Easier to save

Opt-out payroll savings: a powerful, popular and inclusive way to support new saving

nest insight

The BlackRock Foundation

Money & Pensions Service

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About this report

This is the final report summarising the results of the opt-out payroll saving research trials in the workplace emergency saving research programme.

For more information and other reports, visit **nestinsight.org.uk/research-projects/workplace-emergency-savings**

About our programme partners

Our strategic partner, The BlackRock Foundation, provides support for our workplace emergency savings research as well as the wider Nest Insight programme. More information about BlackRock's Emergency Savings Initiative can be found at **savingsproject.org**

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**

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 partners

BlackRock is a global investment manager serving the UK market for more than 30 years with a purpose to help more and more people experience financial well-being. BlackRock's Emergency Savings Initiative is made possible through philanthropic support from The BlackRock Foundation. The initiative brings together partner companies and non-profit financial health experts to make saving easier and more accessible for low- and moderate-income earners 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**

Nest was set up by the Government to give every UK worker somewhere good to save, and it aims to provide members with a bigger pension in a better world. It's now the largest workplace pension scheme in the country, with 13.7 million members. One in three of the working population is expected to have a Nest pension pot by the late 2020s. Nest's members benefit from an award-winning responsible investment strategy and one of the most diversified DC portfolios in the industry. By the end of the next decade Nest will have close to £100bn assets under management. In 2016, Nest established Nest Insight as a public benefit research and innovation centre. Nest's purpose is financial peace of mind for all, and Nest is a proud supporter and the home of Nest Insight. For more information, visit: **nestpensions.org.uk**

With a legacy dating back more than 200 years, JPMorganChase has a track record of demonstrating leadership during times of both economic growth and financial instability. The firm employs approximately 22,000 employees throughout the U.K. and is committed to operating a healthy and vibrant company that plays a leading role in advancing a sustainable and inclusive economy. The firm provides £474 billion in credit and capital to nearly 4,500 medium and large companies and supports over two million retail customers. At the same time, together with its non-profit partners the firm has supported over 33,000 low income households reduce their debt and improve their financial health, helped over 10,800 small businesses to grow their activity and placed over 9,000 individuals into apprenticeships or full and part-time employment. For more informaiton, visit: **jpmorganchase.com**

What's in this paper?

Since 2018, Nest Insight has been exploring the impact that payroll-linked saving schemes can have on financial wellbeing and resilience.

In 2023, we published the final results on our ‘sidecar’ saving research trial where a hybrid instant-access and retirement saving account solution was piloted at 5 employers – BT, ITV, StepChange, Timpson and the University of Glasgow.

Building from the results of the sidecar trial, we have sought to understand whether offering easy-access saving accounts to employees automatically, unless they choose not to save could help support more people to start saving.

We have published regularly on three opt-out payroll saving trials with Bupa, Co-op and SUEZ since 2021 and this paper is the culmination of this research. It includes updated analysis over a 24-month period, new survey and qualitative research and some new results from administrative data.

For our most up-to-date learnings, other papers and resources from our workplace emergency savings work and other parts of our research and innovation programme, please visit nestinsight.org.uk

Opt-out payroll saving: The regulatory considerations (August 2024)

Savings for all: What works to support savings inclusion? (July 2024)

Smarter paydays: Harnessing the power of payroll to build financial resistence (May 2024)

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 (April 2023)

Contents

Foreword

It’s an increasingly well-recognised fact that too many households in the UK lack financial resilience, leaving them exposed to anxiety and precarity. Versions of the statistic of the proportion of households that don’t have £100 in savings or would struggle to pay a bill of a few hundred pounds are frequently quoted.

Having even a small savings buffer can protect people from turning to more harmful alternatives when they experience a financial shock like an unexpected expense, higher living costs or a period of lower income. Savings can protect people against taking on high-cost debt or an illegal loan, cutting back on essential expenditure or getting into bill arrears at times when they need to bridge a gap. Knowing you have some savings set aside can reduce anxiety and give peace of mind.

The problem is thoroughly diagnosed, but has been a difficult one to address. Attempts to get people saving involving communications, education or incentives have had some impact, but have struggled to get the hoped-for traction, sometimes encouraging those who already save to take advantage of new and more attractive opportunities to do so without reaching those who need it most.

This is why we’re really excited to share in this paper the hugely positive results from robust real-world trials of a new approach that makes it much easier for people to save. Across pilots with three different pioneering employers – Bupa, Co-op and SUEZ – we’ve seen participation in workplace payroll savings schemes rise from a low baseline to up to 7 in 10 employees saving regularly and persistently.

The idea is simple and has already been used successfully in other contexts – the default is switched so that people who want to save do nothing, and it’s those who don’t want to save who have to opt out. This ‘opt-out’ model preserves choice and has proven popular as well as effective. And we’re particularly proud that it has proved to be more inclusive of the people who most need support to get started with saving – those who don’t already have savings, and those who lack financial confidence.

Although the concept is simple, the effort required to get these trials off the ground has been considerable. We’re hugely grateful to the growing community of collaborators, advisors and supporters who have worked with us to make these ground-breaking trials a reality. In particular, this work would not have been possible without the support of our project partners, The BlackRock Foundation and the Money and Pensions Service. These trials sit within a broader programme of work underpinned by the strategic partnership of The BlackRock Foundation, Nest and JPMorganChase, and are informed by learnings from our other work to find ways to support people to be financially secure, both today and into retirement.

The financial resilience of households is essential for broader wellbeing and economic growth. Enhanced resilience reduces money-related mental health issues, leading to lower sickness absence, fewer preventable accidents, and increased productivity. People with financial resilience today are also more likely to save more for the future in invested assets such as pensions, increasing investment capacity in the broader economy. Improving financial resilience and increasing the number of UK households with savings should therefore be an essential part of a strategy for economic growth.

There is a huge opportunity to help millions more households build greater financial security if the approaches tested here can be scaled. This would require joined-up action across government, regulators, employers and providers. Boosting emergency savings via the workplace is not all of the answer, and should be seen alongside other interventions to support financial inclusion and good employment conditions. But it could be a very powerful foundation for boosting living standards and supporting more households to feel more in control of their lives and empowered to participate in life to their potential.

Jo Phillips

Director of Research and Innovation, Nest Insight

The quick read

What is opt-out payroll saving?

- A savings scheme with a third-party provider is put in place by an employer for their employees.
- Employees choose whether or not to save.
- If they want to save, they don't need to do anything. They automatically start saving a default amount via payroll into their own savings account.
- If they don't want to save there's a simple one-step opt-out.
- The employee can change their savings amount or stop saving at any point.
- The employee can withdraw their money at any point without penalty. Savings are held in cash and are instant or easy access.

The research trials

3+ years

of data collection and analysis

New worker trial

Employer: SUEZ recycling and recovery UK

Provider: TransaveUK

5,000 employees offered workplace savings

2,853 employees experienced opt-out payroll saving during the trial period

Benefits app user trials

Employers: Bupa Care Services and Co-op

Provider: Wagestream

65,500 employees offered workplace savings

2,669 employees experienced opt-out payroll saving during the trial period

70,000

employees offered workplace savings

1 million+

administrative data points analysed

2,200+

survey responses collected across 4 surveys between autumn 2021 and autumn 2024

87 workers

interviewed between spring 2022 and autumn 2024

Key learnings

1 An opt-out approach to payroll saving dramatically boosts participation, supporting many more workers to save

New worker trial

Opt-in

1%
participation

Opt-out

48%
participation

Benefits app user trials

Opt-in

15%
participation

Opt-out

68%
participation

2 Saving via payroll supports people to save persistently over time

Opt-out savers

New worker trial

average savings
balance at 4 months

Benefits app user trials

average savings
balance at 4 months

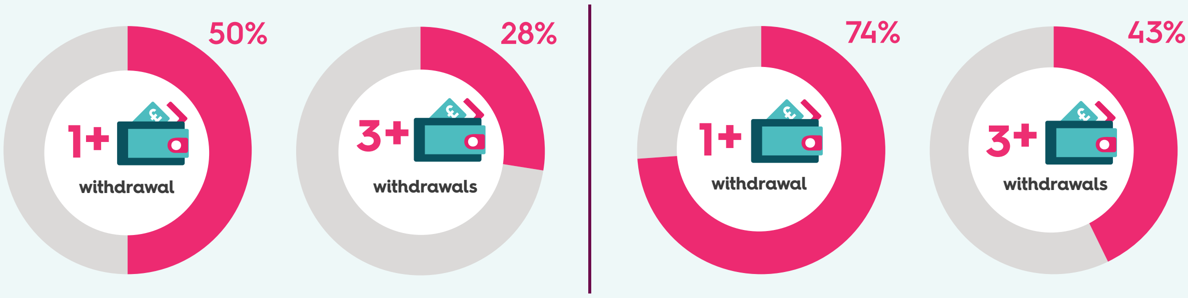
> I think it's a shame a lot more companies don't offer it… There's so much support, it comes across as they want to help… They want people to succeed.

New worker trial

3 People actively use their payroll savings accounts

Opt-out savers

New worker trial | **Benefits app user trials**



Withdrawals made by month 12 of being with their employer

Withdrawals made by month 12 after joining the benefit app

> It's an easy option and takes away the need for setting up a savings account elsewhere, where you may be deterred by the need to do form filling.

New worker trial

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

New worker trial

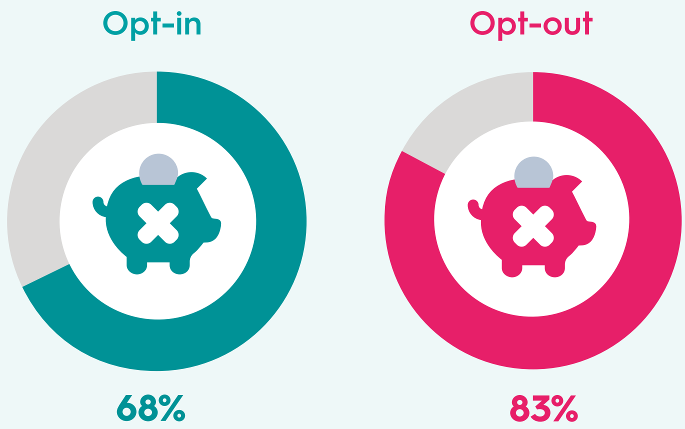
> Well, knowing that I have savings gives me a bit of confidence to know that whatever it is, there is something to fall back to.

