collected by Salary Finance and YBS.

Most of the analysis in this report was conducted by researchers at Harvard University using the primary administrative dataset compiled by Salary Finance. This dataset comprised over 60,000 datapoints including the activity of around 500 Jars user accounts. These data allowed us to look at account usage, such as savings contributions, balances, withdrawals and pension rollovers, across the entire population of Jars users as well as by each of the five participating employers.

Additional analysis was conducted by YBS to investigate 61 Jars accounts where the payroll connection had been terminated, because the Jars user either left their participating employer or closed the account themselves. As a result, these individuals were no longer Salary Finance customers. They did, however, remain YBS customers unless they also closed their YBS account. This analysis of Jars leavers allowed us to see how people use their savings account after they are no longer a Jars customer.

— **Surveys**

Employees at each participating employer were invited to complete a baseline survey, followed by two follow-up surveys, the first about one year after the Jars launch at their employer and the second about two years after the launch.

We compared each employee population with a corresponding group of employed UK adults drawn from the Nest scheme membership. The Nest comparison groups were surveyed at the same time as each employer survey took place. This allowed us to track if and how self-reported financial wellbeing among the broader employed population was changing during the trial period.

Although employed Nest scheme members are not a nationally representative sample of UK employees, this population provides a good proxy for UK employees earning low to moderate incomes. As at 31 March 2023 Nest has 11.9 million scheme members, so about 1 in 3 UK workers have a pension pot with Nest. This scale means that evidence from Nest's data and surveys is a good reflection of the wider labour market, particularly the low to moderate earners that the scheme was set up to serve.[19]

All surveys asked respondents to self-report key financial wellbeing metrics:

- satisfaction with and confidence about their current financial situation, including their ability to manage money and ability to save
- financial resilience, including their ability to keep up with bills and credit commitments
- engagement with money management

To help understand how attitudes and behaviours vary by subgroups, the surveys also collected information about:

- personal and household income levels and sources
- employment status
- demographics including age, gender, ethnicity, education, living arrangements, life stage, housing tenancy, relationship status and region

The surveys sent to employees at participating employers around the one-year and two-year anniversaries of the Jars launch also included questions relating to awareness of Jars:

- usage of Jars, including whether the survey respondent was a Jars user
- relevance and consideration of Jars

— **Qualitative research**

During the trial, we also engaged programme stakeholders, employers taking part in the trial, employers considering taking part in the trial and eligible employees in qualitative interviews.

19 **nestinsight.org.uk/wp-content/uploads/2022/10/Retirement-saving-in-the-UK-2022.pdf**

The qualitative interviews covered:

- employer attitudes and experiences of offering Jars to their employees (conducted in summer 2020)[20]
- employee experience of having access to Jars (conducted in summer 2020)[21]
- employee experience of saving with Jars (conducted in spring 2022)[22]

Some of this qualitative research was conducted by independent research partners Britain Thinks and Amy Tomkins Consulting.

Trial timeline

The trial took place within an extraordinary context, as the global coronavirus pandemic posed significant challenges to recruiting and onboarding participating employers and conducting research.

The trial was designed to build an evidence base around the impact of having access to a sidecar saving tool over at least a two-year timeframe. The pandemic required us to adapt the programme timeline to allow employers to launch Jars at different times. This extended the trial period to four years rather than the two years we'd originally anticipated.

As a result, some employees have had access to Jars since July 2019, providing us with three years of data on their response to the sidecar saving tool and their saving behaviour. The most recent employer launch was in June 2021, providing us with about 15 months' data for analysis. In this report, data are reported for 20 months due to sample size becoming too small after this point.

As interest in the outcomes of this first trial of sidecar saving in the UK was high, we shared some preliminary insights and learnings as the trial evolved. Previously published briefing papers and reports can be found on the **Nest Insight website**.

Figure 4. Trial timeline

This multi-employer trial has spanned more than three years. Some employees have had access to Jars since July 2019 while others have only had access since July 2021. The start of the global coronavirus pandemic coincided with the planned launch of Jars at Employer C, which led to this employer relaunching the benefit seven months later. The context of the pandemic also meant other Jars launches were either delayed or in some cases cancelled.

November 2017	Nest Insight discussion paper on liquidity and sidecar saving
March 2018	Nest Insight discussion paper on liquidity and pension saving
September 2018	Trial scoping, design and collaboration formation
November 2018	Trial announcement and launch
July 2019	Employer A Jars launch
December 2019	Employer B Jars launch
March 2020	Employer C Jars soft launch WHO global pandemic declaration and first UK lockdowns
October 2020	Employer C Jars relaunch Employer D Jars launch Nest Insight briefing paper on policy considerations
December 2020	Nest Insight briefing paper on early learnings from Jars employer experience
February 2021	End of UK pandemic lockdowns
July 2021	Employer E Jars launch Nest Insight briefing paper on early learnings from Jars employee experience Nest Insight landscape review of existing workplace emergency saving evidence
May 2022	Nest Insight briefing paper on payroll saving behaviours
August 2022	End of Jars account data collection at Employers A B C D and E
April 2023	Completion of data analysis and publication of this closing report

20 Nest Insight, 'Supporting emergency saving: Briefing paper 2 – early learnings from the employer experience' (December 2020), **nestinsight.org.uk/wp-content/uploads/2020/12/Supporting-emergency-saving-early-learnings-from-the-employer-experience.pdf**

21 Nest Insight, 'Supporting emergency saving: Briefing paper 3 – early learnings of the employee experience of workplace sidecar saving' (July 2021), **nestinsight.org.uk/wp-content/uploads/2021/07/Supporting-emergency-saving-early-learnings-from-the-employee-experience.pdf**

22 Nest Insight, 'Payroll saving behaviours: Learnings from the UK sidecar savings trial' (May 2022), **nestinsight.org.uk/wp-content/uploads/2022/05/Payroll-saving-behaviours-learnings-from-the-UK-sidecar-savings-trial.pdf**

Findings

Chapter 3

The need for savings

There is a lack of short-term emergency saving across the population of the UK. Our research builds on the existing evidence base in finding significant need for more saving as well as considerable inequalities in the level of need.

Each time we ran a survey with one of the employers taking part in this trial, we also ran an equivalent survey with a comparable group of employed UK adults drawn from the Nest scheme membership. These surveys allowed us to see population-level changes in self-reported financial wellbeing during what is arguably the most turbulent financial context since the global financial crisis of 2008 – first with the impact of the global pandemic and then more recently with the dramatic rise in the cost of living.

In this section we use our comparison group survey data to look at the broader need for saving among UK employees and people's attitudes around saving.[23] We then consider the level of need in the populations of employees eligible for Jars at the five employers participating in the sidecar saving trial.

People say saving is important

Almost all workers think saving is important, as shown in Figure 5. Despite – or perhaps because of – the uncertain and changing financial context during the trial period, people continue to say that saving for emergencies is important, with 87% of people in our Nest comparison group surveys saying it is very or fairly important to save money for an emergency. Only 5% say it's unimportant. This is true for all demographic subgroups.

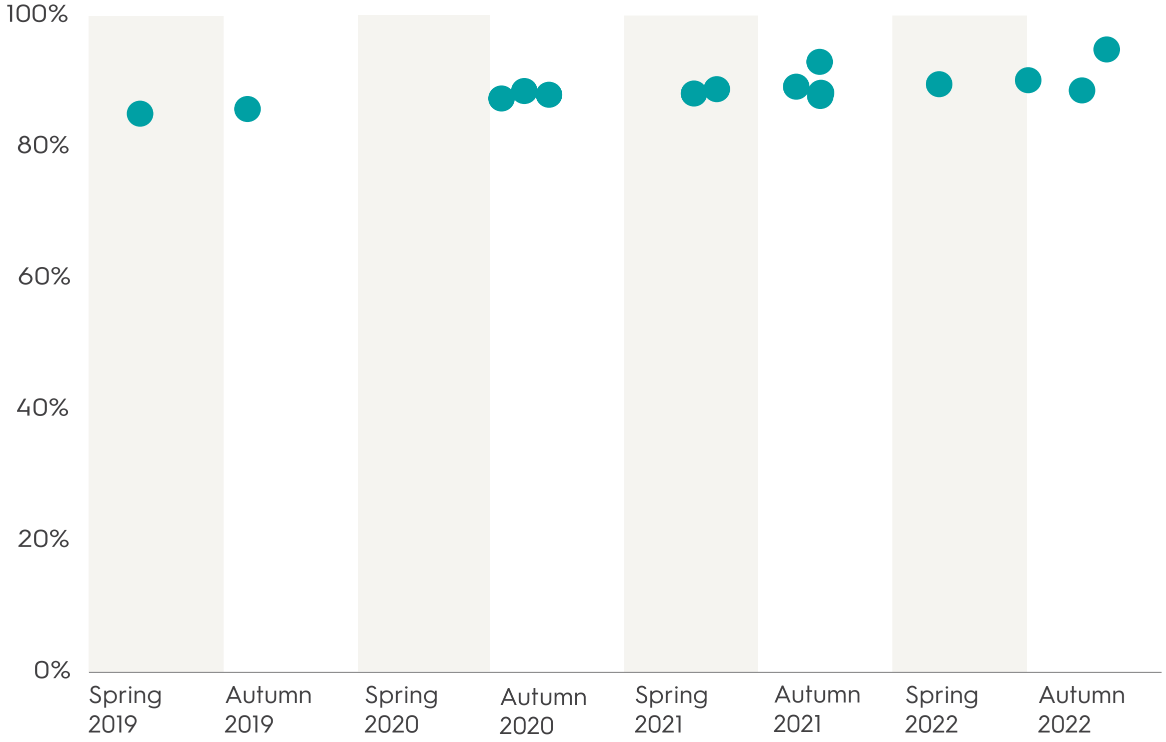
23 Although employed Nest scheme members are not a nationally representative sample of UK employees, this population provides a good proxy for UK employees earning low to moderate incomes. As at 31 March 2023 Nest has 11.9 million scheme members and more than 1 in 3 UK employees have a pension pot with Nest.

The lack of savings buffers

A significant minority don't have a savings buffer in place. Despite the importance placed on emergency saving, many people report that they have low levels of saving and are vulnerable to financial shocks.

About 29% of UK employees in our comparison group and participating employer surveys said they have less than £50 in savings, excluding any pensions. About 1 in 3 (35%) said they have less than £250. Only around one half (54%) of respondents said they could pay an unexpected expense of £300 from current income or savings (Figure 6). The remainder said they would need to cut back on essentials, use credit, borrow from friends or family or sell items to cope with an unexpected cost – or they'd simply not be able to pay it.

Figure 5. The percentage of people saying emergency saving is important remains high over time



Source: Surveys of employed UK adult Nest member comparison groups, July 2020 to December 2022 (n across surveys = 53,395). Not all individuals in the UK comparison groups were invited to take all surveys. Question: Thinking overall about finances, how important, if at all, do you think it is to save money for an emergency. Respondents answered on a 5-point scale from 'Very important' to 'Very unimportant'. Respondents choosing the top two categories, 'Very important' and 'Fairly important', have been combined.

"A £300 unexpected expense that needs to be paid within a couple days can quickly become a problem if there isn't a savings buffer in place."

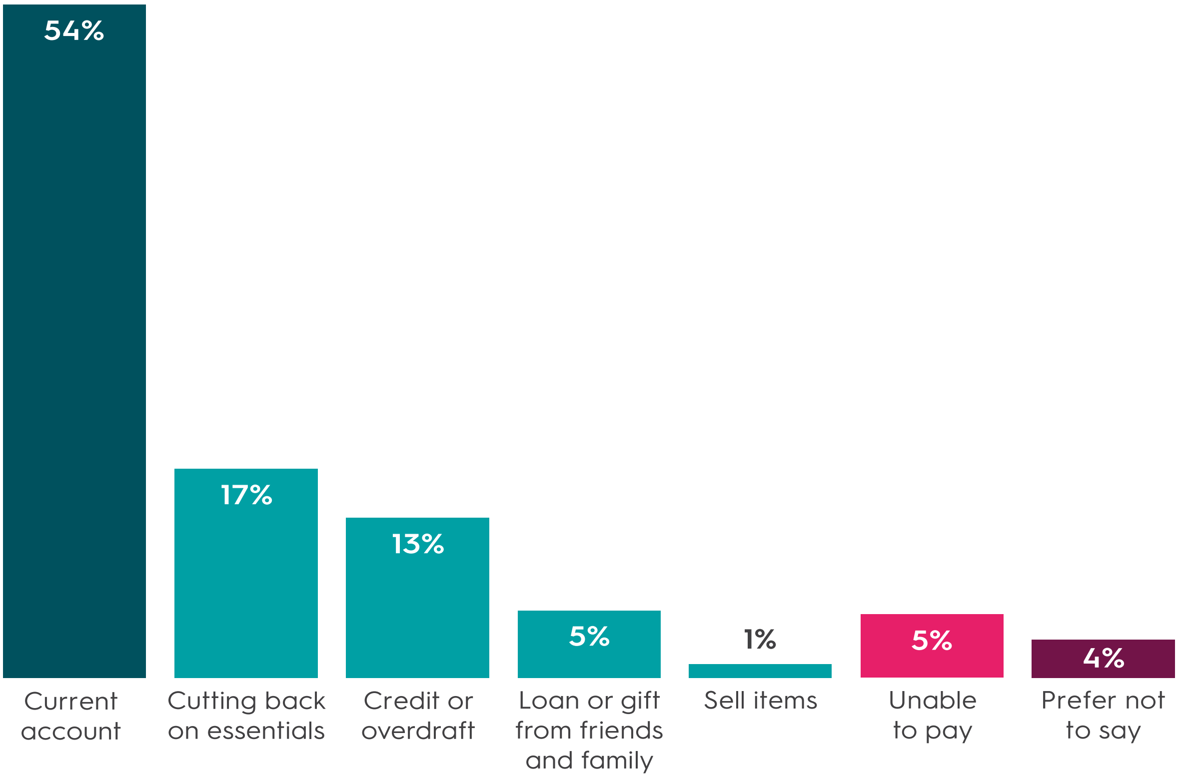
Financially vulnerable groups

While low levels of saving can be seen up and down the income spectrum, there are certain groups who have lower levels of financial resilience and are therefore more vulnerable to financial shocks.

Unsurprisingly, people who self-report a high degree of income volatility or a gross household income below £20,000 are particularly exposed to financial shocks.[24] Those who have dependent children and those who are Black are also more likely than other groups to say they'd be unable to pay an unexpected £300 expense, or that they'd need to go into debt to do so.

24 Nest Insight has recently launched a new programme of research to look in greater depth at household income and expense volatility. For more information visit **nestinsight.org.uk/research-projects/using-data-to-understand-the-dynamics-of-household-finances**

Figure 6. Almost half of people would find it difficult to pay an unexpected expense of £300



Source: Surveys of employed UK adult Nest member comparison groups and employees at participating employers (n across surveys = 39,072). Question: Thinking about an unexpected bill of £300 that you have to pay within seven days from today, which of the following would you do? If you think you would do more than one, please select the main thing you would do, that is the one you would get the most money from. Choose one only: I would pay it with my own money, without dipping into savings or cutting back on essentials; I would pay it with my own money, without dipping into savings, but I would have to cut back on essentials; I would have to dip into savings; I would use a form of credit (e.g., credit card, take out a loan, or make use of an authorized overdraft facility); I would go overdrawn without authorization (less than 1%); I would get the money from friends or family as a gift or loan; I would have to sell personal/household item(s) to get the money; I would not be able to pay this expense; Don't know (less than 1%); Prefer not to say. The figure combines 'Don't know' and 'Prefer not to say'.

In need, people may turn to harmful options

Having liquid savings correlates positively with various desirable outcomes. These include avoiding financial hardship, strengthening financial resilience and protecting against the tolls of financial anxiety, such as increased psychological stress and lower productivity at work.