Benefit app user trial

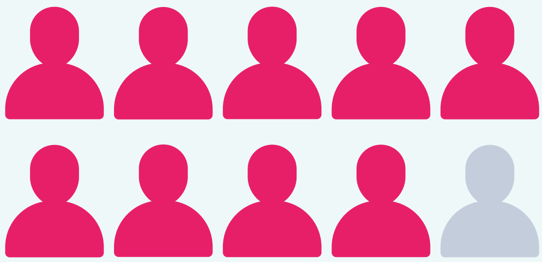
Key learnings

4 Opt-out payroll saving helps reach the people who most need support to get started with saving

Percentage of savers who had less than £1,000 in savings before the pilot



5 Opt-out payroll saving is popular with employees, whether they choose to save or not



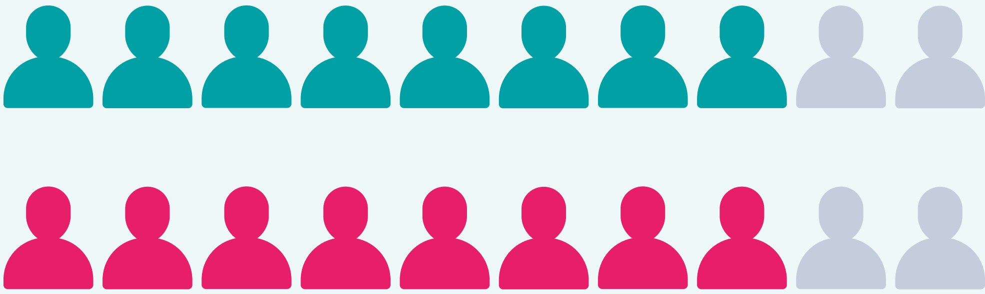
9 in 10
are happy or neutral about opt out

Really the only thing you have to do is, if you don't want to, is opt out, so leaving it on there is just effortless. Everything is all set up for you, you don't even need to put in your bank details or anything like that.

New worker trial

6 Short-term savings are supportive of retirement savings

Pension participation is the same when people experience the opt-out approach



8 in 10 in the opt-in group

8 in 10 in the opt-out group

Takeaways from the trials

1 The evidence is conclusive and robust – workplace savings schemes can dramatically boost saving behaviours and support greater household financial resilience, but only if run on an opt-out basis.

2 No other approach to supporting emergency savings has been shown to be as powerful.

3 Payroll saving supports different financial resilience behaviours, including budgeting and cashflow management, even during a period of extraordinary living costs.

4 Opt-out approaches to payroll saving are popular with employees and with their employers.

5 Workplace saving can make short- and long-term goals complementary, boosting long-term saving and improving retirement outlooks.

6 An opt-out approach helps address savings exclusion – it supports people who have struggled to save before to get started, building new financial security and peace of mind.

7 The evidence that addressing the UK household savings gap would support wider business and goals is growing.

8 Tackling low financial resilience is a key foundation to multiple government priorities and strategies.

A possible roadmap for scaling payroll savings participation

Potential increase in employees saving:

1

Describing and recognising payroll savings as a category, providing support for opt-in schemes

— Would send a clear signal of government support for workplace payroll savings schemes which could help build employer and savings provider momentum.

— Would have some positive impact on the availability of workplace payroll savings schemes, but would likely only deliver the lower employee participation rates seen in active sign-up models.

Tens of thousands more

2

Making clear and certain regulatory space for the wider roll out of opt-out schemes

— Would create clear space for opt-out approaches to be adopted across new employee populations.

— Would see much higher employee participation rates where payroll savings is offered, in line with those seen in these trials.

— Would likely make it more commercially viable for more providers to develop opt-out solutions.

— Would likely encourage more employers to offer opt-out payroll saving, particularly larger employers. Could build momentum in some sectors.

Hundreds of thousands more

3

Incorporating short-term accessible saving into the evolution of pensions auto enrolment

— Could help address some of the trade-offs that challenge the evolution of auto enrolment.

— Could be permissive as a first step, moving to mandated for all employers over time.

Permissive

— Could create space for employers to divert part of auto enrolment contributions above current minimum levels made by employees to an emergency savings tool where appropriate to their employees.

— Could stimulate innovation by pensions and payroll providers, widening the market and options for employers.

Mandated

— Could lead to universal coverage, depending on policy design.

— Would extend the reach fully, including the half of employees who work for a smaller employer.

Millions more

Executive Summary

Background and approach

Many UK households lack any kind of savings buffer to cope with an unexpected expense or other financial shock. This lack of resilience can have harmful consequences if people have to turn to high-cost debt, get into arrears or cut back on essentials because they don't have savings to turn to. People without the peace of mind of a savings buffer often experience stress and anxiety, which can impact their health and productivity.[1] In our research we find that they know they should save and want to do so, but often find it difficult to get started.[2]

Workplace savings schemes are one promising route to supporting more people to save. In the payroll saving model, if employees sign up to save, a portion of their pay is put into an accessible cash-savings account earmarked for saving every payday. Workplace savings schemes support people to get a savings vehicle in place. The payroll link is also powerful – people say they find it easier to save when the money is moved automatically for them before they receive their 'take-home' pay and tend to save persistently once they're signed up.

However, workplace payroll savings schemes currently do not achieve their potential, even when they are put in place by employers, because participation rates are low. There is often a big gap between intention to save and action – in a previous Nest Insight trial of workplace savings nearly half of employees said they thought payroll saving could help them but only one in a hundred actually got the point of being signed up to save.[3] Barriers including a lack of time and headspace, low confidence and sign-up journey friction get in the way of people who want to be a saver becoming one.

Opt-out payroll saving is designed to help overcome these barriers and to make it easier for employees to get started with saving if they want to. The idea is that instead of needing to sign up for the savings scheme, employees automatically start saving if they don't opt out. People still have the choice whether or not to save, but in this model, those who want to save don't need to do anything. There's a simple and easy one-step opt-out for anyone who doesn't want to save. Savers can choose to save more or less than the default saving amount, access their money, or stop saving at any time.

Since 2021, Nest Insight has been piloting and evaluating opt-out payroll saving approaches in real-world trials with three employers covering over 70,000 UK employees. The trials were designed to explore, from differing angles, whether opt-out payroll saving results in levels of saving participation that are more in line with the proportion of employees who want and need to save, and whether it supports employees' financial wellbeing and resilience.

The pilots were:

› **New worker trial** – Between November 2021 and December 2023, we worked with SUEZ recycling and recovery UK. SUEZ set up an opt-out payroll autosave approach for its new employees. The payroll savings provider was the credit union TransaveUK. In this trial the new worker population which experienced the opt-out approach was compared with new workers who had to sign up to save in the period before the opt-out approach was introduced.

› **Benefits app user trials** – Between October 2022 and September 2023, we collaborated with the financial wellbeing app, Wagestream. Two of Wagestream's employer clients, Bupa Care Services and the Co-op, offered opt-out payroll saving to their employees through the Wagestream app. This trial was a randomised controlled trial – new benefits app users were randomised either to sign up to save (the control group) or to experience the opt-out approach.

Throughout the trials we collected administrative data to allow us to analyse employee behaviours, and we also conducted surveys and qualitative research to build our understanding of attitudes and contexts.

[1] The evidence base for this is summarised in Nest Insight (2021). **Workplace emergency saving: A landscape review of existing evidence**.

[2] Nest Insight (2023). **Workplace sidecar saving in action.**

[3] Nest Insight (2023). **Workplace sidecar saving in action.**

Results

1. **An opt-out approach to payroll saving dramatically boosts participation, supporting many more workers to save**

   In both trials, we've seen the number of people saving increase by around 50 percentage points. At SUEZ participation increased from only 1 in 100 people saving to 48 in 100 saving – or nearly half of eligible employees.[4] And at Co-op and Bupa participation under the opt-out approach is even higher at 68 in 100 people saving, up from 15 in 100 when employees had to sign up to save.[5] The participation we see under the opt-out approach is much more in line with the proportion of employees who want and need to save, than when they have to actively sign up to save.

2. **Saving via payroll supports people to save persistently over time**

   People who start saving through an opt-out approach save persistently and build meaningful savings buffers over time. Most people who experienced the opt-out joining mechanism continued to save at the default contribution of £40 per month meaning many had built up a buffer of £100 or more within 4 months of having the account.

   In the new worker trial, four months after joining the employer, the average saving balance was £125 in the opt-out group. In the benefit app user trials the average balance was £96 four months after joining the app in the opt-out group.[6]

   Average saving balances continue to rise, reaching £280 and £245 in the new worker and benefits app user trials respectively after 12 months. After 2 years, in the new worker trial, the average balance tips over the £400 mark.

3. **People actively use their payroll savings accounts**

   In order to support people's financial wellbeing, people need to access their accounts whenever they need or want to. In both trials, many savers access their accounts and do so relatively frequently suggesting they are using them to support their financial resilience and saving goals.

   By month 12 after joining the benefit app, over 7 in 10 people (74%) have made at least one withdrawal from their savings account. In the new worker trial a similar proportion (68%) have made at least one withdrawal after 24 months of being with their employer.

4. **Opt-out payroll saving helps reach the people who most need support to get started with saving**

   Opt-out payroll saving is an inclusive way to support people to save, reaching more people who don't already have savings, and more of those who lack confidence, when compared with the group who have to sign up to save.

   A greater proportion of people who save under the opt-out approach did not already have a savings buffer – 83% of opt-out savers did not have an £1,000 buffer in place compared with 68% of people in the group who had to sign up to save.

   A greater proportion of opt-out savers self-report low or moderate financial confidence when compared to savers who had to sign up to save – 62% of opt-out savers report low or moderate financial confidence compared with only 47% of opt-in savers.

[4] Participation rates are reported 4 months after joining the employer.

[5] Participation rates are reported 4 months after joining the financial benefits app.

[6] Saving balances are reported conditional on having a positive balance.

5. **Opt-out payroll saving is popular with employees, whether they choose to save or not**

   Whether or not people choose to save, the opt-out approach is highly popular with employees.

   Across the trials, 91% of employees were happy or neutral about being offered opt-out payroll saving, whether or not they chose to save themselves. For employees who had experienced opt-out payroll saving, 77% thought their employer should continue to offer it, or said they didn't mind either way.

   Across the two employers in the benefit app user trial, nearly 8 in 10 (79%) of people surveyed who experienced the opt-out user journey felt that their financial wellbeing was 'slightly' to 'extremely' important to their employer. Employees say they're grateful to their employer for supporting them to save and that more employers should offer a similar saving scheme.

6. **Short-term savings are supportive of retirement savings**

   When offered opt-out payroll saving, people save into their accessible account in addition to retirement saving. There is no crowding out of pension saving as a result of introducing opt-out payroll saving. Similarly, opting out of the accessible savings account does not encourage people to also opt out of their pension. The decisions are made independently of one another. This suggests that people do not choose to engage with the payroll accessible saving accounts at the expense of their pension savings.

7. **Payroll savings schemes complement other workplace benefits**

   Money management tools like earned wage access and payroll loans, alongside building savings through payroll savings schemes, can help employees manage their finances more effectively and build a more secure financial future.

   In the benefit app user trials, use of earned wage access among employees in the opt-out group almost identically tracks the opt-in group in terms of the proportion of employees using it, the ratio of flexible pay taken before pay day and the absolute size of the advance in pounds. On average, almost a quarter of people (23%) use earned wage access as well as their saving pot in a given month.

   This provides early reassurance that people who experience opt-out payroll saving approaches aren't accessing their pay early at higher levels. It is possible that use of earned wage access may decrease when balances become equivalent to the value typically accessed from wages early, but we do not reach this point in the research.

8. **Some savers keep a balance when they leave their employer, whilst others withdraw their money**

   We see a split picture in behaviours of savers after they leave their employer. Some savers keep a balance in their accounts, whilst others withdraw their money.

   There is no reason to believe that people who were automatically signed up for their account behave differently to those who signed up, after they leave their employer.

   Savers could be more actively prompted to keep saving after losing the payroll link.

9. **Reducing friction in an opt-in sign up journey can boost participation somewhat, but still leaves an inclusion gap**

   In the benefit app user trial we also explored what impact a nudge to save, in which people are prompted to say whether or not they want to save, would have on savings participation. This 'active choice' design was partly tested to understand whether a less intensive solution than the opt-out approach could have a meaningful impact. However, we saw little difference between the active choice journey and the regular journey where people have to sign up to save. Implementing active choice results in a 2.5 percentage point increase in participation compared to when people sign up to save.

Conclusions

The evidence from across these trials is conclusive and robust – workplace savings schemes can dramatically boost saving behaviours and support greater household financial resilience, but only if run on an opt-out basis.

Not only are the results from this trial positive, they are also exceptional. Other interventions to support more people to save have struggled to get this kind of traction, seeing much lower participation rates, despite often costing more to implement than the opt-out payroll saving schemes that have been trialled here.

The approach supports employees' financial wellbeing without compromising their right to choose what to do with their money. Employees who experienced the opt-out approach report back that they felt they had a choice. The opt-out workplace savings schemes were very well received and liked by employees whether or not they personally chose to save. They recognised that making it easier for people to save was a good thing. Over 90% of employees were in favour or felt neutral about being offered opt-out payroll saving.

We've also seen that payroll saving supports different financial resilience behaviours, including budgeting and cashflow management and saving for emergencies, even during a period of extraordinary living costs. Regardless of how savers think about using their money, they say that knowing that they're saving gives them greater peace of mind and financial confidence.

Not having savings is an intransigent problem. To truly support more UK households to build financial resilience through savings, interventions must reach those who are not yet savers. We now know that taking an opt-out approach to payroll savings supports a broad range of people to save, including those who do not already have savings and those who have previously struggled to save. Over 8 in 10 opt-out savers lacked a savings buffer of £1,000 before the scheme. Nearly two-thirds of opt-out savers report low or moderate financial confidence compared with just under half of opt-in savers. An opt-out approach helps address savings exclusion – it supports people who have struggled to save before to get started, building new financial security and peace of mind.

One concern raised before the trials was that offering shorter-term accessible savings on an opt-out basis alongside workplace pensions auto enrolment might undermine longer-term savings. We do not see any crowding out of pension saving in these opt-out savings trials. Rather, workplace accessible cash savings complement the retirement savings people are already making under pensions auto enrolment:

- There was no impact on rates of people opting out of auto enrolment into workplace pension saving.
- The overall workplace savings rate grew under the opt-out approach: amounts saved into short-term savings were additional to contributions made into the workplace pension.

Workplace saving can therefore make short- and long-term goals complementary, boosting long-term saving and improving retirement outlooks.

The evidence that addressing the UK household savings gap would support wider business goals is growing. Employers recognise that employees who are stressed and preoccupied about money are not able to be fully present at work. Financial stress increases cognitive load and reduces capacity, which also diminishes productivity. Our partners at Bupa, Co-op and SUEZ have all made their own links between supporting more of their colleagues to save and a positive impact on business priorities. These include reducing absence, being more able to fill shifts and being more able to maintain the continuity of staff. Leaders of organisations are perhaps more aware of low financial resilience amongst their employees following the Covid pandemic and cost of living crisis. And they are increasingly seeing the business case for playing a role in supporting their employees to build greater resilience.

Tackling low financial resilience is a key foundation to multiple government priorities and strategies. As well as supporting individual household financial resilience and business outcomes, savings can be a foundation for other critical policy goals including:

  - Supporting health and reducing cost to the health service: increasing financial resilience supports better mental and physical health. Starting saving has been linked to higher levels of life satisfaction, reduced anxiety and better sleep.
  - Tackling child poverty: increasing financial resilience, including addressing low savings levels, has been identified as one of four themes for the Government's strategy to tackle child poverty. Reducing problem debt and enabling families to build savings can reduce the risk of future generations slipping into poverty and enhance their economic opportunities.

- Ending violence against women and girls: women who have savings are more likely to be able to leave abusive relationships. Indeed we have heard in the trial from people using or designating their workplace savings as a 'flee fund'.
- Social mobility: people who have savings describe being more able to participate and take up opportunities. This was a particular priority for Co-op which has an active social mobility strategy[7] and made the link between more financially secure employees being more able to take part in training and other initiatives they have in place.

Scaling effective support for saving to all UK workers would have a broader social and economic impact beyond the impact on household finances. There is an opportunity here for evidence-based, mission-driven policy-making and cross-government working.

Next steps for scale

Millions more households could build savings and progress towards greater financial security if the approach piloted in these trials was widely adopted in UK workplaces. Addressing current regulatory barriers would allow more employers to offer opt-out savings schemes voluntarily. However, for access to opt-out savings to scale universally for all UK workers, building short-term savings into the evolution of the pensions auto enrolment framework could be an impactful route to savings inclusion at this scale.

Currently only a minority of employers offer workplace savings, but more would like to. Where payroll savings schemes are in place they are almost always offered on an opt-in basis. There are only a handful of examples of employers taking an opt-out approach, mostly as part of these trials. This means that the workplace savings schemes that are in place are not achieving their potential to support workers to save, with only a small minority of employees signed up to save.

Whilst employer appetite to offer workplace savings is growing, our research with employers and providers identifies multiple regulatory barriers that get in the way of workplace savings scaling organically. It is frustrating to hear large employers with tens and hundreds of thousands of low and moderate-income employees say that they would like to offer opt-out payroll savings to their workforce, but do not currently feel able to. We've also heard this message consistently from current providers of workplace savings schemes and industry bodies.

It **is** currently possible to find ways of addressing these regulatory considerations to allow opt-out approaches in a limited set of circumstances and for limited groups of employees, as employers working with Nest Insight have done to make the research pilots possible. In the new worker trial regulatory considerations were covered off as part of pre-employment checks and onboarding. In the benefits app user trials considerations were similarly addressed as part of the joining process for new customers of the employee benefits app. However, these steps involve some complexity, and do not allow the approach to be adopted for all employees in a workforce.

If the clear, well-evidenced benefits of workplace savings schemes are to be available and experienced at scale, boosting financial inclusion and supporting wider policy goals, then these regulatory barriers will need to be addressed. Comfort and clarity that approaches are compliant, and a sense that they are actively encouraged by government, would support wider adoption and innovation in this space.

But, while providing this clarity could create the space for a meaningful step change in the availability and use of these tools, any fully voluntary framework will still likely be limited in its impact. Not all employers are equally focused on employee financial wellbeing and a voluntary framework is particularly unlikely to reach the employees of smaller firms. Against targets like the Money and Pensions Service's Financial Wellbeing Strategy objective of 2 million more 'struggling' and 'squeezed' people saving regularly by 2030, even addressing regulatory barriers conclusively within a voluntary adoption framework is likely to fall well short.

For access to opt-out savings to scale universally for all UK workers, it would likely require a stronger nudge or mandation for employers. Building short-term savings into the evolution of the auto enrolment framework is a promising route to achieving this, and could have broader benefits – supporting the objectives of pensions policy as well as those of the financial inclusion and wellbeing agendas.

[7] Co-op (2025). **Social mobility.**

Based on our understanding of the issues and different stakeholders' views, we set out here a potential roadmap of three steps that could be taken to support workplace payroll savings to be offered to more UK workers:

1. **Describing and recognising payroll savings as a category and providing comfort for opt-in schemes**
2. **Making a clear and certain regulatory space for the wider roll out of opt-out schemes**
3. **Incorporating short-term accessible saving into the evolution of pensions auto enrolment**

The first step in this roadmap is the most straightforward and would have some impact on the availability of workplace payroll savings schemes, but would likely only deliver the lower employee participation rates seen in active sign-up models. It would though send a clear signal of government support for workplace payroll savings schemes which could help build employer and savings provider momentum.

The second step would create clear space for opt-out approaches to be adopted which would likely lead more providers to develop such solutions and more employers to offer them, leading to much higher employee participation rates in line with those seen in these trials. This would perhaps see hundreds of thousands more UK employees building a savings buffer through workplace saving.

However, although larger employers would be more likely to implement effective savings schemes after step two, most employers would be unlikely to put opt-out schemes in place even in this scenario. Smaller employers for the most part do not have the resources to prioritise implementation of workplace savings. And whilst many employers are actively looking to support their employees' financial wellbeing, there will always be some who do the minimum unless pushed to do otherwise. To ensure all UK employees are supported to save via the workplace, a stronger intervention is likely to be necessary.

As the UK already has a framework for automatic enrolment into workplace pension savings in place, there is an opportunity to piggyback on work that has already been done to establish this infrastructure. Every UK employer with one or more eligible employee is required to make contributions via payroll into a pension on their behalf if they don't opt out. Behind this sits an ecosystem of payroll providers and pension providers which could evolve to incorporate shorter-term savings, including via partnerships with regulated cash savings providers. This could mean that rather than an employer having to put in place a new provider relationship and system to offer short-term workplace savings, an 'off-the-shelf' solution could be offered by one of their existing providers.

Crucially, incorporating accessible saving into the same framework has additional potential benefits, beyond using the existing 'plumbing' for another purpose. It could help address some of the trade-offs that challenge the evolution of auto enrolment, and could therefore be a 'win-win' option.

Some people need to save more for retirement and this has led to calls for minimum auto enrolment contribution levels to be increased. But Nest Insight's work on retirement income adequacy[8] shows that for probably millions of others, saving more directly to a pension today is not realistic or likely to be of overall benefit, and building an emergency savings buffer right now is more of a priority. Only when greater short-term financial resilience is achieved will higher pension contributions be feasible or beneficial for these groups. Bringing shorter- and longer-term saving together in one framework could help manage these tensions.

This could mean creating permissive space for shorter-term saving contributions alongside pension contributions, and some flexibility to design around employee needs. For example, an employee who was financially constrained, perhaps below a certain income threshold, could opt to save the minimum employee contribution into shorter-term savings, while still receiving the employer contribution into their pension, rather than opting out. This flexibility could stimulate innovation by pensions and payroll providers, widening the market and options for employers.

Or it could mean mandating a shorter-term savings component to be part of auto enrolment, potentially with a rollover into pension saving once a target savings buffer amount was hit as in the sidecar design. This flexibility could make it more feasible and palatable to extend auto enrolment to more groups, and to raise contributions levels.