Importantly, evidence seems to suggest that these correlations hold even for relatively small amounts of saving.[25] Research from StepChange Debt Charity found that if a household has £1,000 saved, this reduces its chances of falling into problem debt by almost half.[26]

A £300 unexpected expense that needs to be paid within a couple days can quickly become a problem if there isn't a savings buffer in place. That problem can cause a household's finances to spiral out of control if they don't have access to an affordable, sustainable source of credit.

25 It's worth noting that the current evidence in this area, though considerable, is focused on correlation rather than causality. We believe research into possible causal relationships is an important avenue for future research.

26 StepChange Debt Charity, 'Becoming a nation of savers: Keeping families out of debt by helping them prepare for a rainy day' (2015), **stepchange.org/Portals/0/documents/Reports/BecominganationofsaversStepChangeDebtCharityreport.pdf**

Table 2 outlines a few of the options people might turn to when needing to pay an unexpected expense, and what this could cost them.

This came up in our qualitative research with employees, during which they told us they saw the benefits of having savings over using credit.

I'd rather not [use my credit card] because obviously you've got to pay that money back at some point, whereas obviously if it's your own savings money, you haven't got to pay it back.

Employee eligible for Jars

It's peace of mind, you don't worry as much if you have savings. I would rather save than build up debt, having sleepless nights owing thousands of pounds.

Employee eligible for Jars

The level of need for Jars varies

Not all employees need support with saving. Just over half (55%) of employees eligible for Jars during the trial were already saving every or most months when their employer launched the tool. About 4 in 10 (43%) said they had £1,000 or more in savings.

The objective of payroll sidecar saving is not to make everybody save in this way. Instead, it's to provide the tools and resources employees need to improve their financial resilience if they do need and choose to save.

The number of people who could benefit from Jars will vary from employer to employer. Based on the evidence from the our surveys of both employees at the participating employers and our broader UK employee comparison groups, we estimate that an appropriate target for take-up would be between 20% and 50% of a workforce, depending on the characteristics of the employee population in question.

Table 2. The cost of paying an unexpected bill of £300 in 2023

Source of money to pay an unexpected bill	Cost
Savings	£0
Friends and family	Often negotiable but can be complex
Overdraft	about £10 or less, in estimated interest and fees
Credit card	about £10 or less, in estimated interest and fees
Payday loan	£30 to £250 depending on the individual's credit score

Note: The cost of credit is subject to change, varies by provider and may be affected by an individual's credit score.

Chapter 4

Responses to the sidecar idea and design

The sidecar saving concept appeals to many employees, particularly those who are struggling financially. Jars is seen as an easy and flexible way to save.

The payroll deduction mechanism and the fact that savings are put to the side are particularly valued. However, people who think Jars would help them often struggle to get started with saving, and participation rates are significantly lower than their stated saving intentions.

Does Jars appeal to employees?

Jars has broad appeal

As we saw in the **Chapter 3**, not all employees need support to save through their employer's payroll, with a significant proportion of employees already saving in other ways. So we would not expect Jars to have universal appeal.

In our surveys of employees who were eligible for Jars, 46% of respondents said they think Jars would help them. This differed from employer to employer. the lowest level of appeal, 35%, was seen at Employer C, which had more higher-paid employees. The highest level of appeal, 59%, was at Employer A, which had more lower-paid employees. Based on these surveys and previous research, it seems likely that Jars would have highest appeal in an employee population that is lower paid or that has more variable pay.

However, throughout the trial we observed that Jars has broad appeal across income groups and is relevant to employees across a broad range of financial and personal circumstances for a variety of reasons.

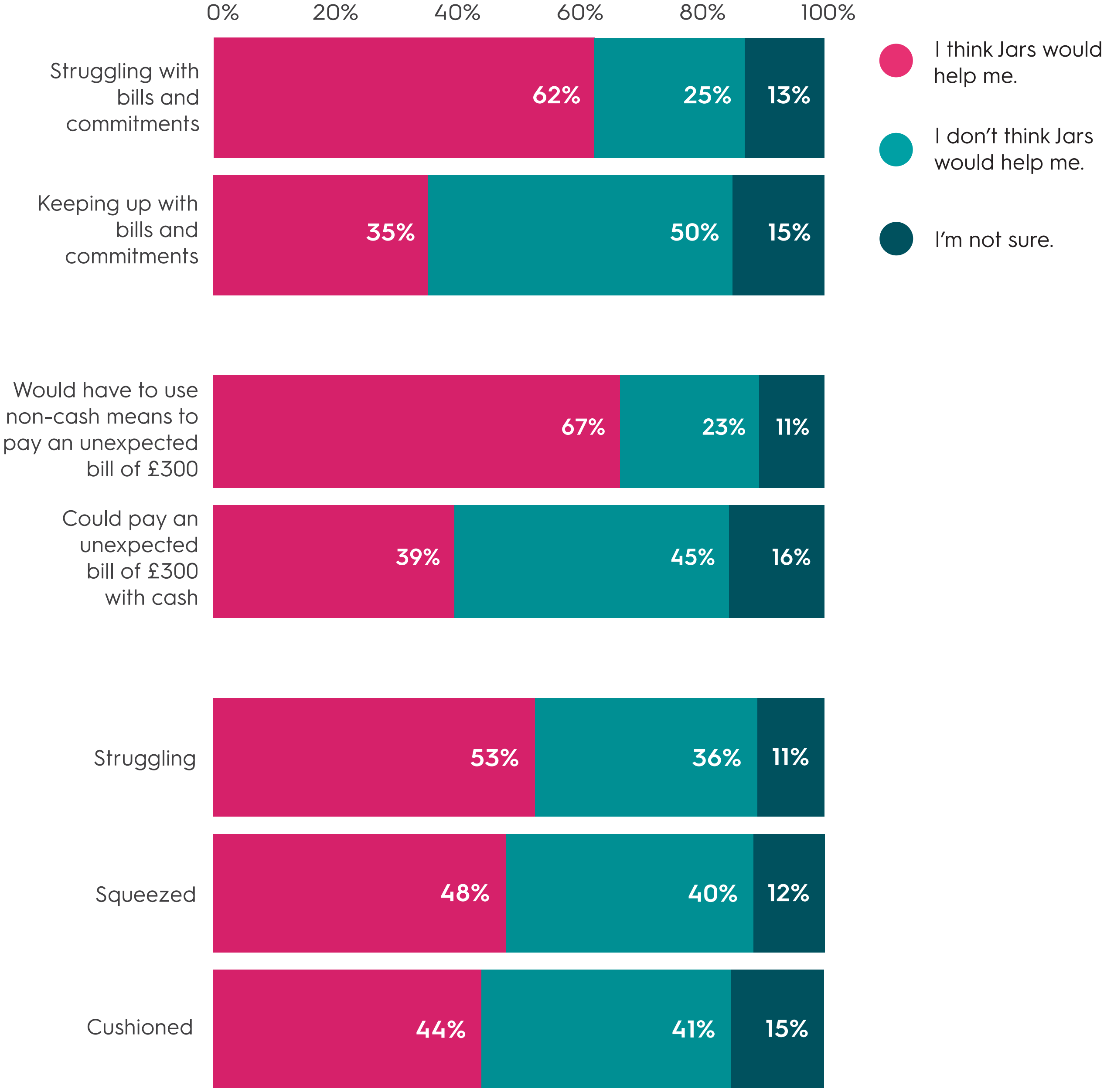
Jars appeals most to those with lower financial security

Although Jars has broad appeal, it appears to be most relevant to those with lower financial security, as shown in Figure 7. Those who say they don't think Jars would help them are more likely to show signs of already being financially secure, such as having savings in place. Employees who are struggling to keep up with their bills and other financial commitments are more likely to say they think Jars would help them than those who are keeping up with them. Employees who say they'd struggle to pay an unexpected bill of £300 are more likely to say that Jars would help them than those who could cover an unexpected bill with cash.

Jars also appeals across the Money and Pensions Service (MaPS) financial wellbeing segments, with those who are classified as 'struggling' slightly more likely than those who are 'squeezed' or 'cushioned' to say they think Jars would help them.[27]

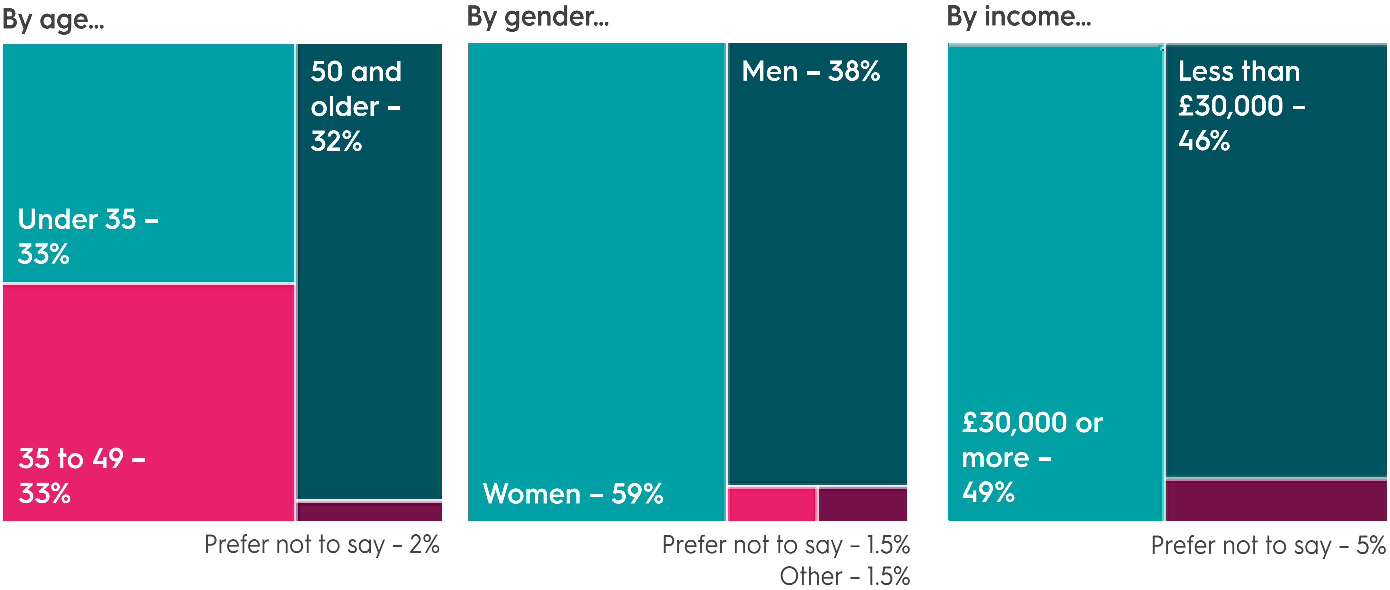
27 MaPS, 'Market segmentation segment infographics' (2020), **masassets.blob.core.windows.net/cms/files/000/001/137/original/Market_Segmentation_Segment_Infographics.pdf**

Figure 7. Those who lack financial security or are struggling financially are more likely to think Jars will help them



Source: Analysis of surveys of employees at participating employers (n = 2,573). Question: Which one of the following statements best describes how well you are keeping up with your bills and credit commitments at the moment? Keeping up without any difficulties; It is a struggle from time to time; It is a constant struggle; Falling behind with some bills or credit commitments; Having real financial problems and have fallen behind with many bills or credit commitments; Don't have any bills or credit commitments; Don't know; Prefer not to say. All answers where the respondent indicated they were struggling, from 'It is a struggle from time to time' to 'Having real difficulties' have been grouped together. It was not possible to determine a MaPS financial wellbeing segmentation for all survey responses.

Figure 8. Jars appeals to people across age, gender and income characteristics



Source: Surveys of employees at participating employers (n = 2,916)

Who uses Jars?

Jars users reflect a broad range of demographics

Jars users are varied in their demographics and contexts (Figure 8), with a spread of ages, genders and household circumstances represented in the user population. There is a slight skew towards women among users, and also towards those without dependent children.

Jars users also report a wide range of income levels. Of the Jars users who responded to the survey sent one year after the launch of Jars at their employer, 45% said they were earning a personal income of over £30,000 per year.

Although most Jars users are earning low to moderate incomes, there are some users with higher, and even very high, incomes. It seems that the benefits of saving through payroll have broader relevance than we envisaged.

> People say you're too young to be smart with your money, you should live your life, but I want my life to be nice in the future, so I do think about my pension.

Jars user

> **Although most Jars users are earning low to moderate incomes... the benefits of saving through payroll have broader relevance than we envisaged.**

Table 3. The Money and Pensions Service segmentation of UK adults by financial resilience

Struggling	Squeezed	Cushioned
25% of the UK adult population	32% of the UK adult population	43% of the UK adult population
Median household income £16,500	Median household income £22,500	Median household income £32,500
24% falling behind on payments	12% falling behind on payments	6% falling behind on payments
Struggle to keep up with bills and payments and to build any form of savings buffer	Significant financial commitments but relatively little provision for coping with income shocks	The most financially resilient group with the highest levels of income and savings and the lowest proportion of over-indebtedness
The least financially resilient group and the most likely to be over-indebted		

Source: MaPS, 'Market segmentation segment infographics' (2020), **masassets.blob.core.windows.net/cms/files/000/001/137/original/Market_Segmentation_Segment_Infographics.pdf** Salary data is taken from an unpublished 2018 update.

Reaching employees with lower financial security

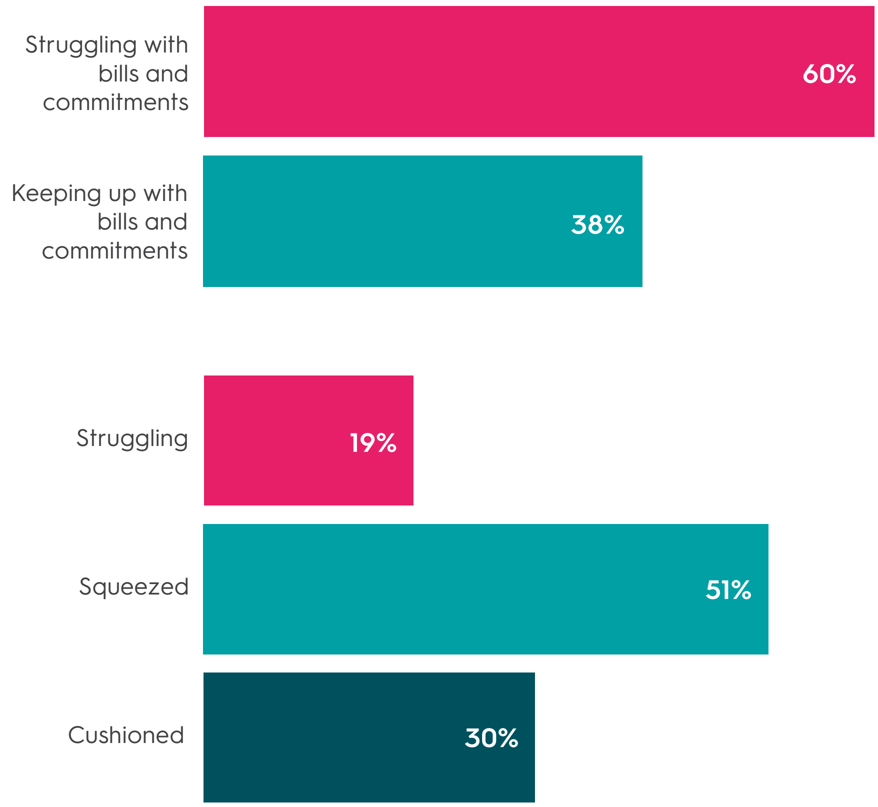
Around 6 in 10 Jars users say they are struggling to keep up with bills and commitments. Around half are categorised as 'squeezed' under the MaPS financial resilience segmentation, with nearly 2 in 10 falling within the 'struggling' segment.[28]

In the MaPS segmentation, 'struggling' individuals and households are characterised by their high levels of indebtedness. For this reason it's unsurprising that this segment is under-represented among Jars users, despite the fact that around half of the surveyed people who fall into this segment say they think Jars could help them (Figure 9). Employees who are highly indebted may need greater support to deal with costly and problem debt before they are in a position to start saving through payroll.

About 3 in 10 Jars users are categorised as 'cushioned' under the MaPS segmentation. This group is more likely to be already saving. It's interesting that Jars also seems to have relevance for employees who are more financially secure. From our qualitative research interviews, we know that, in addition to appealing to new savers as a way to start saving, Jars also appealed to existing savers because it seemed innovative and easy to use compared with other ways of saving.

28 Sample sizes in this analysis are small. Just under one third of Jars users (31%) were unable to be mapped to one of the MaPS segments. These users have been excluded from this analysis.

Figure 9. Jars reaches people who are financially insecure



Source: Analysis of surveys of employees at participating employers. Question: Which one of the following statements best describes how well you are keeping up with your bills and credit commitments at the moment? Keeping up without any difficulties; It is a struggle from time to time; It is a constant struggle; Falling behind with some bills or credit commitments; Having real financial problems and have fallen behind with many bills or credit commitments; Don't have any bills or credit commitments; Don't know; Prefer not to say. All answers where the respondent indicated they were struggling, from 'It is a struggle from time to time' to 'Having real difficulties' have been grouped together. It was not possible to determine a MaPS financial wellbeing segmentation for all survey responses.

A range of reasons for signing up

We explored people's reasons for signing up to Jars through an open-ended question in our surveys. The answers (n = 83) revealed a range of motivations for saving with Jars:

- About half said they signed up with a clear purpose in mind from the start.
- About one quarter said that starting a saving habit was an important reason for signing up, and they'd not been able to do this successfully before.

> I struggle to save money each month, but with Jars the money is taken straight out of my wages before I get it. This allows me to forget about its existence and save money.
>
> **Jars user**

- About one quarter said they thought Jars would help them build a financial buffer against unexpected expenses or income shock.

> To give me extra emergency fund if I need it. As it comes straight from my wage, I do not miss it, and it has come in handy as my freezer broke.
>
> **Jars user**

> I need to save some money for emergencies as I rely too much on loans. I want some financial stability.
>
> **Jars user**

- About one quarter said they thought Jars would help them in working towards future goals.

> The reason I set up a Jars savings account is to start saving for a mortgage and I haven't had a holiday in six years, so fingers crossed I can put some money towards a nice holiday abroad.

Jars user

- A small proportion said they signed up to Jars because they thought it would help them to set money aside from their day-to-day spending accounts to have for ongoing ad hoc essential expenses.

Features of the Jars design were also motivating, with respondents to our surveys commonly citing the ease of signing up to and saving with Jars as a reason for becoming a user. The fact that their savings are made automatically through payroll before they are paid was also given as a reason for wanting to sign up.

> It is so easy to save, as the deductions are from your salary, you almost forget about it.

Jars user

> I signed up with Jars to try and get better control of my money. I have poor spending habits and find that it is easier to save if the money is taken out of my salary before I receive it.

Jars user

What do people like about the Jars design?

Throughout this trial we've built a better understanding of the perceived benefits to employees themselves of the sidecar saving proposition, whether they sign up for and use Jars or don't. Employees consistently talk about the ease and flexibility of saving with Jars, and the behavioural support for saving that Jars provides. The features that are most important to employees are:

- **Jars is a saving solution put in place by their employer.**

  Throughout the trial, as well as across our other workplace saving trials, we've consistently heard that a key barrier to making a habit of saving is the complexity of choosing a savings provider and product. The choices can be overwhelming. It may be difficult to know how to weigh up different providers' and products' benefits and features, which can lead people to experience 'choice paralysis'. On top of these complexities, there are high levels of mistrust and scepticism about the financial services sector, particularly among those who aren't already saving.

  Feedback on Jars and other workplace saving offers has consistently shown that the barriers to getting started with saving can be reduced when a good saving solution is put in place within the workplace by an employee's employer. Most employees place trust in their employer's ability to conduct due diligence in their workers' best interests, and the fact that there's a default savings provider means that the cognitive load of choosing a provider is removed. Employers have a powerful potential role to play in supporting saving, particularly among workers with lower financial confidence or literacy.

> 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.

Jars user

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

Jars user

- **Payroll deduction makes saving regularly easier.**

  We've seen that people want to save but can find it hard to do so consistently. Without a regular saving mechanism it can be difficult to remember to move money into savings, and it takes time, energy and knowledge to set up a saving system on your own. We also know that people generally feel losses deeply – a behavioural bias known as loss aversion – and so once money is 'in our pocket' it's harder to pull it out and put it to the side as savings. Additionally, there are many pressures to spend money rather than save, for example, to participate socially, to provide for your household or to feel fulfilled, which people say are intensified by advertising and social media.

We shouldn't under-estimate the power of the payroll saving mechanism to support people to save regularly. People talk passionately and consistently about how having their savings made automatically every pay day helps them to overcome barriers to saving. Because their savings contributions are made before they see their take-home pay, they find it easier to put the money into saving. And because savings happen every pay day, it's easier for them to build a saving habit.

Frequently, Jars users talk about their previous attempts to save. Often they report that they'd waited until the end of each pay period to see what money was left to be saved. They said that saving automatically at the start of the pay period was more effective.

> It's great because I never saw that money, so I didn't miss it. I like saving money that way.

Jars user

> 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.

Jars user

— **Putting the money into a separate account helps people ringfence savings.**

It's sometimes suggested that there should be limits on withdrawals from accessible savings accounts which are intended to provide an emergency buffer, or that withdrawals should be conditional on a list of emergency or exceptional criteria. On the one hand, there's a fear that if savings are too accessible, people will spend their savings before they 'need' to. On the other hand, there's a concern that if savings are too locked up, this money won't be available quickly or easily enough when the saver needs it, nudging some to turn to more expensive or harmful sources of liquidity.

The Jars design attempted to balance these two concerns by partitioning the employee's savings in a designated savings account separate from their day-to-day account while at the same time giving savers instant access to their savings at any time, without condition, limit or charge.

Jars users say they like the balance that has been struck between partitioning and accessibility. The fact that the savings account is easily accessible but away from their day-to-day finances acts as an effective self-control mechanism, protecting their savings from spending temptations and other calls on money. People talk about it being 'invisible' yet also 'comforting' to know that the money is there.

Some Jars users said they had previously tried to save in other ways, such as with envelopes or physical jars, or by setting up other accounts alongside their day-to-day current account, and had found it more difficult to ringfence money for savings. Although it may seem simple to ringfence savings to people who are already comfortable with saving and perhaps have multiple savings accounts, it's important to remember that simply having set up a designated savings account can be a powerful driver of saving behaviour change for new savers, especially in combination with the other features of payroll saving.

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

Jars user

> 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.

Jars user

— **Saving is flexible and accessible.**

Being able to change their regular saving amount or their savings target, or to pause or stop saving at any time, is seen as an important benefit among Jars users. They say these features give them a sense of control. Similarly, the fact that money can be withdrawn instantly and easily at any point is important to users, particularly those in more financially constrained or volatile circumstances.

Savers can also add extra money to their account if they want to, on an ad hoc basis, outside of their employer's payroll. While some Jars users have minimal interaction with their Jars account, others engage with it more actively, making changes to the amount they're saving, adding extra savings and making withdrawals relatively frequently. This flexibility provides reassurance at the point of sign-up and allows users to adjust their saving behaviours in response to changing circumstances.

> At the end of the day you can cancel it at any point. You're never tied into it so you're only going to benefit.
>
> **Jars user**

> It is also easy to adjust the amount you save and transfer funds from Jars and into Jars from other bank accounts.
>
> **Jars user**

- **Additional retirement saving happens once an accessible savings buffer is in place.**

Most savers do not consider the rollover of saving to their pension pot once their instant-access savings target has been reached to be Jars' primary benefit. This isn't surprising given the evidence that people tend to be more focused on saving for today, as it's typically difficult to prioritise thinking about the future.

However, the pension rollover is an important secondary benefit and is largely viewed positively. Even those with low financial resilience welcome the idea of saving more for retirement in the future through the rollover – because they know they'll already have a savings buffer in place when the rollover kicks in.

> I think it's a really good idea… it's helping boost that finance for the later years in life.
>
> **Jars user**

> I think that's a good idea because you've got the best of both worlds – you've got your target but then anything over that target goes towards your future. But if you have to withdraw then you get back to it. It's positive… I like the idea of saving for both. There's a goal – for when you retire.
>
> **Employee eligible for Jars**

- **Ease, flexibility and accessibility are more relevant benefits to Jars users than savings interest rates.**

Finally, it's worth acknowledging which Jars benefits employees do not talk about. Although the Jars instant-access savings account has a competitive interest rate, this is not a top-of-mind benefit among most employees.

This may seem counterintuitive given that much of the industry and media commentary around savings accounts focuses on interest rates. However, small rate differences do not make a big difference on a balance of £500 or £1,000, and for potential savers with lower financial literacy, numeracy and confidence, too much focus on interest rates may be off-putting.

Evidence from this trial suggests that benefits and features like the ones highlighted above are more important to most employees in the context of building an emergency savings buffer.

Chapter 5

Signing up to save

We know people like the idea of Jars, but if it's to have any value in supporting employees to save, they need to actually sign up. Here we look at participation patterns and why take-up has been lower than expected compared with employees' interest.

What participation do we see?

The percentage of eligible employees with an active Jars account grows over time, to around 1% of eligible employees over the two- to three-year period for the participating employers in this trial (Figure 10).[29] This is well below the proportion of employees who say Jars would help them.

Although many employees say that they would benefit from Jars there is a high drop-off between people's intention to save and action.

Out of every 100 eligible employees –

46 say
'I think Jars would help me.'

14 say
'I'm likely to sign up now or in the future.'

Just 1
follows through.[30]

Employers have tried a range of approaches to boost Jars take-up, using different communication channels and messaging to encourage people to save with Jars, but these have had limited impact. We know from trials of other approaches to encouraging employees to save through payroll that communications campaigns and other engagement techniques have limited impact.[31]

It's possible that participation rates during the trial period were suppressed below what they might have been in a different context. Not only did the global pandemic impact people's wellbeing, headspace and finances, it also consumed much of the bandwidth for employers' internal communications. Then during the final nine months of data collection at the participating employers, the extraordinary rise in the cost of living is likely to have adversely impacted workplace saving participation.

Yet we also acknowledge that this low level of participation in a workplace saving benefit under conditions where the employee has to sign up to save is not at all unusual. Although no official data is available, we know from discussions with providers of workplace saving solutions that participation is low across a range of different sectors – often below 5%.

29 All participation data in this report are estimates, as we used an eligible employee population estimate given by each participating employer at the start of the trial as the denominator for our participation calculations. Actual participation could be slightly higher or lower depending on how employee populations fluctuated over the trial period.

30 This analysis is based on a combination of survey data, administrative data and employer-reported sizes of eligible employee populations.

31 Financial Inclusion Centre, 'Getting workforces saving: Payroll schemes with credit unions' (February 2021), **moneyandpensionsservice.org.uk/wp-content/uploads/2021/04/getting-workforces-saving-payroll-schemes-with-credit-unions-final-publication-report.pdf**

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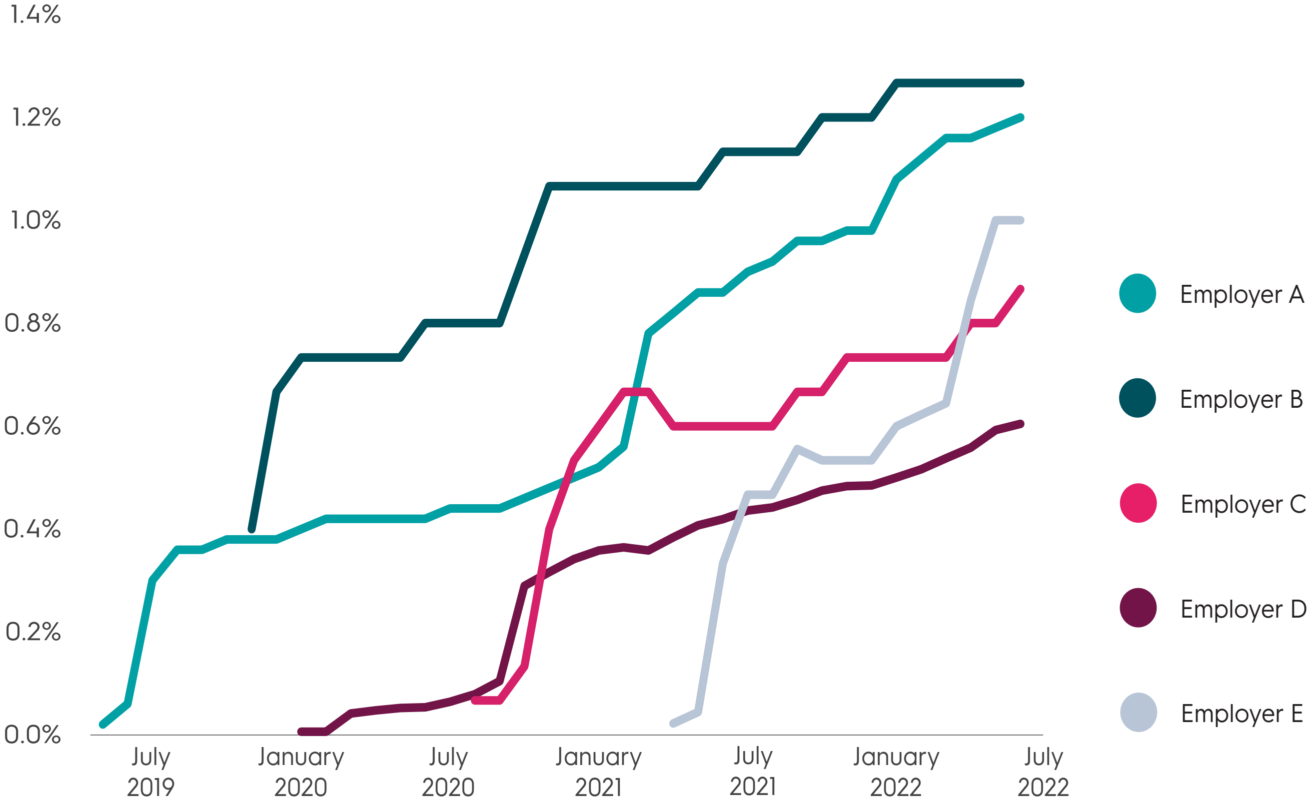
Figure 10. Participation in Jars increases over time but remains lower than intent to save



Source: Sarah Holmes Berk, John Beshears, Jay Garg, James J. Choi and David Laibson, 'Employer-based short-term savings accounts', working paper (2023)

"

This low level of participation in a workplace saving benefit under conditions where the employee has to sign up to save is not at all unusual.

"

Barriers to signing up to save

Many people do want to save – but situational and behavioural barriers can get in the way of converting their intentions into an active account sign-up. This can often mean that those most in need of savings are also the least likely to sign up.

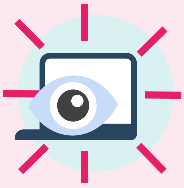
> I considered going for it. I don't know why I didn't do it. I didn't get around to it.

Employee eligible for Jars

Situational and behavioural barriers prevent people who want to save from signing up

Present bias

We'd often prefer to spend now rather than save for the future. While we often see the benefit of saving, we keep putting it off for a future date, and when that future date becomes the present we push it off into the future again. This can delay a decision for years before we get around to it.