[8] Nest Insight (2024). **How much is enough?**

The second stage of the Government's Pension Review, which is to be focused on 'adequacy' and how to ensure people are saving the right amount for retirement, presents a good opportunity to consider what role integrating cash savings could play in supporting these goals.

Background

Background

Many UK households lack any kind of savings buffer to cope with an unexpected expense or other financial shock. People know they should save and want to do so, but it is often difficult to get started. Workplace savings schemes are one route to supporting more people to save, but currently do not achieve their potential because participation rates are low.

An emergency savings buffer can provide a safety net when unexpected expenses inevitably arise. Having a few hundred pounds available if the boiler breaks, the car needs an urgent repair or to cover the extra costs of food and childcare in the school holidays can greatly help to improve employees' financial security and wellbeing.

The UK's savings gap

A significant proportion of UK workers have little or no money put aside for emergencies.

- One quarter of adults in the UK have less than £100 in savings.[9]
- The UK's saving rate, particularly among those on a low or moderate income, is low even by international standards.[10]
- Recent analysis suggests that having low savings tends to be a persistent rather than temporary condition. Of those with low financial wealth from 2018 to 2020, 70% said they'd had low savings for the previous four years.[11] This is especially concentrated in the most vulnerable groups.

The need for greater levels of saving

Having savings is a protective factor against poor financial outcomes and low wellbeing.

- A household with £1,000 in quickly accessible savings is 44% less likely, on average, to get into problem debt.[12]
- People without a savings buffer are three times more likely to report very low levels of happiness compared with those who have savings.[13]

The peace of mind that having savings brings can also boost productivity in the workplace, reduce absence and allow people to focus on their work.

- Over 1 in 4 employees report that money worries affect their ability to do their job.[14]
- Financial worries cost UK employers around £10.3 billion annually in presenteeism and absenteeism.[15]
- Improved financial resilience is associated with fewer workplace accidents.[16]

Who's currently most excluded?

There is a need for greater levels of saving across the income distribution but this is particularly true for:

- **Low-income households.[17]** Limited financial resources can make it difficult for these households to save but can also make them particularly vulnerable to negative outcomes in times of financial shock.

9 Money and Pensions Service (MaPS) (2022). **One in six UK adults have no savings.**

10 Resolution Foundation (2023). **ISA ISA baby: Assessing the government's policies to encourage household saving**.

11 Institute for Fiscal Studies (2023). **Characteristics and consequences of families with low levels of financial wealth.**

12 StepChange Debt Charity (2015). **Becoming a nation of savers**.

13 Resolution Foundation (2023). **ISA ISA baby: Assessing the government's policies to encourage household saving**.

14 Chartered Institute of Personal Development (CIPD) (2023). **Employee financial wellbeing: Guidance for HR practitioners and employers to support employees' financial wellbeing.**

15 The Centre for Economics and Business Research (CEBR) (2023) **Financial wellbeing and productivity in the workplace.**

16 Pitt Ohio (2016). **Rainy Day Fund.**

17 Institute for Fiscal Studies (IFS) (2023). **Characteristics and consequences of families with low levels of financial wealth.**

- **Volatile-income households.**[18] Having an income that changes, often in unpredictable ways, between pay periods can make it difficult to save. This can be compounded where income is low.
- **Young adults.**[19] Many young adults are just starting their careers and may not have substantial levels of saving accumulated.
- **Women.** [20] Women are less likely to have savings than men. This is particularly acute for women who are single parents.
- **People from minoritised ethnic backgrounds.**[21] Around half of Black and Black British and Asian and British Asian adults don't have a savings account compared with around a quarter of White adults.
- **People with a disability or a mental health condition.**[22] Around 35% of disabled people and 40% of people with a mental health condition don't have a savings account.
- **People who have recently moved to the UK**. Many financial products require a residential and financial history in order to access the saving and credit products available. When an individual is new to the country, the lack of history can delay access to even essential accounts.
- **Renters.** [23] Renters have around five times the likelihood of experiencing financial vulnerability compared to those who own their home outright.

These individuals and households often want to save and can do so but need financial products that are flexible and work for their specific needs.[24]

There is also a need for greater levels of saving amongst the self-employed. This research focuses on payroll-linked saving tools and so, in most cases, requires an employer. Nest Insight, has a programme of research looking specifically at the saving needs of the self-employed which can be found at **nestinsight.org.uk**.

Barriers to saving

There are a number of reasons that people don't get started with saving even if they want to and feel like they could afford to.

A couple of things that come up frequently when we talk to employees are:

1. **Low confidence**. People often lack the confidence they could be a saver, particularly if they've found it difficult to save in the past. Engaging with savings products can be intimidating, particularly when consumer information about saving is focussed on comparison tables and percentage interest rates.

2. **Cognitive load.** We know that those who are least likely to save – those on lower and often variable incomes – also frequently lack the time and headspace to plan ahead, to research options and to manage any administration additional to that which is needed for day-to-day coping and survival. There is a growing body of research showing that managing 'scarcity' of income and other resources creates a cognitive load that can negatively impact mental capacity.[25] We've seen in Nest Insight research, including our Real Accounts programme tracking nearly 50 low-and moderate-income households over time, that people want to save, but that there are often just too many barriers that get in the way, particularly for those who are already most vulnerable and excluded.

3. **Inertia and friction.** Inertia is a powerful force. People repeatedly tell us that they intend to start saving, but don't get around to do it. Additionally, even when people start to sign up to save, there can be friction at each

[18] Nest Insight (2024). **Fluctuation Nation: Lifting the lid on the millions of people managing a volatile income.**

[19] Financial Conduct Authority (FCA) (2023). **Financial Lives 2022: Key findings from the FCA's Financial Lives May 2022 survey**.

[20] Money and Pensions Service (MaPS) (2023). **Cross-cutting themes of the UK strategy for Financial Wellbeing: Gender, mental health and ethnicity**.

[21] Financial Conduct Authority (FCA) (2023). **Financial Lives 2022: Key findings from the FCA's Financial Lives May 2022 survey**.

[22] Financial Conduct Authority (FCA) (2023). **Financial Lives 2022: Key findings from the FCA's Financial Lives May 2022 survey**.

[23] Office for National Statistics (2023). **Impact of increased cost of living on adults across Great Britain: February to May 2023**.

[24] Nest Insight (2024). **Fluctuation Nation: Lifting the lid on the millions of people managing a volatile income.**

[25] For example Mani et al., (2013) **Poverty impedes cognitive function**; Mullainathan and Shafir (2013). **Scarcity: Why having too little means so much**.

stage of the process – for example people drop out when they have to choose how much to save, or need to provide personal information.

One common-sense approach to improving levels of saving is financial education. It is often thought that if people know more about money management then they would make better financial decisions. However, it's often not that straightforward.[26]

People frequently know they should save and so education may improve knowledge without changing behaviour. If you are already low in financial confidence or are overwhelmed by the options available to you as a saver, then having more information may not help change behaviour.

Workplace saving mechanisms have the power to support employees with low confidence and capacity to start to save, if they want to.

The role of the workplace in supporting employee financial wellbeing

The workplace is a crucial touchpoint as it is, for many households, the main source of income. Payroll, and in particular the accurate and timely payment of wages, has always played an important role in employee financial wellbeing.[27]

There has however been an increased interest in the broader role payroll could play in supporting financial wellbeing in recent years, due in part to the cost of living crisis that saw the cost of essential goods and services soar and wages stagnate.

Given this, employers have been increasingly focused on what they can do to support the financial wellbeing of employees beyond their pay. Employee financial wellbeing offers vary. Alongside the mandatory automatic enrolment into retirement saving for eligible workers, some provide financial education, insurance, employee assistance programmes for psychological support, earned wage access, financial coaching, retail discount schemes, salary sacrifice, payroll loans and/or payroll saving accounts.[28]

The focus of this research is on the role that workplace saving schemes specifically can have on supporting employees' financial resilience. These schemes allow a portion of earnings to be moved directly via payroll into a saving account in the employee's name before take-home pay hits the pocket. This can reduce the feeling of 'loss' some people experience when apportioning money to saving, and also supports with mental accounting and budgeting.

It is estimated that around 7% of employers currently offer a saving scheme through the workplace.[29] Where they do, take up is often low.

The potential of payroll saving schemes

In its Financial Wellbeing Strategy for the UK, the Money and Pensions Service (MaPS) has set a goal of having 2 million more working-age people who are 'struggling' and 'squeezed' financially to be saving regularly by 2030.[30] It identifies the workplace as a promising route to achieving this.

Our own research confirms the potential of the workplace as a channel for getting more people saving because there are a number of behavioural and cognitive barriers that mean people often struggle to get started with saving.[31]

[26] Money and Pensions Service (2020). **Using behavioural science to improve financial wellbeing in the UK.**

[27] Chartered Institute of Payroll Professionals (2024). **Payslip Statistics Survey Report 2024 (2008-2024)**.

[28] To read more about how payroll can be used as a touchpoint to support financial wellbeing, see Nest Insight (2024). **Smarter paydays.**

[29] Department for Work and Pensions (2023). **Department for Work and Pensions employer survey 2022: Research report**.

[30] Money and Pensions Service (MaPS) (2020). **UK strategy for financial wellbeing.**

[31] Nest Insight (2022). **Does payroll autosave support employees to get started with saving?**

The impact of payroll automation on retirement saving

Since 2012, all employers have been automatically enrolling eligible employees into payroll-linked retirement saving accounts.[32] The impact of this on the long-term financial resilience of the current UK workforce has been stark with an around 50% jump in pension participation in the first 10 years of the policy across the public and private sectors.[33] In 2021, employees across the UK saved £114.6 billion pounds in this way, representing a real-term increase of £32.9 billion in savings compared to 2012, when auto enrolment was introduced.[34]

The success of the policy was in large part due to the fact that the automatic nature meant it required no effort for employees to start saving if they wanted to, while not reducing autonomy. Contributions are also made prior to an individual's pay hitting their pocket which means they often don't feel like they are saving at all.

The potential of short-term payroll saving

There is a potential for the same approach of using payroll saving for retirement to be applied to boosting the short-term financial resilience of the UK workforce.

Payroll saving simplifies the process of saving by apportioning a small amount of an employee's salary into an account in their name.

The principles of payroll saving

Employees will have a variety of saving needs. However, in general, we've observed that workplace saving options that meet the financial security of low-to moderate-income earners should be designed to be:

Simple	The account structure needs to be straightforward and communications should be jargon-free. Employees with low 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. They 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 their pocket.
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, set up or withdrawals, ensuring savings aren't eroded.
Quickly accessible	Savings can be accessed quickly, if not instantly, when needed.
Condition-free withdrawals	There are no conditions on taking money out of the account. Employees are free to access their money when they need it, and as frequently as they need to.
Adaptable	Employees are free to save and access their money for whatever reasons they choose. While the workplace savings scheme might be introduced with the aim of helping employees save for emergencies, some employees may instead use it for shorter-term goals like religious festivals, a holiday or a school trip. Ultimately, accessible savings will

[32] UK Parliament (2009). **Pensions Act 2008**.

[33] Department for Work and Pensions (2022). **Ten years of Automatic Enrolment achieved over £114bn pension savings**.

[34] Department for Work and Pensions (2022). **Ten years of Automatic Enrolment achieves over £114bn pension savings.**

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.

Although there's great potential for workplace saving schemes to support people to start saving, this potential is not currently being realised. Even where good schemes are offered, participation rates remain low.

In our sidecar saving trial, which involved five large UK employee populations, we've seen that out of every 100 eligible employees, 46 say they think workplace saving will help them, 14 say they're likely to sign up now or in the future but just 1 follows through.[35] People want it, but they just don't get round to signing up.

This low level of participation in workplaces where employees have 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 across a range of different sectors is low – often below 10%.

Taking an opt-out approach to payroll saving, where employees are signed up unless they say they don't want it, may offer a solution without reducing their autonomy or choice of what to do with their money.

[35] Nest Insight (2023). **Workplace sidecar saving in action.**

Opt-out payroll saving

Opt-out payroll saving is designed to help employees to get started with saving if they want to. Instead of having to sign up, employees automatically start saving through payroll if they don't opt out. People still have the choice whether or not to save, but in this model, those who want to save don't need to do anything. There's a simple and easy one-step opt out for anyone who doesn't want to save, and savers can choose to save more or less, access their money, or stop saving at any time.

A lot of research has been done by providers and employers to boost payroll saving participation through communication, simplification of the sign-up journey and incentivisation. While these efforts have improved saving participation a bit, the impact has been minimal (Table 1).

Table 1. Saving participation in different contexts

Saving solution design	Typical participation level
Opt-in payroll saving [* # ± § ¥]	0.1% to 15%
Adding the following features…	**…increases participation by -**
Prize draw or monetary incentive [* ± **]	+0.5pp to 10pp
Simplified user journey [*]	+ <1pp
'Soft' default - where employees are told they have an account but need to log in and provide details to activate it [*]	+ <1pp
Gain framing - where communications emphasise the peace of mind to be gained through saving [*]	+ <1pp
Social norm - where communications emphasise that most people are already saving [±]	+ <1pp
Optional face-to-face sessions [±]	+ <1pp
Mandatory face-to-face sessions - only used so far with active choice approaches [¥]	+ 15pp to 20pp

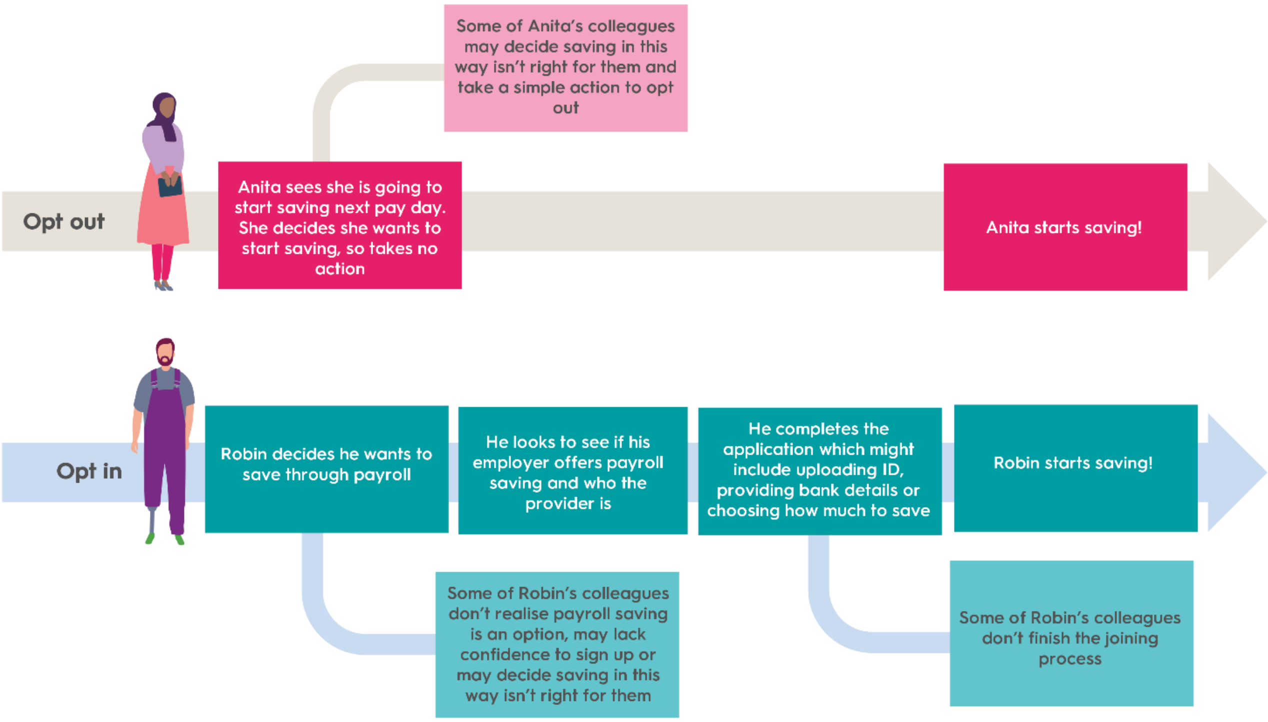
Notes:
* Behavioural Insights Team (2022). **Using behavioural science to help employees save: Evaluation of a payroll savings scheme – final report**
# Nest Insight (2023). **Workplace sidecar saving in action**
± Financial Inclusion Centre (2021). **Getting workforces saving: Payroll schemes with credit unions**.
§ Behavioural Insights Team (2022). **Payroll savings schemes in Northern Ireland: Evaluation report'**
** HM Revenue & Customs (2023). **Help to Save extended to April 2025**
¥ Nest Insight conversations with credit unions, employers or fintech companies offering these approaches in workplace saving schemes

This is a similar picture to workplace pension saving where comparable interventions pre-auto enrolment also failed to make a step-change in saving participation. Given the success the opt-out payroll mechanism had in the retirement saving context, we wanted to explore whether a similar mechanism applied to short-term accessible saving has the potential to make a marked change in peoples' saving behaviours without limiting or removing choice.

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

In an opt-out autosave model, an employee is enrolled into payroll saving by their employer without them having to do anything themselves.[36] If an employee doesn't want to save in this way they don't have to; they can opt out simply and quickly. Once enrolled, employees can change their saving rate, withdraw money, make additional contributions outside payroll[37], or close their account at any time. Opt-out payroll autosave preserves the choices offered in a typical workplace payroll scheme – save or don't save – but arguably creates a much better alignment between employee need and the default behaviour.

In an opt-in model, those least likely to have savings, who are under more financial pressure and who may benefit the most, are also those least likely to make an active decision to sign up to save, due to limited headspace and lower levels of financial confidence. In an opt-out model, the decision to act falls to those who know they don't need to or want to save; a group more likely to be financially confident and to be saving elsewhere.



The opt-out mechanism reduces the effort required to save, and also reduces the cognitive load of choosing the account and provider to one question: "Do I want to save?" Where only people who answer "no" need to take a simple one-step action. It makes it easy for the people who want to save to do so without reducing the options available.

Based on these design advantages, and working within the current regulatory and legislative frameworks, and with the support of the Financial Conduct Authority's regulatory sandbox, we set out to explore how employees would respond to opt-out payroll autosave in real-world settings.

[36] Minimal effort on the part of the employee may be required where an employee must provide consent at onboarding. Where this is included in the employment contract, there is nothing for the employee to do.

[37] Contributions outside of payroll can only be made in some models of payroll saving.

Research trials approach

Since 2021, Nest Insight has piloted and evaluated two versions of the opt-out approach to payroll saving working with three employers and two providers. The trials were designed to explore, from differing angles, whether opt-out payroll saving supports employees' financial wellbeing and resilience.

In this report we bring together the final learnings from two years of data collection from trials across three employee populations – one new worker trial and two benefits app user trials. We collate the results from over a million admin data points, over 10,000 employees covered by the pilots, 2,200+ survey responses, and 87 interviews with employees.

In the new worker trial, the employer SUEZ recycling and recovery UK worked with its credit union, TransaveUK, to pilot opt-out payroll autosave with its employee population. SUEZ's 5,000 employees are mainly based in manual positions,[38] working on sites such as household waste recycling and water treatment. They're based across the UK.

In the benefits app user trials, the financial wellbeing benefits provider Wagestream launched opt-out payroll autosave with two employers – Bupa Care Services and the Co-op. Bupa Care Services has around 10,500 UK workers employed mainly in care roles. The Co-op has around 55,000 workers in the food retail, insurance, funeral and legal services sectors. Both employers' employees are based across the UK.

At all three employers, the workforce primarily comprises low- and moderate-income workers. Because payroll saving has broad appeal, the saving products were made available to their entire eligible workforce without restriction based on role, salary or location.

In all three trials, a default savings contribution amount of £40 per monthly pay period has been used.

Why was the £40 default saving level chosen?

It was important to set a default that allows employees to build up a meaningful savings buffer in a reasonable timeframe while also making it affordable and achievable.

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

- £40 was approximately 2% of gross earnings for the average salary at the three employers taking part.
- £40 was compared to mean (average) and median (middle) earnings as well as salary ranges (lowest and highest) at the employers.
- £40 matched the mean contribution into the benefit app savings pots before the benefits app user trials were launched.
- Over 12 months, if no changes or withdrawals are made, £40 per month adds up to a meaningful level of savings – £480.

In our early qualitative research, employees reported that £40 per month felt reasonable. They spoke about this amount of money being easy to relate to and relevant, making comparisons for example to the cost of a monthly takeaway meal, or breaking it down as roughly £10 each week.

"I think £40 is probably the right amount that, you know, you set as the entry level. I think higher and it would be difficult for some people… it might deter people. You know, it's £10 a week or less if you break it down for a month. So, I think that's fair."

New worker trial employee

[38] The term 'manual' refers to non-office based positions, including drivers and those working in recycling and waste management facilities.