Awareness

Even with investment in communication programmes, employees are often unaware that there's a payroll saving benefit they could use. We tracked awareness of Jars in our surveys, and although we saw a slight increase over time, even two years after launch only around half of employees say they're aware of Jars.

Friction

People want to save, but it takes time, energy and knowledge to set up an account. There is drop-off at every step of any sign-up journey. Other research has shown that even when sign-up to payroll saving is made really simple – just a few clicks – this small amount of friction can still get in the way of people taking action.[32]

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.

Inertia

People may intend to set up a savings account or contribute more to retirement but just never get around to it. Even those who do get around to making an additional contribution may not actually complete the process.

32 MaPS, 'Using behavioural science to help employees save: Payroll savings scheme (July 2022), **maps.org.uk/2022/07/07/using-behavioural-science-to-help-employees-save-payroll-savings-scheme**

An opt-out approach can boost participation

As we've seen, the Jars offer is highly appealing to employees. Our survey and qualitative research indicated that the low take-up levels are not about the proposition itself.

For this reason, early on in this trial we began to think about potential ways to boost participation among those who need and want to save, without impinging on any individual's right to choose what to do with their money.

A small change in the saving design – from offering workplace payroll saving as a benefit that employees can join to having it be something that they're automatically enrolled in and can choose to leave – could overcome common barriers to saving. Default accessible saving through payroll has the potential to be a more inclusive way to offer an emergency savings account, particularly to support employees with lower financial resilience and confidence – in other words, those most in need.

We are currently trialling this approach with SUEZ recycling and recovery UK and its credit union, TransaveUK, as well as with financial wellbeing benefits provider Wagestream and two of its employer clients. For the latest learnings from this research, visit **nestinsight.org.uk/research-projects/workplace-emergency-savings**

Early findings from the SUEZ and TransaveUK opt-out payroll saving trial

In November 2021, Nest Insight launched a new UK research trial in collaboration with SUEZ recycling and recovery UK and credit union TransaveUK to test the effectiveness of an opt-out approach to workplace emergency saving. This innovative trial aims to examine whether making payroll saving the default enables many more workers who want to build up a savings buffer, to get started saving.

New joiners to SUEZ are automatically signed up to payroll saving with TransaveUK, if they don't opt out. Employees are able to make changes to the amount they save if they want to, quickly withdraw their money if they need it and can stop saving at any time.

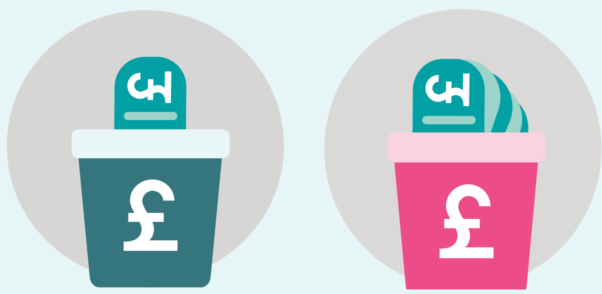
Results suggest that the introduction of an opt-out joining mechanism increases participation in payroll saving by nearly 50 percentage points without impacting enrolment in the workplace saving offer.[33] Early evidence also suggests that rates of saving are higher for those who are automatically signed up to save, with many sticking to the £40 default monthly saving amount.

More people are saving...

Opt-in
1.3% participation

Opt-out
48% participation

...and those who save, save more.



Opt-in
£23.20 average savings balance

Opt-out
£117.49 average savings balance

33Data presented here are at tenure month four of the trial.

Chapter 6

Saving regularly

Most Jars users sign up to save £50 to £100 per month. Once they have signed up to save with Jars, employees save persistently, and some also make additional deposits outside of their payroll saving contributions.

What saving amounts do people set?

Most people sign up to save £50 to £100 per month through Jars.

When signing up, employees must set an amount that they'll save each pay period and, if they're members of their employer's workplace pension scheme, they also set a savings target for their instant-access savings account. During the trial period, some but not all eligible employees saw an editable default amount as part of their sign-up journey. This may have influenced their decision-making.[34]

The most popular saving amount set by Jars users at the point of sign-up is £50 per month and the median amount is £60 per month.

Table 4 provides the distribution of saving amounts chosen by employees at sign-up. The mean value is higher, at £104, but this is inflated by very high contribution rates at the top of the range. As such the median is a better indicator of 'normal' behaviour for the workforces at the participating employers.

A small number of Jars users set higher savings amounts, the highest of which was £1,500, as shown in Table 4. This is further evidence that Jars has broad appeal, including among some people with higher earnings and higher levels of existing financial security.

We also see some users setting much smaller amounts, with the lowest amount being £5 per month. We know from our qualitative research interviews that some employees wanted to start saving, even if they didn't feel they could manage to save very much, in order to start to build a saving habit. This saving amount might reflect this sort of thinking.

34 The editable defaults were £20 or £60 at Employers A, B and D and £40 or £120 at Employers C and E. Some employees saw an editable default amount of £0 as part of their sign-up journey.

Table 4. The range of saving amounts set by Jars users at sign-up

Measure	Value
Mode	£50
Mean	£104
25th percentile	£50
Median	£60
75th percentile	£100
Highest	£1,500
Lowest	£5

Source: Berk et al. (2023)

> **"Some employees wanted to start saving, even if they didn't feel they could manage to save very much, in order to start to build a saving habit."**

In deciding how much to save, users typically thought in round figures, such as £10 per week or £50 per month, sometimes equating this with how much they might be able to cut back in spending to be able to start saving. It's worth noting that decisions like this entail cognitive load. The need to weigh trade-offs and other factors can create friction in the decision-making process and cause some people to drop out of the sign-up journey.

The data collected in this trial was instructive in setting default saving amounts in Nest Insight's subsequent opt-out payroll saving trials (see the box **Early findings from the SUEZ and TransaveUK opt-out payroll saving trial**). In the context of an opt-out approach, having a default saving amount in place can remove some of the decision-making friction that can act as a barrier to saving.

> I liked the discipline of it – I could see that I would never be tempted as I'd almost forget it was there and could just let it tick away in the background.

Jars user

Does the amount being saved change over time?

Nearly 4 in 10 (38%) Jars users make at least one change to their regular payroll saving amount in their first year of saving.

In fact, many Jars users actively make changes to their account settings and value the ability to do this:

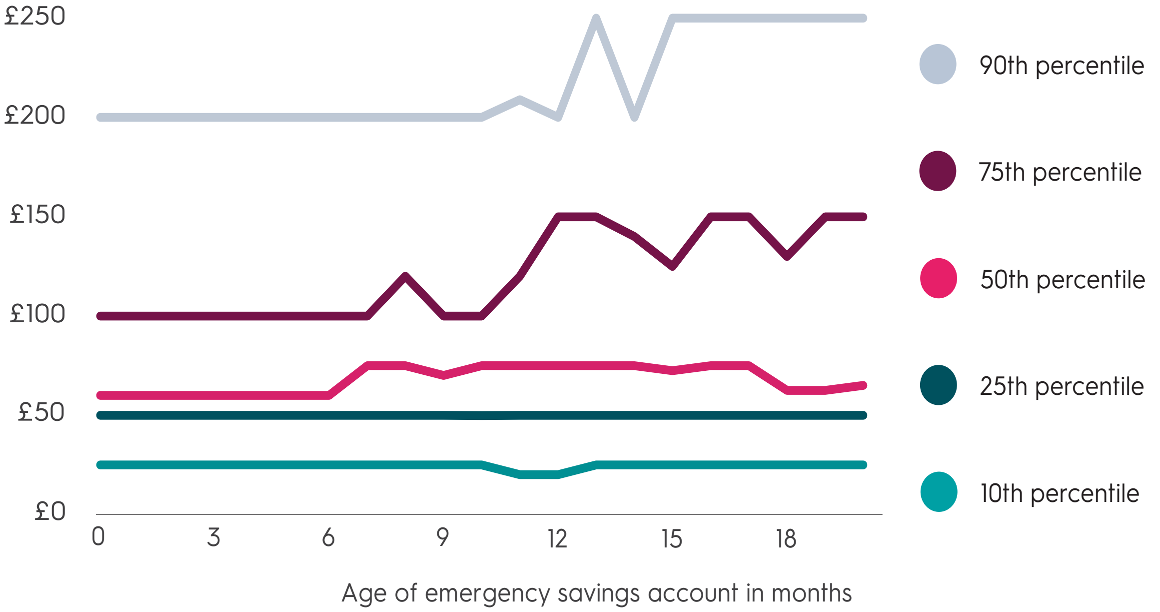
- 23% of users make 1 change to their saving amount in the first year
- 13% make 2 to 4 changes to their saving amount in the first year
- 2% make 5+ changes to their saving amount in the first year

Jars users may increase or decrease their savings amount. More than half (55%) of changes to a saving amount are increases. Some users change their saving amount in response to a pay rise.

> I've increased the amount when I've had a pay rise or when I've noticed I've got more money left over at the end of the month than I thought. It's made saving really easy.

Jars user

Figure 11. The distribution of saving contributions is quite consistent over the duration of the trial



Source: Berk et al. (2023). Analysis only includes accounts where a contribution has been made in the month.

There is some evidence from our qualitative research and patterns in the administrative data that Jars users' confidence can grow over time as they realise they can build up savings when saving through payroll.

The remaining 45% of changes to a saving amount are decreases. We heard from some users that they had reduced their saving amount in response to changes in their circumstances, rather than stopping saving completely. Even in the context of the rising cost of living in 2022, the most constrained of savers were telling us that they still want to do everything they can to preserve some buffer of savings for emergencies.

Overall, saving amounts have stayed relatively steady throughout the trial, with slight increases over time above the median. This can be seen in actual contributions to Jars accounts, which were stable at the 10th and 25th percentiles across the 20 months of data collection during the trial, as shown in Figure 11. In the 50th percentile (median) and above, contributions increase slightly but were highly variable.

Do people save outside of payroll?

Some Jars users make additional contributions to their accessible savings account on top of saving to it through payroll.

About 3 in 10 (31%) of Jars users make at least one ad hoc deposit during their first year of saving. The proportion of users doing this is higher at Employer D (44%) and Employer E (87%).

A small proportion of users make ad hoc deposits quite frequently, with 9% making more than three ad hoc deposits and 4% making more than five ad hoc deposits over the course of one year.

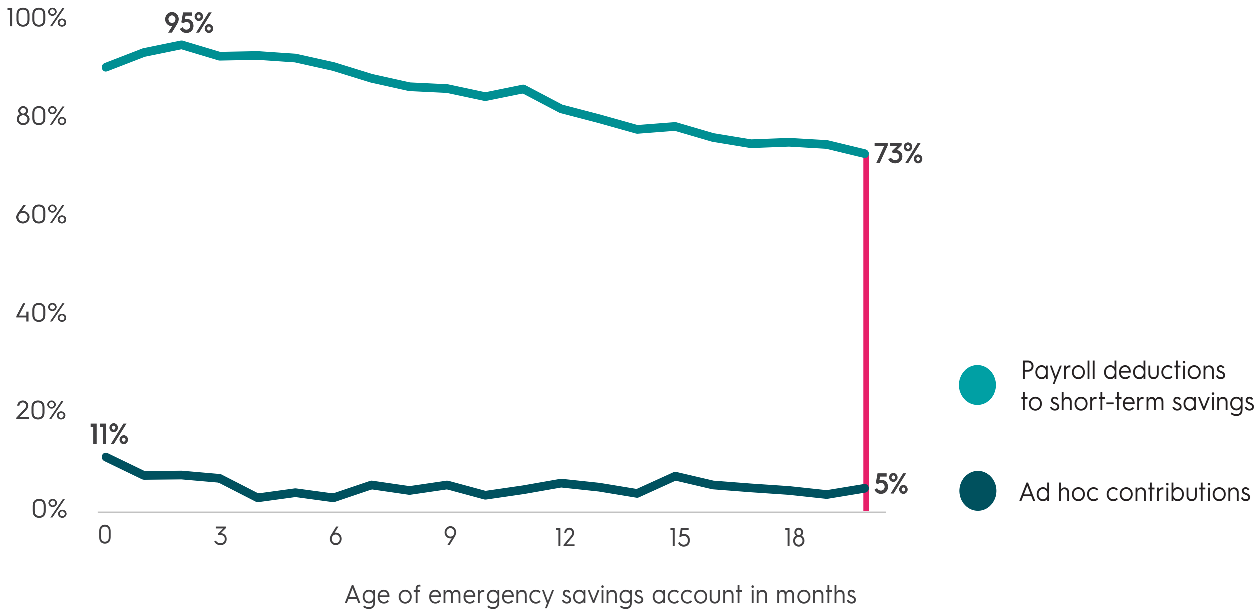
The median ad hoc deposit amount is £120 (£50 at the 25th percentile and £430 at the 75th percentile).

How persistently do people save?

Once people start saving through payroll, they tend to continue saving, with 99% of Jars users still having an active account after 18 months. Very few people leave Jars and even fewer close their savings accounts with Yorkshire Building Society (YBS).

Although some users do leave their employer, or pause or cease contributions themselves, most keep making deposits into their account consistently over time. At 20 months after signing up to Jars, around 7 in 10 (73%) users are still making a contribution to Jars through their employer's payroll (Figure 12).

Figure 12. After 20 months, over 70% of active Jars users are still making a regular contribution to their accessible savings account



Source: Berk et al. (2023)

After the payroll saving mechanism is set up, it acts as a 'set and forget' device unless the user needs or wants to make changes to their saving amount, savings target or other settings. Once the account is set up, the default is to keep saving.

From struggling to save to persistently saving

We know from our qualitative research and responses to our open-ended survey question about why users sign up for Jars, that some of the people who are saving persistently with Jars have previously struggled to build the saving habit. Based on their own telling, saving through payroll into a partitioned account is particularly effective saving approach for individuals who struggle with spending self-control.

> I'm just not really that great at saving – just not used to it and I'm too impulsive when it comes to spending… [Jars] means it's basically doing the work for you, putting a little bit of money aside from your salary before you know.

Jars user

> I'm a dreadful saver. I pop money into my account, feel like I have loads because I've got savings to fall back on, and just spend spend spend. Jars has let me keep a little security pot for emergencies.

Jars user

What happens when savers leave Jars?

People may leave Jars either passively – because they leave their employer and lose the payroll connection – or more actively – when they close their Jars account. In both cases, although the payroll link has been broken, their instant-access savings account stays open. People can keep a balance in their savings account and can keep making deposits into it if they want to. They can also choose to close this savings account altogether.

A small number of savers have left Jars since signing up to save. Users are more likely to leave Jars because they leave their employer – about 3 in 5 leavers – than to actively close their account.

We have not observed any patterns in the demographic characteristics of Jars leavers. They are spread across genders and ages.

Opportunities for continued saving among Jars leavers

Only around 1 in 6 Jars leavers go on to close their accessible savings account with YBS.

Among the majority of Jars leavers who keep their savings account open, we see different saving behaviours, with some more actively continuing to use their accounts than others.[35]

- Around 1 in 4 of the Jars leavers who keep their savings account open make additional deposits into their account.

  These deposits are more likely to be made on an ad hoc basis than by standing order. From our qualitative research we know that leavers may not realise that they could imitate their previous regular payroll saving into the account by setting up a standing order. There's therefore an opportunity to prompt people to continue saving if they leave an employer with a payroll saving programme by making it more straightforward to set up a regular saving amount from their current account instead of through their employer's payroll.
- Around 2 in 5 of the Jars leavers who keep their accessible savings account open have a balance of more than £10 in their account, and around half of this group have a balance over £500.

35Sample sizes in the analysis of Jars leavers are small.

Chapter 7

Building and using savings

Payroll saving is flexible. It works with different use cases and supports different saving behaviours. Jars helps people to build a savings buffer, giving them a way to cope with unexpected expenses or shocks to their income.