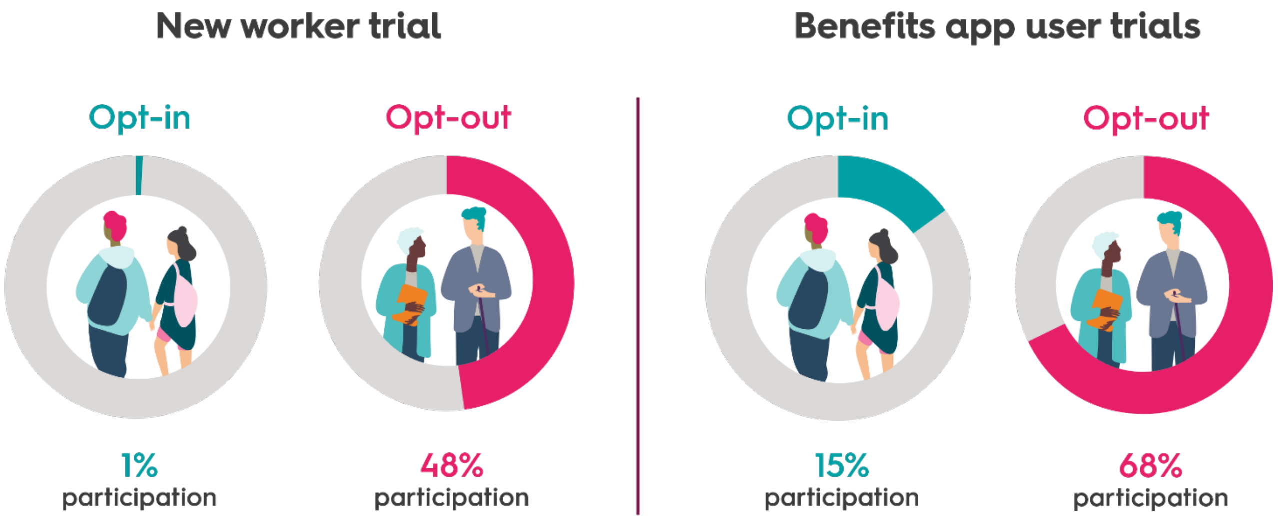
For a summary of the trials see Table 2.

Table 2. Three real-world trials of opt-out payroll saving

	New worker trial	Benefit app user trial	
Employer	SUEZ recycling and recovery UK	Bupa Care Services	The Co-op
Research design	A 'pre-post' design that compared workers who joined SUEZ in the year preceding the introduction of opt-out payroll saving ('pre') to those who joined after its introduction ('post').	A randomised controlled trial comparing opt-in and opt-out user journeys by randomly allocating employees to experience one of these arms when they join Wagestream. We also randomised participants into a third arm, active choice. You can read more about this in Section 9 of the Results.	
Payroll savings provider	TransaveUK	Wagestream	
About the payroll savings scheme	› Contribution can be changed or paused at any time. › Quick withdrawals. › Contributions can be made outside of payroll. › Pays an annual dividend.	› Contributions can be changed or paused at any time. › Instant withdrawals. › Pot capped at £1,000. › No 'boost' on savings.	› Contributions can be changed or paused at any time. › Instant withdrawals. › Pot capped at £1,000. › 5% 'boost' on savings.
Number of employees	5,000	10,500	55,000
People in the trial	Pre (opt-in): 1,164 Post (opt-out): 2,853	Opt-in: 898 Opt-out: 884 (Active choice: 888)	Opt-in: 1,698 Opt-out: 1,785 (Active choice: 1,789)
Opt-out launched	November 2021	October 2022	December 2022
Length of trial	25 months (in places data are reported to 22 months due to low sample size in the final few tenure months)	12 months	9 months
Source of the majority of communications	Employer pre-account opening Credit union – post account opening	Benefit app provider	Benefit app provider
Default saving rate	£40	£40	£40
What 'months since joining' or 'tenure' means	The months since joining the employer with 0 being the month they joined the employer.	The months since joining the benefit app provider with 0 being the month they joined the app. This may be different to the month they joined the employer because employees can join Wagestream at any time during their employment.	

Trial results

1. An opt-out approach to payroll saving dramatically boosts participation, supporting many more workers to save



The participation we see under the opt-out approach is much more in line with the proportion of employees who want and need to save, than when they have to actively sign up.

Level of participation

In the new worker trial, saving participation[39] four months after joining the employer is 47 percentage points[40] higher among those who experienced the opt-out saving mechanism than those who had to sign up to save.

Participation increased from only 1 in 100 people saving to 48 in 100 saving. Nearly half of employees start saving when they experience the opt-out approach.

This is a considerable increase in saving participation as a result of simply changing the default to make it easier for people who want to save to get started.

> **I personally think it's a really good idea, the only thing you have to do is opt out – leaving it on there is effortless, you don't have to put in your bank details or anything – you don't have to do anything, to me it's a no brainer.**

New worker trial employee

[39] Saving participation is defined as having a non-zero saving's balance, a non-zero savings contribution amount or both, in a given month. It is not simply having a savings account option. This means that someone who has an account open but has no balance and doesn't save into the account in a given month appears in the data as not participating in payroll saving during that month. They may, however, restart saving into the account in a subsequent month. Then they'll appear in the data as participating. In the new worker trial, contribution amount is an election and so may not accurately reflect a contribution in that month. This provides a lower bound estimate on participation. The analysis can be seen in Berk et al., (2025). **Automating short-term payroll savings: Evidence from two large U.K. experiments.**

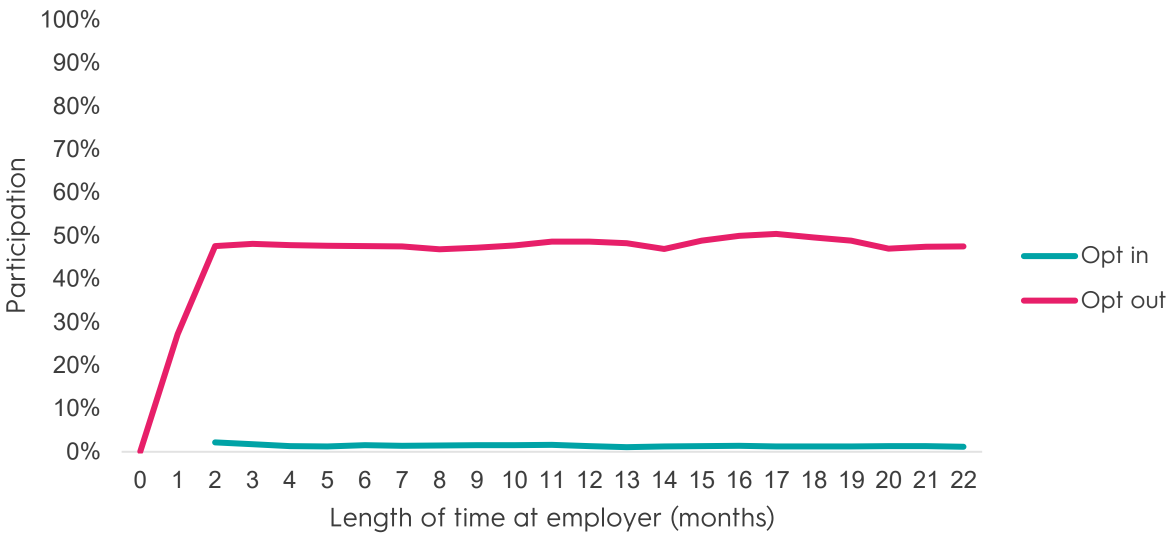
[40] The percentage increase at tenure month 4 is over 3,500% in the new worker trial. Percentage increase (or decrease) is often reported in research, and is why we include it here. The percentage increase in the benefit app user trial is around 370%. While this appears smaller, the starting point (opt-in participation) is higher than in the new worker trial and the percentage point increase is actually greater.

> **I wouldn't have chosen to go in and do it…them doing it sort of automatically has made a difference. I've gone 'let me try this and see how it works', but I wouldn't have gone 'oh, that's a good idea, I will try and save this much'.**

New worker trial employee

This remains consistent throughout the entire data collection period of 24 months[41] suggesting that once people start saving they do so consistently while with their employer (Figure 1).

Figure 1. Around half of new workers save under the new worker trial's opt-out approach



Source: Berk et al. (2025)

The number of people who may find opt-out payroll saving useful is likely to vary from employer to employer, with those with no savings perhaps most likely to use and benefit from such a scheme. To get an indication of what the participation rate might be at SUEZ, before the trial began we asked employees whether they had any money set aside that they consider savings. Of the respondents, 37% said that they had no savings, and 47% said that they would need to either borrow money, sell possessions or cut back on expenses to meet an unexpected expense of £300.[42]

While these individuals may be most likely to benefit from opt-out payroll saving, others may use the savings scheme for its convenience, to help them manage their within-month finances or to help with self-control. Therefore, we also asked employees, regardless of whether they would save or not, if they want their employer to offer opt-out payroll autosave. Overall, individuals were positive about the idea of opt-out payroll saving with 46% of those who responded wanting their employer to offer it and 28% neutral to the idea. When we asked employees whether they would stay enrolled if offered opt-out payroll autosave, 54% of respondents thought they would "definitely" or "probably" remain enrolled. This is very similar to the levels of actual participation seen in the new worker trial, suggesting that the opt-out approach achieves appropriate levels of saving.

[41] There is a decrease in participation from tenure month 23 to 25. This is a function of the small sample size in later months of the trial rather than a true decrease in saving rates.

[42] Nest Insight (2022). **Does payroll autosave support employees to get started with saving?**

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

New worker trial employee

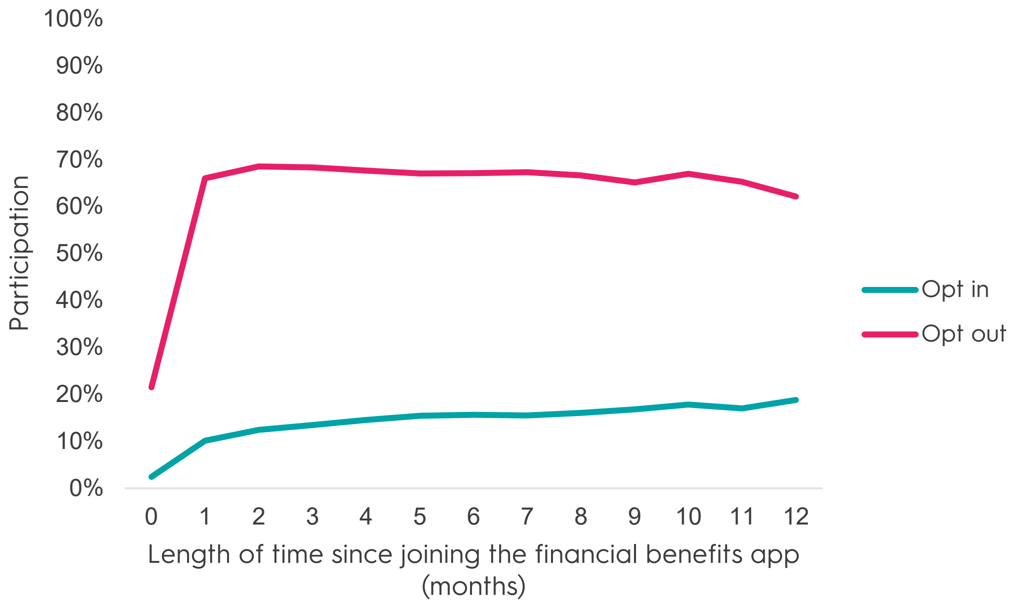
> **I liked that it was easy to join or opt out.**

New worker trial employee

In the benefit app user trial, there is a similar increase in participation four months after joining the app. Saving participation four months after joining is 53 percentage points higher among those who experienced the opt-out saving mechanism than those who had to sign up to save.

There is a higher baseline level of saving among the opt-in comparison group in this trial. Participation increased from 15 in 100 people saving to 68 in 100 saving. So the result is that around 7 in 10 people start to save when the opt-out mechanism is introduced. This also persists over the 12 months of the trial (Figure 2).

Figure 2. More than 7 in 10 new benefits app users save under the trials' opt-out approach



Source: Berk et al. (2025)

> **I love the savings scheme, I think it's easy, it's there, take it when you want it… The offer was there, I took it up. If you don't want to take it, it's your choice, your prerogative.**

New worker trial employee

> It helps me to save some money every month. I love it.

Benefit app user trial member

Reasons for opting out

In a survey of those who opted out of saving in the new worker trial,[43] 41% said they did so because they had savings in other places. One third (34%) didn't want to save through payroll and nearly as many (31%) said they couldn't afford to save at the time.[44]

Very few said they'd chosen to opt out because they didn't like the saving product (5%) or the default savings contribution amount of £40 per month (4%).

Reasons for choosing to save

The main reason people remained enrolled was because the payroll mechanism for making contributions to the savings pot was appealing (60%).[45] We frequently heard this echoed in our in-depth interviews and in the free-text responses to the surveys of employees taking part in the trial.

People also liked the fact that opt-out payroll autosave was easy for them – that it's all essentially set up (35%). And they like that there are no restrictions on accessing the money they'd put in their savings pot when they needed or wanted to use it (32%).

Some people said they'd chosen to save specifically because they like the product (20%). Just as many said it was easy to give saving a go because they knew they could change or stop their savings contributions in the future (21%).

> I loved the idea of it being sat there, but again, it's one of those things that just our current situation at the moment, I find myself having to withdraw it every month anyway.

Benefit app user trial member

Account engagement

In both trials we have tracked how people engage with their accounts. We wanted to understand whether there was any difference in engagement when people have started saving because they didn't opt out.

People who start saving via the opt-out approach do actively engage with their accounts.

In the benefit app user trial we are able to see how frequently people actively engage with their accounts: changing the saving goal, saving amount, updating other settings and making withdrawals. At month 6 after joining the app there is a small difference in engagement, about 72% of the opt-out group has demonstrated at least one of the active engagement activities mentioned compared to about 79% of the opt-in group.

[43] Nest Insight (2023). **Opt-out autosave at work.**

[44] Employees could choose more than one option.

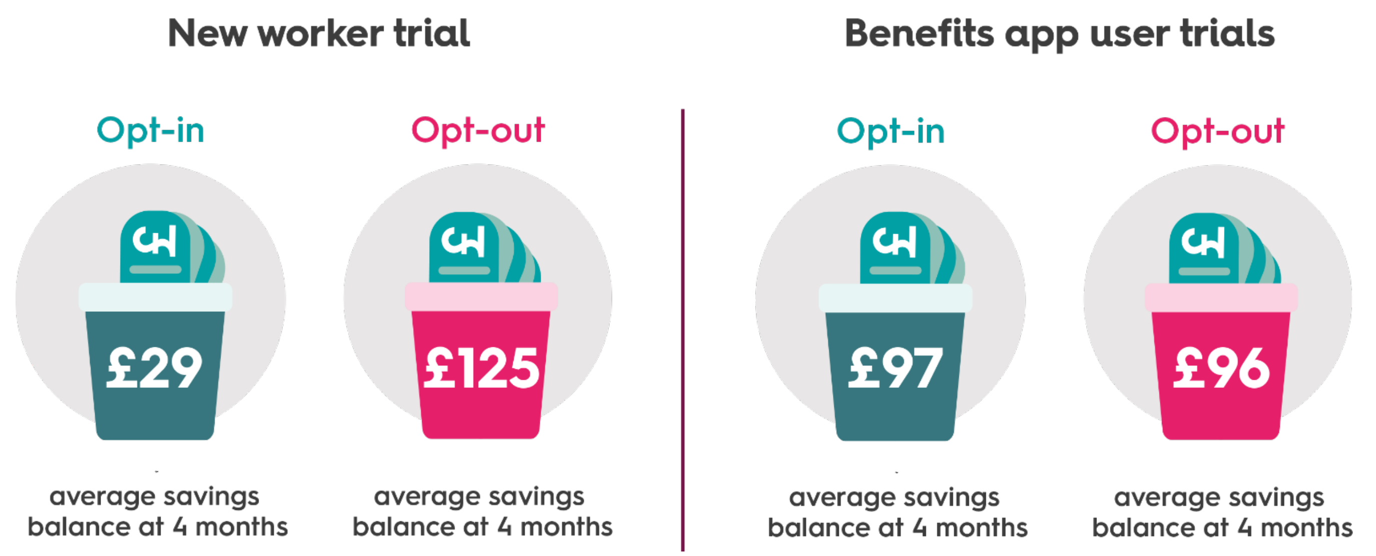
[45] Nest Insight (2023). **Opt-out autosave at work.**

This is mostly driven by the opt-out group being far less likely to update their saving goal. This makes sense given their accounts are not explicitly set up with a ‘goal’ in mind and instead are set to the maximum possible saving balance.

> **I am very happy to put money aside and to be able to change that amount month to month, depending on outgoings.**
>
> **Benefit app user trial member**

In the new worker trial, by 24 months of tenure, all employees in the opt-in group had made either a withdrawal or made a change to their contribution rate. In the opt-out group, 70% had done either or both activities. The difference between these groups is likely driven by the fact that there are far fewer savers in the opt-in group.

2. Saving via payroll supports people to save persistently over time



A quarter of UK adults have less than £100 in savings.[46] Opt-out payroll saving can help people build this buffer within 4 months, on average, without reducing savers' access to their money.

Saving balances over time

Across both trials and all three employers, when the opt-out mechanism is in place, the people who want to save contribute consistently and, on average, build meaningful balances quickly.

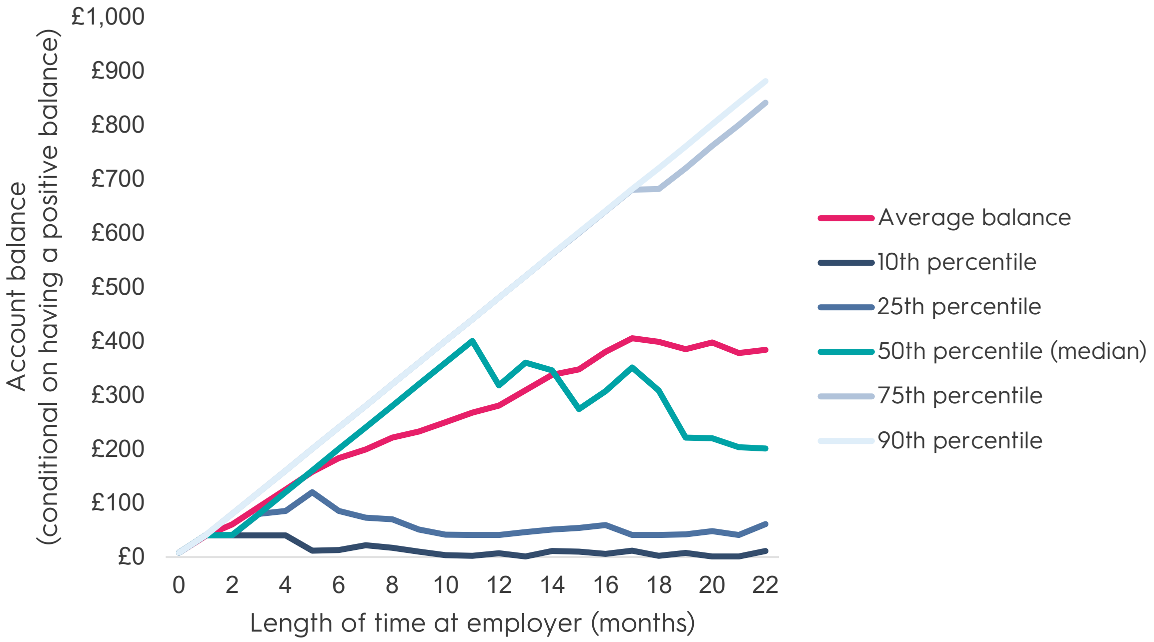
In the new worker trial, four months after joining the employer, the average saving balance (conditional on having a positive balance[47]) was £125 in the opt-out group (Figure 3). In the benefit app user trials the average balance (conditional on having a positive balance) was slightly lower £96 four months after joining the app (Figure 4).

Average saving balances continue to rise reaching £280 and £245 in the new worker and benefits app user trials respectively after 12 months. After 24 months, in the new worker trial, average balance tips over the £400 mark (Figure 3).

[46] Money and Pensions Service (2022). **One in six UK adults have no savings.**

[47] We report saving balances conditional on having a positive balance. That is, the balances of those who open an account with a positive balance. However, employers may be interested in saving balances not conditional on having a positive balance when determining the value and impact a saving scheme is likely to have across their workforce. Balances not conditional on having a positive balance demonstrates how saving levels may change accounting for those who don't save (£0 balance) and can be found in Berk et al., (2025). **Automating short-term payroll savings: Evidence from two large U.K. experiments**.

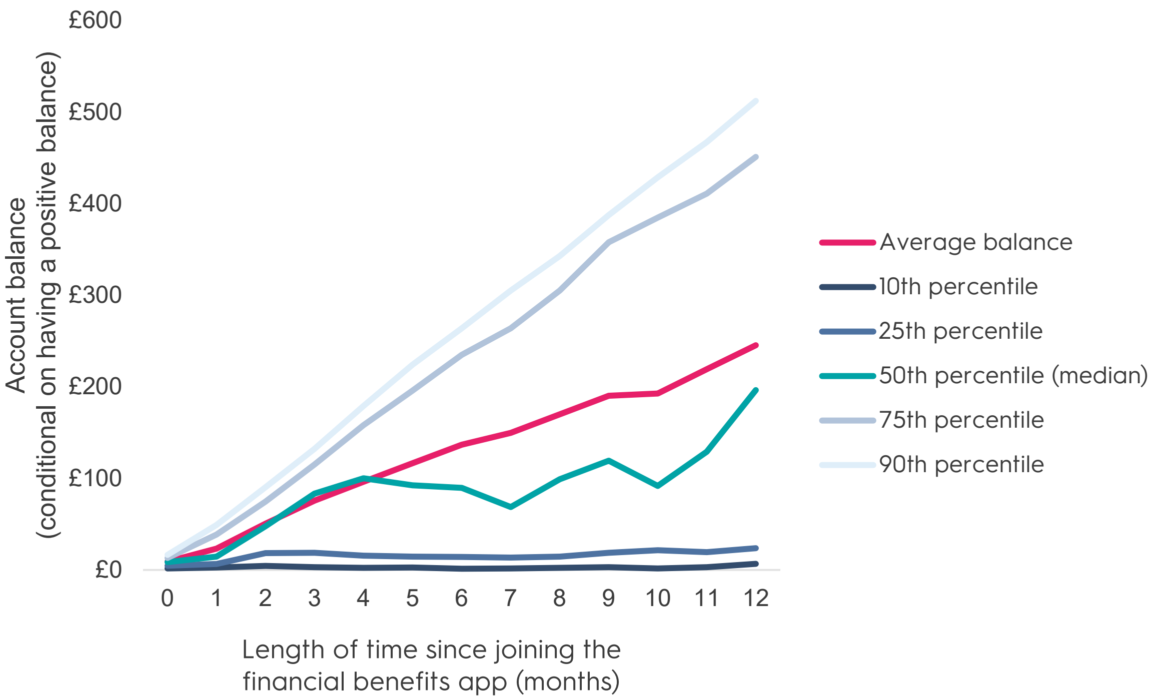
Figure 3. Some opt-out savers in the new worker trial don't build balances but use their accounts for budgeting and cashflow management. Others build a balance over time. On average, savers have over £400 saved within 2 years.