It's important to distinguish the goals and characteristics of emergency savings from other forms of saving. Emergency savings are designed to be for managing unexpected costs and ups and downs in income, rather than saving towards a goal. This is a tool for building financial resilience – a tool that only works if it is used.

Measures of successful emergency saving are therefore likely to be different to the success factors of longer-term savings, and we need to look at withdrawals as well as balances to get a picture of whether Jars is 'doing its job'.

How and when do people withdraw savings?

Jars users do access their savings when they need them (Figure 13). Nearly half of users (46%) have made at least one withdrawal within their first 6 months of having their accessible savings account and around 7 in 10 (69%) make at least one withdrawal by the time their account is 18 months old.

We do not see great variation in the proportion of users who make a withdrawal by calendar month, although withdrawals are more common in September, November and January. Summer holidays, the new academic year and Christmas are common seasonal reasons given by Jars users for making a withdrawal.[36]

Jars users have a range of feelings about withdrawing their money. Some say they are relieved to have the money there and to be able to use it. This was particularly likely if they had mentally designated the money for emergencies or unexpected costs.

> I feel fine withdrawing money from the account – it's money that you've saved and it's there for a reason. You can replace it again. I try not to use it but if something is urgent, I know that the money is there waiting.

Jars user

Others expressed a sense of dismay or even failure that they needed the money, and were not able to keep building a balance.

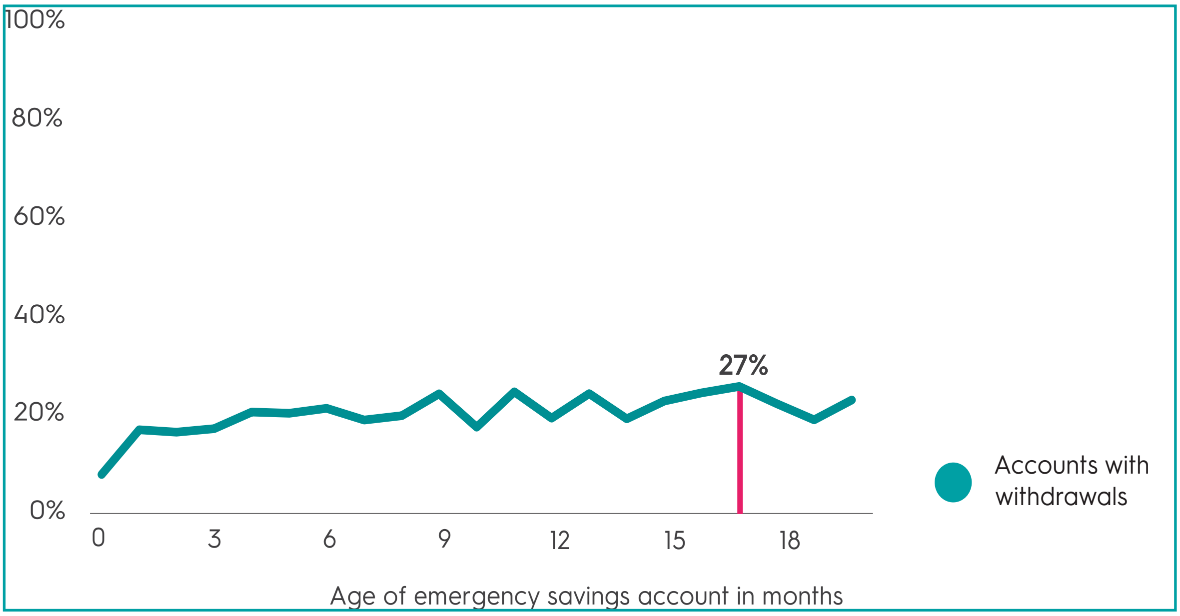
> Unfortunately, with Christmas I did have to use it. But I have continued on saving since. Unless I need it, I don't want to use it.

Jars user

Given that the purpose of sidecar saving is to help people build an emergency savings buffer, it's important to support employees to feel empowered to make withdrawals when they need to, and to make sure that no additional barriers, such as fees or conditions on withdrawals, stand in their way.

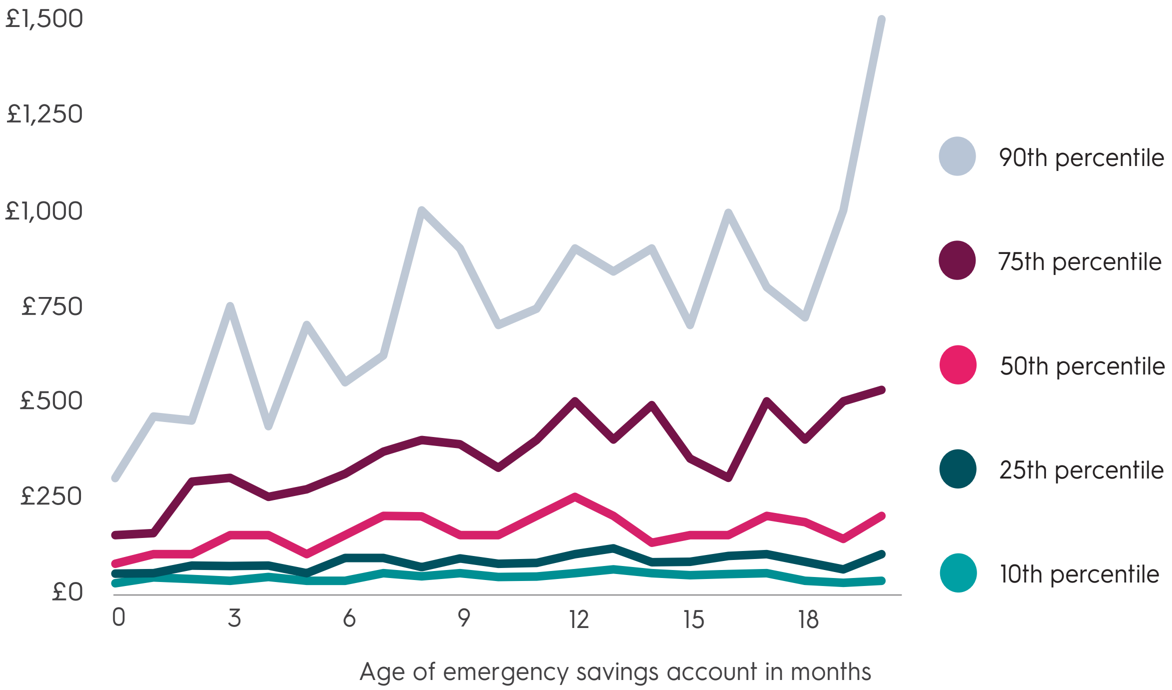
36 Unfortunately, due to a data collection anomaly, we're missing balance information, and therefore withdrawal and ad hoc contributions, for two calendar months.

Figure 13. The percentage of accounts making a withdrawal remains consistent over time



Source: Berk et al. (2023)

Figure 14. The median withdrawal is below £250, with a small number making much larger withdrawals



Source: Berk et al. (2023)

Withdrawing only what they need

Jars users tend to only withdraw what they need immediately. Some Jars users withdraw all or most of their balance when they take money out of their accessible savings account while others make a partial withdrawal.

From our qualitative research we understand that Jars users tend to only withdraw the money they need and try to preserve as much of their savings as possible.

The median withdrawal has remained below £250 (Figure 14). At the lower end of the distribution, withdrawals have been for £10 or £20, with some much larger withdrawals at the upper end.

Looking at withdrawals:

- nearly 4 in 10 (38%) are of more than 90% of the user's total savings balance
- nearly half (48%) are of more than 75% of the user's savings balance
- 4 in 10 (40%) are of less than 50% of the savings balance
- nearly 2 in 10 (18%) are of less than 25% of the savings balance

How do balances change over time?

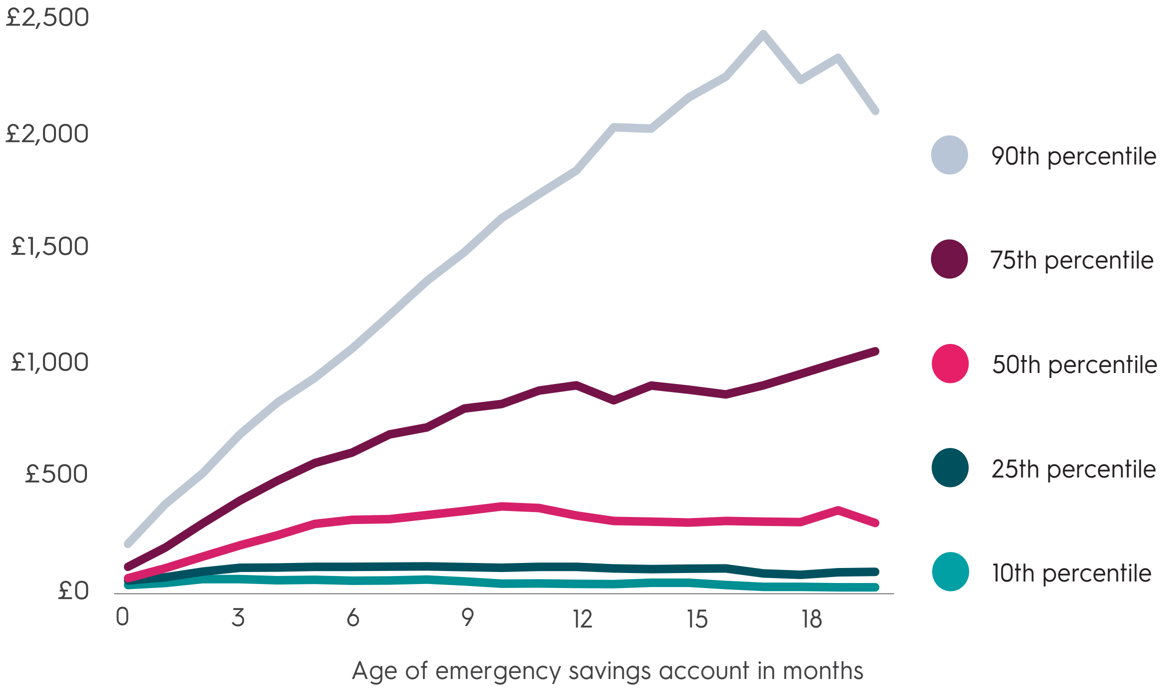
Some Jars users regularly build, use and rebuild their savings, while others build a balance over time.

A consistently growing balance counts as a success in longer-term saving. In contrast, a zero balance could be an indicator of success for emergency savings if the withdrawal has, for example, prevented the need to use a credit card or take out a payday loan.

When we look at the distribution of balances for all Jars users by account age (Figure 15), we can see that accounts with a savings balance above the median balance are growing, consistent with saving for a goal, while those in the bottom 25% of savings balances have been relatively flat over time, consistent with people using their account to manage for emergency and month-to-month expenses.

It's important to note that individuals may move between percentiles, so Figure 15 does not reflect individual saver journeys. Instead, this analysis suggests different patterns in saving and withdrawal behaviours depending on the amount of savings accumulated in an accessible savings account.

Figure 15. Account balances below the median remain stable over time



Source: Berk et al. (2023)

We conducted qualitative research to explore the stories that lie behind these administrative data. We learned that the design of Jars – its payroll deduction mechanism and the partitioning of savings into an account separate from day-to-day money management – does facilitate different saving behaviours that can satisfy several different financial needs.

We have identified three broad patterns of saving behaviours, or 'use cases', for Jars:

- **Budgeting and cashflow management**

  Money is kept aside for ongoing, ad hoc expenses such as bills, fuel and shopping. Frequent withdrawals of smaller amounts are made. The account balance cycles up and down but overall stays quite flat over time.

- **Building a safety net**

  Savings are earmarked as a financial buffer to protect against unexpected expenses or income shocks, such as a repair to a car or an appliance, or working fewer hours. The balance builds steadily over time unless a financial shock happens. At this time the saver will withdraw part or all of their balance to cover the cost or drop in income. This pattern looks like a steady upwards progression, with moments of sudden drop-off, followed by renewed upwards progress in saving.

- **Working towards future goals**

  Savers are building a fund towards known future events in either the shorter or longer term, such as Christmas, holidays or a home deposit. Money is usually not withdrawn until the goal is met, so the balance builds over time until one big withdrawal, possibly to zero, before saving for a new goal begins.

Individuals may move between these different savings behaviours over time, or hold multiple saving goals concurrently.

The three use cases are described in the following pages.[37] More detail, including saving behaviour personas based on these use cases, can be found in Nest Insight's May 2022 report 'Payroll saving behaviours'.[38]

37 The savings balance trajectory in each use case is an illustrative example of a saving behaviour pattern we have observed. These have been based on analysis of individual level administrative data as well as qualitative interviews with Jars users but do not reflect any single Jars user account.

38 **nestinsight.org.uk/wp-content/uploads/2022/05/Payroll-saving-behaviours-learnings-from-the-UK-sidecar-savings-trial.pdf**

1 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.

Jars user

Need

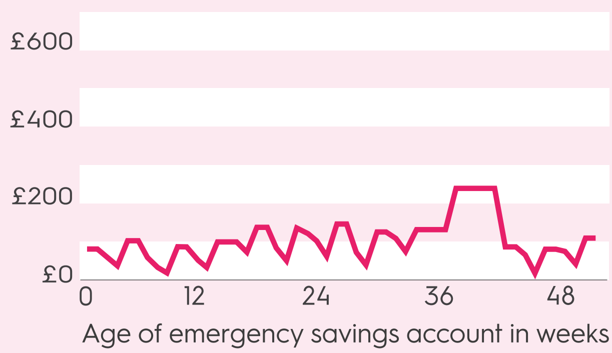
Keeping money for ongoing, ad hoc essential expenses set aside from the day-to-day spending account

Behaviours

Savers withdraw smaller amounts, mostly under £100, for essential expenses that occur relatively frequently. Examples given for the reason for a withdrawal included paying bills, topping up pre-payment gas and electricity meters, paying for school trips or uniforms, paying travel fares, doing a big food shop or being able to participate in a social event such as a birthday party or work drinks.

The pot is replenished each pay day and then partially or wholly depleted during most pay periods before it is topped up again. The account balance therefore cycles up and down but overall stays quite flat.

Of the three saving behaviours observed, this is perhaps the most challenging to current thinking and industry norms around what 'saving' is. Although the employee saves regularly and persistently through payroll, they don't accumulate a growing balance, as they are also making frequent withdrawals.



2 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.

Jars user

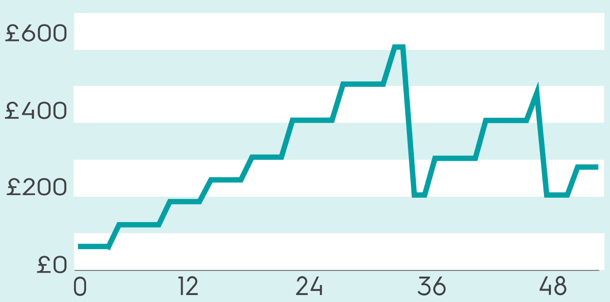
Need

Establishing a financial buffer to protect against unexpected expenses or income shocks

Behaviours

Here we see an individual's savings balance build steadily over time until a financial shock. At this point the saver will withdraw part or all of their balance to cover the cost or drop in income. This pattern looks like a steady upwards progression, with sudden drop-offs, followed by renewed progress in saving. Withdrawals are made perhaps once or twice a year.

Savers talk about setting aside money 'for a rainy day' or to provide themselves with a 'safety net', 'buffer' or 'cushion'. Their goal is broad rather than specific. They try not to use their money but know it's there if they need it. Examples given of times when savers accessed their money include to cover the cost of repairing a car, boiler or washing machine. The money may also be accessed if their income is lower than expected, for example, if an earner in the household loses their job or is offered fewer shifts or less-than-expected overtime. Savers may be motivated by the fact that, if they don't need to use the money and they reach a higher-than-expected balance, they could withdraw some money for 'something nice' or a 'treat', or that if they hit their savings target they could then save more towards their later life through the pension rollover.



Age of emergency savings account in weeks

3 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.

Jars user

Need

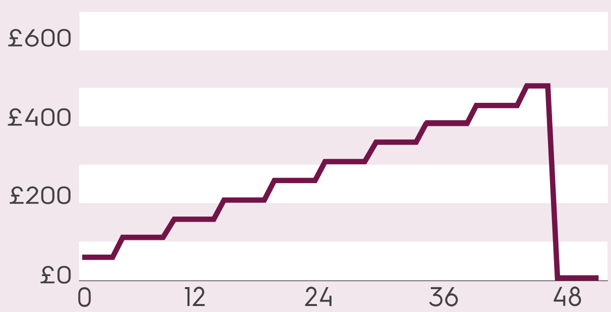
Building a fund towards known events, which could be in the near or longer term, for example, Christmas, holidays, a wedding or a home deposit

Behaviours

Money is not usually withdrawn until the saver's goal is met. Their balance builds over time until one big withdrawal, possibly to zero, before saving for a new goal begins.

These goals can be shorter or longer term, and may be small or large in nature, but what distinguishes this pattern from the others is that there is a specific event in mind, for which savings are earmarked. For example, a saver may put aside £20 a month towards Christmas for a year, or £200 a month to put down a deposit on a home over a period of several years. The pattern is the same although the scale can vary.

The reality of this use case may also be more blurred, for example, if people are saving for multiple goals or if they start out saving for a goal but then need to withdraw some or all of the money to deal with an unexpected financial shock that they don't have an alternative savings buffer for. Similarly, savers may have a specific budget in mind – 'I want to save £600 to pay for a summer holiday' – or they may not be aiming for a particular number – 'I want to save as much as I can towards my wedding so that I can get married as soon as possible'.



Age of emergency savings account in weeks

Chapter 8

The pension rollover

The pension rollover in Jars enables people to save more for the long term only when they've built up accessible savings. We're seeing a growing minority of savers start to make additional pension contributions through Jars one to two years after signing up.

Because the pension rollover only occurs when the Jars user's savings account balance has met their savings target, and the user can change their target at any time, this sidecar saving design functions as a pre-commitment device that is responsive to changing financial wellbeing and resilience.

Switching from short-term to pension saving

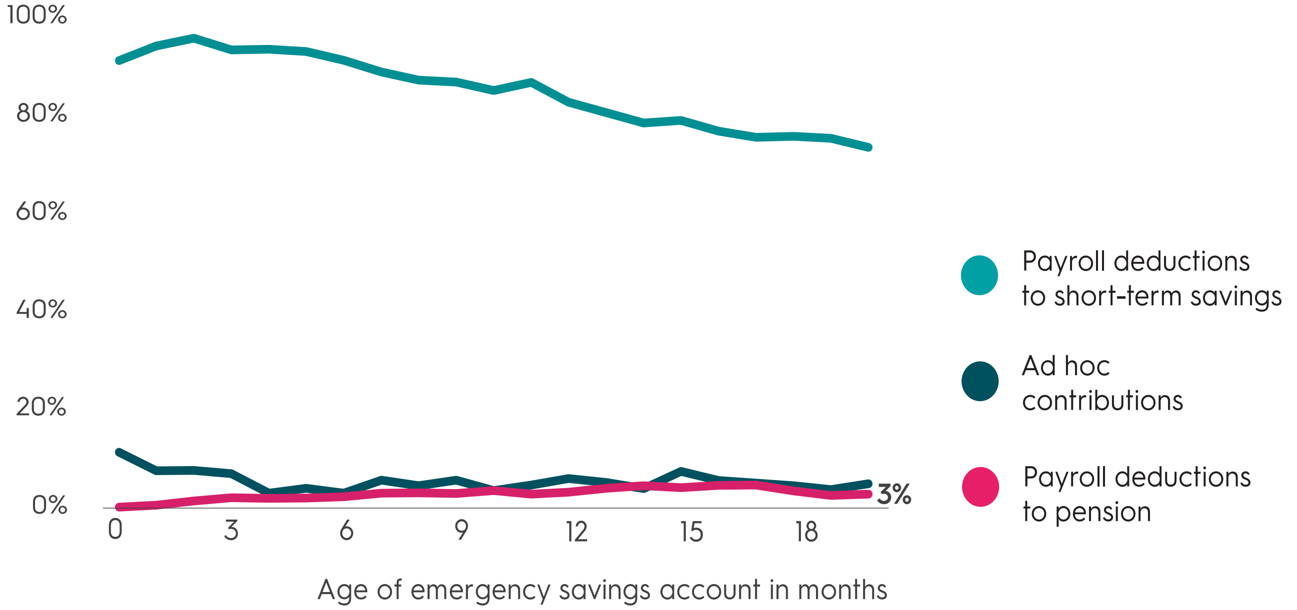
Even over the relatively short period of this trial, we observed a small proportion of employees begin to make additional contributions to their workplace pension pot through Jars (Figure 16).

In addition, the proportion of Jars users making additional pension contributions on top of their existing regular contributions is growing over time:

- 2.5% of users at 6 months after signing up
- 3.2% of users at 12 months after signing up
- 3.6% of users at 18 months after signing up

There is some variation by employer here, with 10% of Jars users at Employer D and 13% of Jars users at Employer E making additional pension contributions through Jars one year after opening their instant-access savings account.

Figure 16. Percentage of Jars users making a contribution to either their instant-access account or their pension pot over time



Source: Berk et al. (2023)

How much have savers saved when their rollover kicks in?

At the point when the saving contributions of Jars users start to roll over into retirement saving, they're likely to have a meaningful savings buffer in place.

The median accessible savings balance at the time of the pension rollover is £600. This level of savings is likely to make a real difference in the event of an unexpected expense or financial shock.

In addition, the pension rollover doesn't prevent employees from building their accessible savings balance after their pension rollover has kicked in. Jars users can make ad hoc contributions to their instant-access savings account outside of their employer's payroll. The sample sizes in the trial are small here, so we cannot draw conclusions about how likely this behaviour is or will be, but we have already seen a modest number of Jars users who have been switched into making additional payroll contributions into their pension also making a deposit into their savings account, outside of payroll.

Accessing short-term savings after the rollover

About 6 in 10 (61%) Jars users who have started to make additional pension contributions through Jars at some point switch back to making contributions into their accessible savings account.

This suggests that Jars' sidecar saving design is working in practice. People use their short-term, accessible savings when they need them. Then, after they do so, Jars is automatically designed to replenish their instant-access account before switching them back to saving for the long term.

Extra retirement saving through the rollover

Additional pension contributions at the level made through Jars could improve retirement outcomes.

The median additional monthly pension contribution made by Jars users is £100 (£50 at the 25th percentile and £150 at the 75th percentile).

These levels of additional pension contributions could make a meaningful difference to pension outcomes for many UK workers if the contributions are sustained over time. An additional contribution of £100 per month on the median UK full-time salary would mean roughly doubling the mandatory minimum amount that an employee contributes to their workplace pension under the UK auto enrolment system if, like the vast majority of workers, they don't opt out.

It's also exciting to see that the sidecar saving mechanism does lead to some savers making additional pension contributions. Additional voluntary pension contributions are rarely made by employees who have been brought into pension saving under auto enrolment. For example, just 1.5% of Nest scheme members have ever made an additional direct contribution to their pension pot.[39] Therefore, we believe the additional pension contribution behaviours we see happening through Jars are encouraging.

Indeed, recent Nest Insight work suggests that quite a high proportion – 2 in 5 – of employed adults don't know that they can chose how much to pay into their pension. Another 1 in 3 think that the contribution levels set in the current legislation are recommended rather than minimum levels of saving.[40]

A sidecar saving approach – particularly if combined with an opt-out joining mechanism that would likely increase take-up significantly – could potentially raise awareness that making additional voluntary contributions to a workplace pension scheme is possible and lead to more employees making them, further improving retirement outcomes in the UK.

39 **nestinsight.org.uk/wp-content/uploads/2022/10/Retirement-saving-in-the-UK-2022.pdf**

40 Invesco and Nest Insight, 'Beyond the defaults: What role can language play in helping pension scheme members contribute the right amount for them?' (November 2020), **nestinsight.org.uk/wp-content/uploads/2020/11/Beyond-the-defaults.pdf**

The pension rollover is sensitive to savers' financial resilience

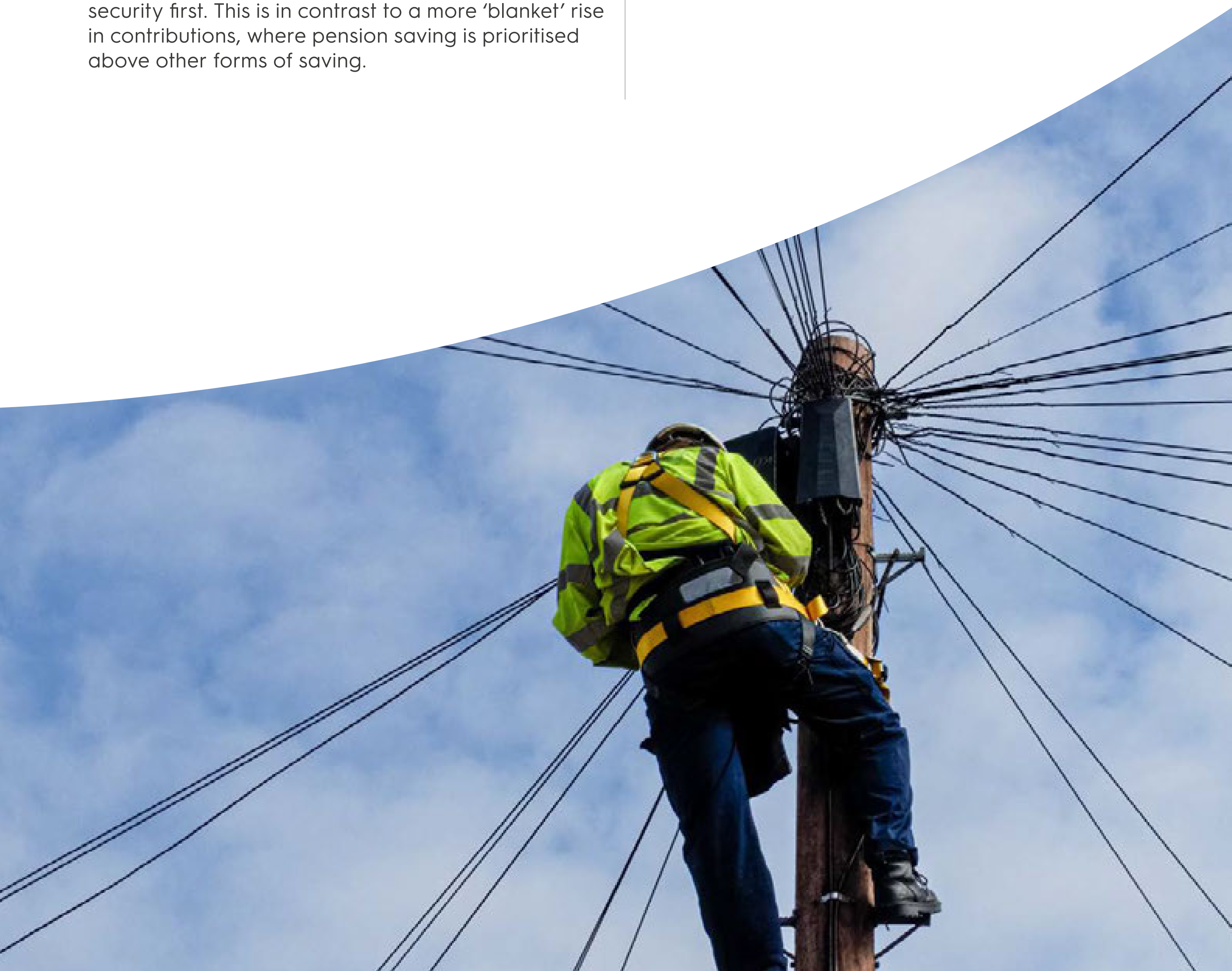
In the sidecar design, savers pre-commit to saving more into their pension in future, once they have built up some accessible savings. The pension rollover only happens if savers have reached their accessible savings target.

We can see from the data we have on savings balance growth during the trial period that some savers, reach their target within a two-year time frame while some are likely to reach their savings target over a longer period. We can also see that other savers – those are using their savings to budget and manage cash flow, or to cope with emergencies more regularly – will struggle to reach their savings target or stay above it for a sustained period, especially in the context of the current cost of living challenges.

The Jars design is sensitive to these contexts. Although people pre-commit to saving more to their pension in future through Jars, this only happens if they do manage to build up some shorter-term financial security first. This is in contrast to a more 'blanket' rise in contributions, where pension saving is prioritised above other forms of saving.

It's just helping you save for the future. At the end of the day, you can cancel it at any point if it didn't suit, you're never tied into it, so you're only going to benefit. You're still going to get the money with interest on it, or it goes into your pension.

Jars user



Chapter 9

The impact on financial wellbeing

In addition to helping users to save regularly, we see evidence that saving with Jars can boost people's financial wellbeing. Employees say that saving with Jars gives them greater peace of mind and confidence around money matters.

The UK Money and Pensions Service (MaPS) defines financial wellbeing as follows:

> Financial wellbeing is about feeling secure and in control. It is knowing that you can pay the bills today, can deal with the unexpected, and are on track for a healthy financial future. In short: confident and empowered.[41]

We've seen through our analysis of Jars saving, balance and withdrawal data that people who use this sidecar saving tool do build up a buffer of savings that can help them to cope with unexpected expenses or a change in their circumstances. However, personal finance is about much more than the money we have.

So in addition to evaluating saving behaviours, we've looked in this trial at the impact that saving with Jars may have on people's feelings about their money and their financial future. We found that building a saving habit and saving persistently can boost people's subjective feeling of financial wellbeing, with most Jars users reporting in surveys that saving with Jars has made them 'better off'.

Sidecar saving can reduce anxiety

Jars users frequently talked about the peace of mind that saving and having savings gives them. People who'd previously had high levels of stress and anxiety around their finances described feeling relieved and reassured to know they had at least some buffer in place.

> Jars has made it a lot easier knowing that I've put money aside for unexpected stuff or just to have in the future and that what's left is left. There's no worry about trying to find extra money for anything.

Jars user

> It's really reassuring to have. If there's something urgent that comes up, I know the money's there.

Jars user

> It's peace of mind because, say in an emergency, your car breaks down and you need to get it in the garage, you know that you've got that access, you've got the money there to take out to pay the mechanic.

Jars user

41 MaPS, 'The UK strategy for financial wellbeing 2020–2030: Five ambitious changes to help people make the most of their money and pensions' (January 2020), **moneyandpensionsservice.org.uk/uk-strategy-for-financial-wellbeing**

Sidecar saving improves financial confidence

During the trial we've heard many examples of Jars users saying that Jars has helped them to build confidence in their ability to save and to manage their finances more broadly. The payroll mechanism helps people who in the past have struggled to save to keep going with saving. This can build a sense of achievement and empowerment.

In some cases, people told us that, as a result of their success in saving with Jars, they had started to take steps to manage other areas of their finances, including by starting to save in other ways. Having savings also allowed some users to access better deals, for example, by paying for their car insurance annually instead of monthly.[42]

> Jars has made me a confident saver. It has given me a safety zone to look at my finances as a whole in the knowledge that I can save, and I can plan for the future.

Jars user

> It actually feels a little bit empowering to be putting away this amount every month.

Jars user

> I knew it was there and that it was intended for Christmas. I felt good about it, it took a lot of the pressure off. It was a good thing. I felt like I had achieved something.

Jars user

> One of things I've found with saving being quite difficult… and never quite being able to get there, this is the first time I've had the opportunity to save, which gives you quite a nice feeling of self-worth as you're achieving something for once without it all disappearing out of sight. It's not just for the big things, it's for the little things like when your family come to stay, you incur extra costs and do things you wouldn't do before, it's things like being able to pay your insurance for the year in one and it's not a direct debit every month… It's just that little hand sitting on your shoulder, that extra bit of security knowing you've got a little bit of extra money and you've earned it.

Jars user

42 Recent research by the Social Market Foundation supported by Fair by Design found that insurance is becoming increasingly unaffordable for those on low incomes, partly because people often have to pay more for their cover if they can't afford to pay it all in one go. Social Market Foundation, 'Insurance and the poverty premium' (March 2023), **smf.co.uk/publications/insurance-and-poverty-premium**

Chapter 10

The employer perspective

Employers increasingly see the benefit of supporting employees' financial wellbeing. Based on learnings from this trial, Jars fits well with this objective. However, in the broader landscape, few employers currently offer payroll savings to their employees.

The implementation and ongoing administration of Jars proved to be straightforward for the participating employers. However, we cannot escape the broader picture, which is that few employers currently offer workplace saving programmes as a benefit to their workforce.

Sidecar saving fits the increasing focus on financial wellbeing benefits

Employers are increasingly seeing the benefit of supporting employee financial wellbeing, particularly in the context of the ongoing effects of the pandemic and rising inflation.

Some employers are conscious of the impact that financial security can have on their employees' physical health, mental health and productivity at work. Mercer found that, as a result of the pandemic, 36% of the multinational employers it surveyed had increased the provision of mental wellbeing support, and 32% had increased the provision of financial wellbeing support.[43]

Some employers, particularly at the larger end of the scale, are looking for ways to support their employees, including by offering short-term, focused financial wellbeing benefits such as payroll saving, loans and shopping discounts and vouchers. In research commissioned in 2022 by the Reward and Benefits Association (REBA), 18% of the mostly larger and very large employers surveyed said they intend to introduce medium- and short-term saving offers to their employees in the next two years.[44]

Employers told us in our qualitative research that they view Jars as a positive way to improve their employees' financial wellbeing and help to build financial resilience among those most in need. Among both the participating and the non-participating employers we spoke to during the trial period, this was one of the key drivers of appeal – and a signficant consideration when deciding whether to take part in the trial.

Employers want to help employees build savings

There is a recognition among employers that employees can find saving difficult. Some employers report being aware of employees struggling with debt.

Jars is primarily seen by employers as a way to support employees to save and build up an emergency savings buffer. For this reason, most of the participating employers tend to emphasise the appeal of the liquid 'emergency savings' component, with the rollover contribution to pension saving seen as an important, but secondary, aspect of the product design. Employers see the benefit of encouraging further pension saving through the hybrid model, but most think the greater benefit is helping employees build a short-term buffer and become less reliant on credit.

43 Mercer Marsh Benefits, 'UK employee benefits and technology trends report' (2022), **uk.mercer.com/our-thinking/health/uk-employee-benefits-and-technology-trends-report.html**

44 Reward & Employee Benefits Association (REBA), 'Employee wellbeing research' **reba.global/resource-report/reba-employee-wellbeing-research-2022.html**

Despite this focus, the hybrid nature of the saving model is seen as a valuable feature of Jars. Indeed, two of the five participating employers told us that their decision to take part in the trial was driven by the attraction of having a payroll saving offer that combines liquid and illiquid savings, with the ambition that Jars would boost workplace pension contributions over time.

Jars is straightforward to set up and manage

Employers we spoke to during the trial cited concerns about the resource requirement or timing of implementation, roll-out and ongoing administration as barriers to offering Jars. Employers who decided not to offer Jars to their employees often cited the practicalities involved with implementing a tool that requires integration with payroll as well as ongoing communications and management as barriers for putting Jars in place for their employees.

However, while some of the participating employers experienced some teething problems when launching Jars, this was not felt to be much different to implementing other employee benefits offered through a third party. Overall, participating employers reported that the implementation and launch of the Jars tool had proceeded smoothly and in line with their internal expectations. Employer reflections at the end of the trial period also suggest that the ongoing day-to-day time and resources required for administration and management of the tool are minimal.

As mentioned in **Chapter 2**, a bigger challenge has been building awareness and interest in Jars among employees, particularly during the pandemic when pressures on internal communications were high.

Clearly, company size will impact the resources and headspace available to introduce a benefit like Jars. Small companies may not have the internal capabilities or resources available to implement and manage a tool like this while large organisations may experience challenges in the planning and coordination of launching such a tool as well as getting communications scheduled into busy internal communications channels.

> The benefits and value that Jars brings to our organisation outweigh the time and resources that it requires to have a tool like Jars offered to our employees.
>
> **Employer offering Jars**

Few employers offer saving schemes

It's clear that supporting workers with their financial resilience in general, and through the provision of saving tools specifically, is a growing focus for larger employers. This is positive, but our broader evidence base suggests that this engagement will fall a long way short of seeing widescale adoption of workplace emergency saving solutions to support those who most stand to benefit, for several reasons:

1. **Few employers offer payroll saving.**

   Nest Insight conducted a nationally representative survey with employers in March and April 2022. Only 15% of employers said they offer payroll saving to all their employees, with a further 7% offering payroll saving to only some employees.[45]

2. **Smaller employers are unlikely to offer workplace saving schemes.**

   Whereas 35% of larger employers – those with 250 or more employees – said they offer payroll saving to some or all of their employees, only 7% of small employers – those with fewer than 50 employees – said this. Around half (48%) of UK employees work for a small employer.[46] As yet it is unclear how workplace emergency savings support can scale to reach those who work in smaller firms.

45 Nest Insight, 'Employer pension contributions in the UK: The current landscape and the potential for innovation' (October 2022), **nestinsight.org.uk/wp-content/uploads/2022/10/Employer-pension-contributions-in-the-UK.pdf**

46 Department for Business, Energy & Industrial Strategy, 'Business population estimates for the UK and the regions 2021' (October 2021), **assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1019907/2021_Business_Population_Estimates_for_the_UK_and_regions_Statistical_Release.pdf**

3 **Even if coverage of workplace payroll saving solutions increases dramatically, this is unlikely to boost saving participation meaningfully if employees have to sign up to save.**

Higher adoption at the employer level will not, on its own, overcome the barriers to individuals joining. We've seen in this trial that although employees think having emergency savings is important, and that those who need support with saving think payroll saving can help them, very few get around to signing up to save in this way.

4 **Legal and regulatory considerations mean it's not straightforward for employers to adopt opt-out approaches to payroll saving.**

Evidence suggests that opt-out approaches could be key to boosting participation to levels more in line with people's saving intentions and need. However, there are legal and regulatory issues for employers to consider which, for now, limit employers' capacity to implement an opt-out approach that covers all employees.

We're also not aware of any commercially available products that offer the specific link between short-term saving and pension contributions that makes Jars a sidecar design.

Chapter 11

Conclusions and next steps

We believe this trial provides significant new evidence and insight on the benefits of hybrid saving solutions to help guide industry and policymakers as they consider how to adopt, design and evolve the sidecar saving concept for the real world.

These workplace emergency saving tools have clear potential to improve people's financial resilience, both in the near term in providing a savings buffer, and over time by supplementing existing pension contributions.

Learnings about this hybrid saving solution

The workplace has potential to be a powerfully effective channel for supporting short-term saving, whether for emergencies or for a near-term goal.

- The sidecar saving concept works in the real world, at scale. People find the idea appealing, many employees who sign up build a new habit of saving and a growing, if still small, proportion of these savers have seen their payroll saving amount roll over into a potentially meaningful extra contribution to their workplace pension.
- People approach short-term, liquid saving with different ideas about what they're saving for and access the money in different ways. Sidecar saving tools and communications ideally need to be able to support all three of the use cases we have identified – budgeting and cashflow management, building emergency savings and working towards a savings goal. Savers may move between or combine these use cases, depending on their current financial context, wellbeing and resilience.
- Yet, although sidecar saving is appealing, and appears easy and straightforward to employees, take-up has been low – much lower than people's stated intentions and their need for a savings buffer.

Evidence from Nest Insight's overall workplace saving research programme suggests that an opt-out joining mechanism could be a more effective way to support employees to get started with saving. This trial was critical in helping to shape our thinking about the design of defaults for these opt-out payroll saving trials, which at the time of publication are ongoing.

Learnings around the interaction between short-term and retirement saving

At the start of this trial, we took quite a narrow view of the impact that sidecar saving might have on retirement saving, considering only whether additional pension contributions would be made as a result of the rollover mechanism. As our understanding of the interconnectedness of different areas of household balance sheets has evolved, it's become clear that the impact could be broader than this.

There is growing evidence[47] that having liquid savings protects and enhances retirement saving in several ways:

- People who have a savings buffer are more likely to avoid problem debt and other financial hardship which could make them more likely to opt out of pension saving during their working life.[48] Additionally, if debt is carried into retirement, this would put further pressure on the retirement income they do have.
- People who have a savings buffer are more likely to build a capacity for financial resilience that could put them in a position to increase their retirement saving in future.[49] Financial resilience is a strong predictor of discretionary retirement saving. Being on a more secure footing could make it more likely that an employee can increase their own regular pension contributions, and by doing so, potentially attracting increased employer pension contributions too.
- People who have a savings buffer are less likely to access their retirement savings early.[50] Although the UK does not have the same pensions leakage issues as the US and other countries, it's still the case that people can take money out of their pensions from age 55 onwards.[51] In the context of the pandemic and recent cost of living challenges, concerns have been raised that the population older than this threshold may increasingly access their pensions earlier than they might otherwise have done, in order to cope with today's financial shocks, in the case where they don't have other savings to call on.

Additionally, we now have early evidence from Nest Insight's parallel SUEZ–TransaveUK trial of an opt-out approach to payroll emergency saving that suggests these accessible, short-term savings do not crowd out pension saving, at least as of 30 June 2022.[52] (See also the box **Early findings from the SUEZ and TransaveUK opt-out payroll saving trial**.) Where employees were automatically enrolled to make savings into an accessible savings account at a similar time to being automatically enrolled in their workplace pension, we saw no impact on pension saving opt-out rates.

We'll continue to monitor the impact of opt-out emergency payroll saving on pensions auto enrolment.

47 Nest Insight, 'Workplace emergency saving: A landscape review of existing evidence' (July 2021), **nestinsight.org.uk/wp-content/uploads/2021/07/Workplace-emergency-saving-a-landscape-review-of-existing-evidence.pdf** and BlackRock, 'The Emergency Savings Initiative: Impact and learnings report 2019–2022' (forthcoming summer 2023)

48 **stepchange.org/Portals/0/documents/Reports/BecominganationofsaversStepChangeDebtCharityreport.pdf** and SaverLife FINRA, 'Savings: A little can make a big difference' (November 2020), **about.saverlife.org/research-posts/finra**

49 Ellie Suh, 'Can't save or won't save: Financial resilience and discretionary retirement saving among British adults in their thirties and forties', *Ageing & Society*, vol. 42, no. 12 (April 2021), pages 2940–67, **doi.org/10.1017/S0144686X21000337**

50 Commonwealth and the DCIIA (Defined Contribution Institutional Investment Association) Retirement Research Center, 'Emergency savings features that work for employees earning low to moderate incomes' (August 2022), **buildcommonwealth.org/research/emergency-savings-features-that-work-for-employees-earning-low-to-moderate-incomes**

51 This will rise to age 57 from 6 April 2028.

52 **nestinsight.org.uk/wp-content/uploads/2022/10/Does-payroll-autosave-support-employees-to-get-started-with-saving.pdf** and Berk et al. (2022)

Implications for workplace saving solutions design

Although different workforces will have particular needs, in general we have found there are some common features of workplace saving programmes designed to meet the shorter-term financial security needs of low- to moderate-income employees.[53] Whether or not the pension rollover is built into the scheme, we believe, based on the learnings from this trial, that workplace accessible savings accounts should have the characteristics set out in Table 5.

Table 5. Key design elements of workplace accessible savings accounts

Simple	The account structure needs to be straightforward and communications should be jargon-free. Employees with low financial literacy and confidence can be put off by complex conditions, thresholds and percentages
Flexible	Employees value the ability to change, pause and stop their contributions at any time and should be able to do this quickly and easily.
Payroll-linked	Employees are able to save consistently and automatically, with money moved into their savings account through payroll before it's felt in people's pockets.
Partitioned	Savings are set aside from an employee's everyday money in a pot or account in their name that is ringfenced for saving.
Protected	Employees feel reassured that their money is safe, even if the provider were to go out of business.
Fee-free	There are no fees for account management or set-up, ensuring any savings aren't eroded.
Instant-access	Savings can be accessed quickly and easily when needed.
Conditions-free for withdrawals	There are no conditions on taking money out of the account. Employees are free to access their money when they need it, as frequently as they need to.
Adaptable	Employees are free to save and access their money for whatever reasons they choose. While the workplace saving programme might be introduced with the aim of helping employees save for emergencies, some employees may instead use it to save for goals like Christmas, a holiday or a school trip. Ultimately, these accessible savings will be used for a wide range of things. Communicating too specifically about the account being earmarked for emergencies can be off-putting to some who need and want to save.

Note: Employees in each sector and workforce will have a variety of saving support needs.

53 As discussed in **Chapter 5**, interest rate may be important for mid- and longer-term saving solutions but these are not a primary concern among those with little or no money in savings. This also applies to features like dividend return. For those with low levels of saving, features like savings account balances being instantly accessible and communications being easy to understand are typically more important.

Future considerations and next steps for research

In combination with Nest Insight's other workplace saving trials, learnings from this trial form a robust evidence base for the potential of these types of solutions to support employees to build financial wellbeing and resilience. Together they also lead us to consider several questions for exploration in the future:

1. **How can the supply of workplace accessible saving solutions be boosted?**

   The evidence for the business case for employers to support their employees to build a savings buffer is growing. Increasingly, employers recognise not just the role they can play in supporting their employees' financial wellbeing but also that doing so makes business sense. Employees who are less anxious about their financial situation are more able to be productive and focus at work.

   Several providers offer payroll-linked workplace saving programmes that are suitable for supporting employees to build savings to be used for emergencies and other short-term needs. Credit unions and a growing number of fintech employee benefits providers offer saving options. The Building Society Association has set an objective of creating 1 million workplace savers by 2025.[54] However, the market is still relatively small.

   We also know that managing a large number of instant-access savings accounts with relatively small balances and high numbers of withdrawals is generally not an attractive proposition for providers, unless these accounts can be cross-subsidised by other financial products. For this reason, instant-access saving offers may not be as actively promoted or developed as other product categories.

2. **Is there a case for giving more support to workplace saving providers and making other investment in the ecosystem to boost the supply of products suitable for smaller employers?**

   From our recent employer research, we know that employees working for a larger employer are much more likely than those working for small or medium-sized employers to have access to a short-term saving programme through their workplace. While 35% of large employers – those with 250 or more employees – say they offer short-term payroll saving to some or all of their employees, only 7% of small employers – those with fewer than 50 employees – say they do so.

   This discrepancy is in part because providers often require a minimum number of employees to be eligible for the employer's workplace saving offer so that it's commercially viable for them to set up and administer the programme. Additionally, smaller employers do not tend to have the resources to put in place these kind of solutions for their employees.

   Around half of UK employees work for a small employer,[55] so this coverage gap would need to be addressed if workplace saving programmes are to become commonly available to employees, including lower earners and those with greater financial vulnerability. Could existing parts of the business ecosystem around small companies support this objective, for example, could payroll providers have a role? These could be fruitful avenues to explore in future research.

54 Building Society Association (BSA), 'BSA members set target of 1 million workplace savers' press release (January 2020), **bsa.org.uk/media-centre/press-releases/bsa-members-set-target-of-1-million-workplace-save**

55 **assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1019907/2021_Business_Population_Estimates_for_the_UK_and_regions_Statistical_Release.pdf**

3 Could opt-out mechanisms increase take-up among employees to a level more in line with people's saving needs and intentions?

Perhaps the biggest learning from this trial is that workplace payroll saving offers are under-realising their potential to support employees' financial wellbeing because of the difficulty people have in getting started with saving. Building from this learning, Nest Insight has developed a programme exploring the impact that an opt-out approach can have in participation, and the regulatory and implementation considerations of designing an opt-out rather than an opt-in solution.

Early evidence suggests that an opt-out approach could be the key to unlocking the untapped potential of workplace emergency savings. Preliminary data on a trial exploring its impact suggest the approach is more effective at supporting appropriate levels of saving participation than opt-in. It's more inclusive as it makes it easier for those who are financially under-confident or otherwise excluded to start saving. We've seen more people save when an opt-out approach is taken, and they save more, with no negative impact on their pension saving, although we will continue to monitor the impact.[56]

The 'risks' of taking an opt-out approach to using payroll to build short-term savings are very low – much lower than those of pensions auto enrolment, for example, which has already been implemented in the UK. Communications about an opt-out payroll saving benefit should ensure employees are aware of what is on offer and can easily opt out if they choose not to save. Yet, because the savings are instantly accessible, even if an employee were to start saving without realising it and needs that money, they would be able to get it immediately.

There also seems to be little issue around 'small pots' and 'lost pots' as there can be with pension saving. We have seen that some people keep using their instant-access savings accounts after they leave their employer. Even if they do not, they don't incur charges for keeping this account open. Providers may need to avoid the administrative burden of small, inactive savings accounts. If so, a nudge could be designed when people leave their employer asking if they want to set up a 'replacement' standing order for their savings account, or if they want to close the account and transfer the money to their current account or a savings account elsewhere.

56 This is based on preliminary results as at June 2022 of a trial in progress.

However, although evidence for the benefits of an opt-out approach is building, the regulatory considerations are not straightforward.[57] For similar approaches to be adopted at scale by employers and providers, regulatory comfort is likely to be needed.

Would it be possible to create a category of workplace emergency saving schemes that are exempt from the regulations that create barriers to this form of saving? What conditions would need to be met to meaningfully satisfy the regulations while opening up the market to opt-out approaches? What would an environment that is not just permissible but actively supportive of opt-out workplace saving schemes look like?

4 Exploring the role subsidies could play in supporting the most financially constrained

We've seen that some employees struggle to build a savings balance over time, often because of low income or the current cost of living. While these workers can effectively use payroll saving as a way to budget and manage cashflow, they do not build a savings buffer to cope with financial shocks, and therefore remain financially vulnerable.

During the course of this trial, some employers expressed an interest in boosting or matching employee contributions to short-term saving. An example of an employer doing this in the US is Levi Strauss & Co. As part of BlackRock's Emergency Savings Initiative, Levi Strauss's Red Tab Foundation offers employees a sign-up bonus and then matches savings up to $40 per month for six months, offering a total maximum employer contribution to savings of $500.[58]

Often this sort of contribution is framed as an incentive to save, but it's not clear how effective incentives are in promoting saving behaviours. Perhaps the most prominent UK case is the relatively low take-up of the government's Help to Save scheme, which is specifically designed to support those on low incomes to save. Despite the generous savings match incentive of up to 50% that is provided, take-up remains low.[59] However, even if incentives do not really boost saving participation, they still boost savings balances.

57 Nest Insight, 'Opt-out payroll saving: The regulatory considerations' (December 2021), **nestinsight.org.uk/wp-content/uploads/2021/12/Opt-out-payroll-saving-the-regulatory-considerations.pdf**

58 BlackRock, 'The Emergency Savings Initiative: Impact and learnings report 2019-2022' (forthcoming summer 2023)

59 **resolutionfoundation.org/publications/isa-isa-baby**

We think future research could valuably explore the role that savings matches could play in boosting the financial security of savers on the lowest incomes. How could a subsidy best be designed and targeted to those who need it most?

5 Designing effective hybrid saving solutions

During the trial period there have been high levels of interest in the idea of sidecar saving, with many commentators proposing that 'a sidecar' should be adopted more widely. However, the version of sidecar saving piloted in this trial is, as far as we know, the first of its kind. We're only aware of one other sidecar-style product to be launched since we began the trial – a 'Now and Later' account offered by a US credit union in a small-scale pilot.

In recent research with employer decision-makers, we found that around 4 in 10 employers thought hybrid approaches combining pension saving with other forms of saving are appealing.[60] Yet, there is currently no off-the-shelf sidecar product that can be implemented in a workplace outside the one designed as part of this trial.

If the idea of sidecar saving is to evolve into a market-ready proposition, there are a number of design questions to consider:

- Where an employer has a pension matching scheme in place, could the pension rollover be designed so that employees get the benefit of any unclaimed employer match?[61]
- Is there a case for a third, mid-term goal-focused savings pot to be included in a hybrid savings solution design? For example, should there be an option to link short-term savings to an Individual Savings Account (ISA) or Lifetime ISA?
- If employees already have their own savings account, could they choose to save into that instead of into the provider account offered as the default?

In December 2022 the US passed the SECURE 2.0 Act, which makes it clear that employers can offer pension-linked emergency savings accounts to their employees. This provision is likely to lead to innovation in this space.

60 Nest Insight, 'Employer pension contributions in the UK: The current landscape and the potential for innovation' (October 2022), **nestinsight.org.uk/wp-content/uploads/2022/10/Employer-pension-contributions-in-the-UK.pdf**

61 Nest Insight research suggests that one third of employees work for an employer that offers matched contributions to all their employees, with a further 17% working for an employer that offers contribution matching to some of their employees. See **nestinsight.org.uk/wp-content/uploads/2022/10/Employer-pension-contributions-in-the-UK.pdf**

The US SECURE 2.0 Act of 2022

The SECURE 2.0 Act will see a number of retirement-saving provisions come into effect in the US over the coming years. The changes have the express aim of increasing levels of retirement saving, improving retirement rules and reducing the cost to employers of offering retirement saving to their employees.

A notable change allows employers, starting in 2024, to offer most employees access to a pension-linked emergency savings account with an indexed value up to $2,500.[62] Employers can also set lower limits.

This is essentially a sidecar savings account.

It would protect the principal retirement saving account and allow some withdrawals – for any reason – each year, without penalty, tax or fees on at least the first four withdrawals each year. The money can remain in the account year-to-year or be rolled over into an Individual Retirement Account (IRA) or Roth IRA, including if contributions accumulate above the upper threshold. Contributions can also be stopped when the upper limit is reached until the balance falls below the limit.

Employers can automatically set these accounts up for their employees, with default contributions of no more than 3% of eligible wages. Employees can opt out of this autosaving.

Legislative provisions like those in the SECURE 2.0 Act may open the door for more flexible and innovative account options in the future, including greater consideration of and support for each individual's complete financial wellbeing, rather than viewing emergency and retirement saving as separate silos.

62 This savings account is separate to the provision, also in the SECURE 2.0 Act, that allows employees to access $1,000 of their workplace retirement savings for emergencies and unforeseen circumstances without any tax penalty, so long as it's paid back within three years.

Although in theory pension providers seem well placed to offer sidecar saving solutions, in practice an in-plan model is not currently straightforward in the UK from a regulatory perspective. There is a need to explore potential ways to make it easier for UK pension providers to offer sidecar saving solutions to their members.

If sidecar saving solutions were to be offered by pension providers, evidence from this trial suggests that careful consideration should be given to solution design and communications. For example, it's key that saving feels within reach and accessible, but we know that those with lower financial engagement and confidence are unlikely to engage with their pension account.

In addition, while people may want and need to check their accessible savings balance regularly, it may not be such a good idea for them to do this with a defined contribution (DC) pension pot, particularly if they are less familiar with investing.

Does offering emergency savings alongside pension saving offer potential for boosting engagement with retirement saving? Or are there risks that this approach makes emergency savings seem more distant and more difficult to access in times of need?

6 Exploring options for building emergency saving into UK workplace pensions auto enrolment

Early on in this sidecar saving trial, Nest Insight raised the question of whether, given the success of the UK's pensions auto enrolment system, the scope of the system could be expanded to include elements of emergency saving.[63] This could involve making it possible for interested employers and pension providers to build short-term, accessible saving into their existing pensions auto enrolment. It might also go as far as mandating an element of emergency saving for all eligible employees.

Nest Insight does not believe that there is a good case for allowing people to access their DC pension savings early as is allowed in the US and some other countries. Nor do we believe that savers should be able to divert any of the current 8% total minimum pension contribution away from retirement saving. However, in the context of widespread calls for rises in minimum pension contribution levels, it may be a good time to consider the benefits of including aspects of sidecar saving into the future evolution of UK pensions policy.

Increasing pensions contributions for everyone – especially if the default contribution remains a floor, or minimum, level – will help to address ongoing levels of under-saving for retirement but will increase the risk at the margin for some people, especially lower earners. Those with less capacity to save may feel asked to choose between opting out of pension saving – and giving up their employer matching contributions – to save for near-term needs and over-saving for retirement relative to their standard of living today.

Diverting some or all of any increased saving contributions first to an emergency savings account could build in a safety valve for those who aren't currently in a position to save more for retirement, and whose financial wellbeing would be more supported through boosting their financial security today than through saving more for tomorrow. A default could be put in place – for example, the first £1,000 of additional employee contributions could go into an accessible savings account before any contributions are used to build up more in retirement saving.

There could also be some flexibility for employers to choose a model that is suited to their workforce and matching contribution structure.

But this leaves many questions to explore. How could emergency saving be designed to sit within the pensions auto enrolment system to serve and be sensitive to those with low financial security today without reducing potential increased retirement saving among those who are in a position to save more for the future? What is the most effective contribution structure? How might it vary by workforce? Should there be a cap on emergency savings made as part of pensions auto enrolment? What role could tax relief play in boosting accessible savings?

One potential advantage of building emergency savings into pensions auto enrolment is that it could allow workplace emergency saving to be scaled to those working for small and medium-sized employers in a manageable way. The existing 'plumbing' of the auto enrolment system could be used, reducing the administration work for these employers.

63 nestinsight.org.uk/wp-content/uploads/2020/10/Supporting-emergency-saving-policy-considerations-and-questions-for-future-research.pdf

At the same time, any extension of the existing system risks missing out those who aren't covered by it, including some who may be most in need of support to build up emergency savings. We know from our own research, for example, that self-employed people are attracted to sidecar saving designs. About 57% of self-employed people who say they're interested in saving automatically for retirement preferred hybrid saving options to pension-only or accessible savings-only options.[64] However, this population is not currently covered by the UK's pensions auto enrolment system.

If some element of emergency saving is built into an evolution of pensions auto enrolment, how can we make sure that it is available to those most in need of it, who may have opted out of workplace pension saving, or who aren't covered for other reasons?

We have learnt much from this trial that can inform thinking and debate around these questions and considerations. Nest Insight's workplace saving research programme continues, and we look forward to exploring stakeholder perspectives around the opportunities and challenges for future development in this area over the coming year.

64 Nest Insight, 'Exploring practical ways to support self-employed people to save for retirement: Summary of findings from a multi-year research programme' (November 2022), **nestinsight.org.uk/wp-content/uploads/2022/11/Exploring-practical-ways-to-support-self-employed-people-to-save-for-retirement.pdf**

Our trial partners

This multi-year, multi-employer research programme has been supported by BlackRock, the Money and Pensions Service (MaPS) and JPMorgan Chase. The research has been led by Nest Insight, working with academics Sarah Holmes Berk, John Beshears, Jay Garg, James J. Choi, David Laibson and Brigitte C. Madrian as well as MaPS.

Salary Finance has been the trial's technology partner, providing the saving tool which has been introduced in participating workplaces under the name 'Jars'.

The emergency savings accounts have been provided by Yorkshire Building Society (YBS).

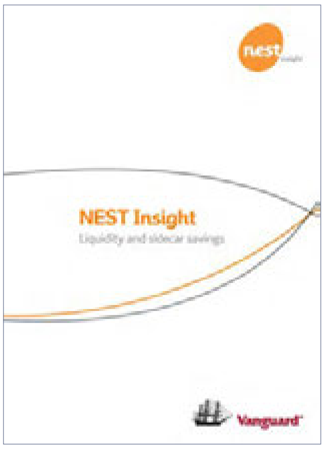
The participating employers who offered Jars are BT, ITV, StepChange Debt Charity, Timpson Group and the University of Glasgow.

Our research in this area

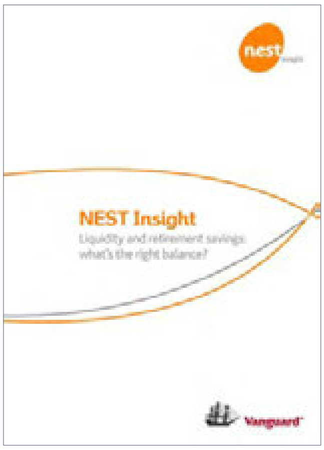
This report is part of our evolving workplace emergency saving research programme.

Some of these pilots are ongoing. For our most up-to-date learnings, please visit **nestinsight.org.uk/research-projects/workplace-emergency-savings**

Liquidity and sidecar savings
(November 2017)

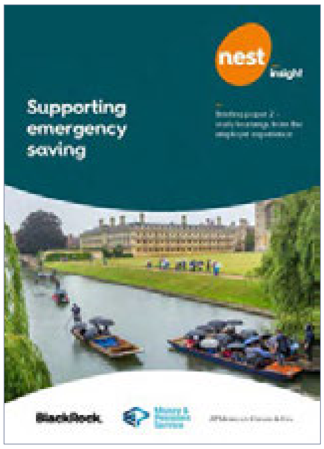


Liquidity and retirement savings:
What's the right balance?
(March 2018)



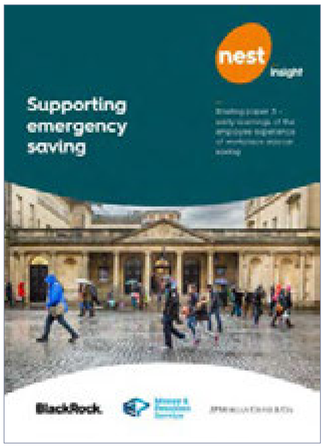
Supporting emergency saving:
Briefing paper 1 – policy considerations and questions for future research
(October 2020)

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



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

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

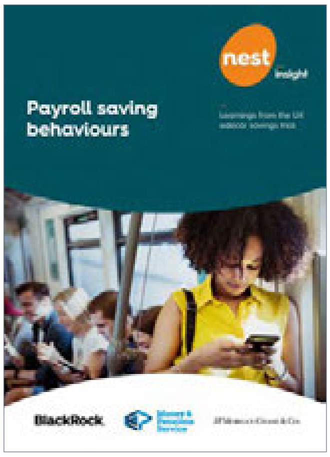


Opt-out payroll saving:
The regulatory
considerations
(December 2021)

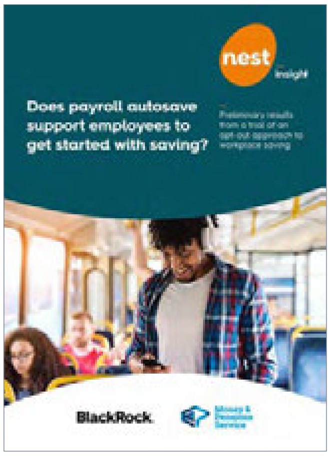
Opt-out payroll savings:
A new way to support
financial wellbeing
in the UK? Industry and
employer perspectives
(March 2022)

Talking about payroll autosave with employees:
Employer's guide –
Communicating an
opt-out approach to
payroll saving
(May 2022)

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



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



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

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

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