Source: Berk et al. (2025)

Note: balances are conditional on having a positive balance.

Figure 4. We see a similar pattern in the benefit app user trial, although here we only have balance data to 12 months. On average, savers have £245 after 12 months.



Source: Berk et al. (2025)

Note: balances are conditional on having a positive balance.

The average, while valuable, can sometimes mask a wide range of behaviours into a single number, losing the nuances in how people manage their money. In Figure 3 and 4, the percentiles, that is when you divide the data into 100 equal parts (where each percentile is 1% of the data), show that there is a wide difference in how people are using their money.

At the 75th percentile in the new worker trial (Figure 3), balances rise fairly steeply and steadily over 24 months to reach £921 (1 in 4 people save at this level or greater). This is consistent with someone essentially putting in the default level of savings each month (£40) and making no (or minimal) withdrawals over the period.[48]

In the same trial, at the 25th percentile, the balance 24 months after joining the employer is £61 which remains relatively stable across the preceding trial period. This suggests that a considerable number of people, 1 in 4, do not accumulate significant balances, perhaps because they are saving but frequently tapping into their account to meet their liquidity needs. While the balance built over the trial period may not be large, the value of these accounts to these individuals should not be underestimated as they are often invaluable for supporting financial resilience.

> **I generally come to withdrawing it when it's closer to the end of the month when I've not spent all of my money, but I'm getting to the point where I could kind of need it.**

Benefit app user trial member

> **I do generally just bring it back to £0 at the end of the month. I think instead of seeing it as a place to save, I see it as like this is my backup money to use.**

Benefit app user trial member

Saving contribution amount

The majority of people save £40 per month, the default, across the trial period in the opt-out group of both trials. In interviews and surveys with employees, most feel this is the right amount for the default, given it can be accessed quickly, if needed. The mean contribution rate does not substantially differ across income terciles.

In the benefits app user trial, when individuals sign up to save, the median level of saving is slightly higher than the opt-out group at £57 four months after joining the app.[49]

> **You can adjust it, it doesn't have to be £40... it could be £10. It's an amount you might not notice and then you have that in however many months' time if you need it.**

Benefit app user trial member

[48] Contributing £40 with no withdrawals of 24 months is £960 however employees do not tend to contribute until 2 or 3 months of tenure.

[49] The data in the new worker trial suggests contributions are slightly lower in the opt-in group than the opt-out group, but this is more sensitive to individual levels of saving given the low sample size of opt-in savers in that trial.

> You don't seem to miss it [money into savings] because you never really had it in the first place.

Benefit app user trial member

In our research interviews we heard that in some cases, people were not sure if they would be able to save £40 a month but decided to give it a go, and had been surprised at being able to save that much. We also heard that people felt comfortable that they could adjust the saving amount if they needed to.

Saving contributions outside of payroll

In the new worker trial only, it was possible for employees to make additional contributions to their accounts from outside payroll. In the opt-in group we observed no employees doing so in the 24 months we follow them for. In the opt-out group this is done a total of 53 times by 30 people with the amount added ranging from £1 to £2,600 in a single month (mean = £308, median = £100).

In our previous research on the sidecar saving solution Jars,[50] we saw around a third of employees with accounts contributed from outside of payroll. It is possible that the awareness of this as an option was higher for Jars than for the TransaveUK payroll saving scheme and rates of saving from outside payroll may vary between providers and between employee populations.

Isaac's story: Saving to manage cash flow

Isaac is a support worker based in the south west of England. He lives with his wife and two children and moved to the UK last year from West Africa.

He started his job last summer and works full-time in a shift-based role with each shift ranging from two to fourteen hours.

Isaac's income can be variable with his typical salary often altered by working additional hours. He finds that the experience of having two types of income helpful, as it allows for extra income to cover miscellaneous expenses.

Despite working extra shifts, Isaac describes his financial situation as 'struggling' and often finds himself living month-to-month. He feels that managing money and household income is challenging, with unexpected and unavoidable expenses often arising.

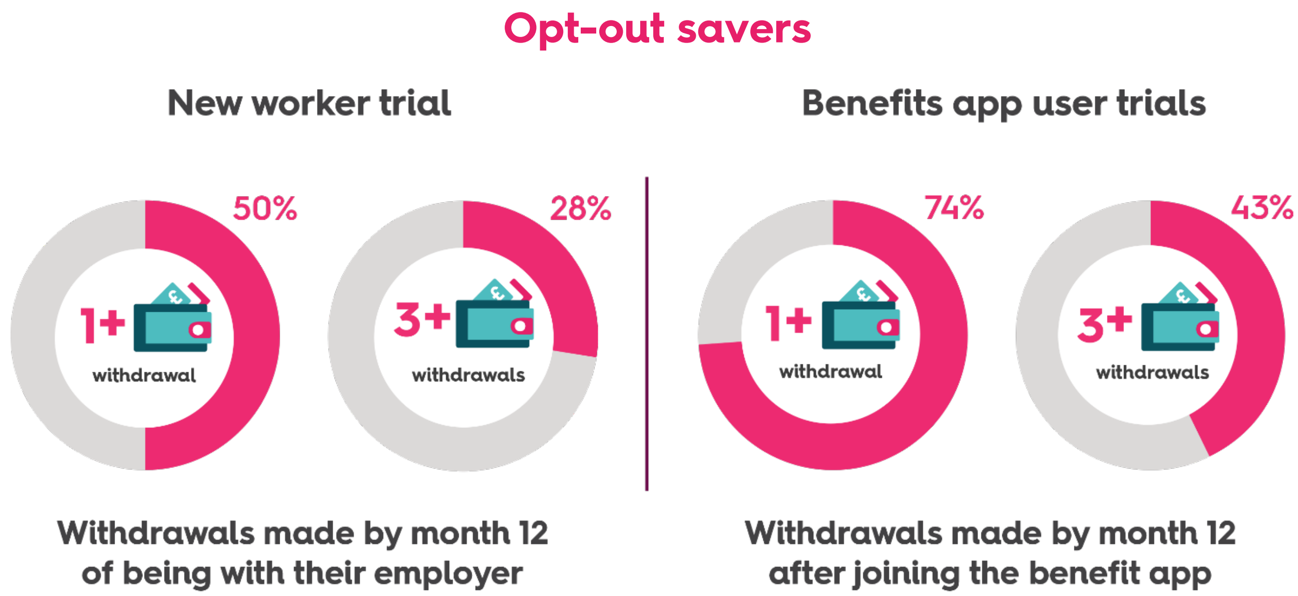
Isaac regularly contributes to his saving account and accesses that money again in the same month.

"There's this joke that someone says you're trying to save money every month but before the end of the month the money saves you. So I tried to set aside £100 from every income, for every salary that comes, but I still end up taking from the pot. You know, it never grows."

Although he doesn't generally build a balance, he feels that using his savings account in this way helps him to manage his money.

[50] Nest Insight (2023). **Payroll saving behaviours.**

3. People actively use their payroll savings accounts



In order to support people's financial wellbeing, people need to access their accounts whenever they need or want to. In both trials, many savers access their accounts and do so relatively frequently suggesting they are using them to support their financial resilience and saving goals.

Frequency of withdrawals

Across both trials, people make frequent withdrawals to manage their savings. By month 12 after joining the benefit app, over 7 in 10 people (74%) have made at least one withdrawal from their savings account. In the new worker trial, after 24 months almost 7 in 10 people (68%) have made one or more withdrawals.

People actively use their accounts to manage their money by making frequent withdrawals. In the benefit app user trial, withdrawals happen more often with around 40% of accounts having a withdrawal 4 and 12 months after joining the app. In the new worker trial around 15% of accounts have a withdrawal 4 months after joining their employer with this more than doubling to 33% by month 24 (Figure 5).

It allows me room to have money if and when it's needed.

Benefit app user trial member

Well, knowing that I have savings gives me a bit of confidence to know that whatever it is, there is something to fall back to.

Benefit app user trial member

In both trials, there is little impact of time of year on withdrawals, for example, we do not see a spike at the beginning of the school year or around the Christmas holidays.

Figure 5. Opt-out savers in the benefit app user trials and new worker trial make frequent withdrawals across the trial periods

Source: Berk et al. (2025)

Twelve months after joining the benefits app, 74% have made at least one withdrawal, 43% have made at least 3 and 28% have made at least 5. This doesn't substantially differ between those in the opt-in and those in the opt-out group.

Withdrawal amounts

The monetary amount people withdraw on average increases with time.

In the benefit app user trial, in the month they join, the value of withdrawals in both the opt-in and opt-out groups are low (£53.83 and £40.88 on average, respectively). This is almost 100% of the available funds given that they are just beginning to save.

By 10 months of membership, the withdrawal values have increased to £158.50 in the opt-in group and £134.28 in the opt-out group, on average, and the share of the balance has decreased slightly given there are more funds available (82% and 73% respectively, on average).

Many savers self-report using their money primarily to meet unexpected expenses or emergencies (37%) suggesting the savings pots serve this purpose of bolstering financial resilience. A similar proportion (33%) are using their accounts for short-term saving goals like trips or events such as birthdays, Christmas and Eid. Nearly 1 in 5 (17%) use their accounts for in-month expenditure management on essentials like food and energy bills.[51]

Mariam's story: Accessing the money you need when you need it

Mariam describes her financial situation as challenging.

She lives in a solo parent household with her adult son, who has anxiety and depression. She's recently gone from having two incomes supporting the household to just one. She thought some of her living costs might go down after she and her partner split, but then inflation hit.

[51] Nest Insight (2023). **Opt-out autosave at work**.

Now she feels she's in a 'constant battle' to keep up with regular bills. She keeps a tight grasp on her outgoings, cutting corners on even basic food, especially in the last week of each month before her pay day. Mariam is determined to save regularly and was offered opt-out payroll autosave when she moved into a new job. This came at good time for her as she was getting a slightly better hourly pay than before, so she felt more confident she wouldn't miss the savings contribution coming directly out of her wages.

"At first I thought £40 is a lot of money, but [then] thought I can survive without it, I'm earning more, will still have a bit – give it a go…. [It] does say you can reduce or higher the amount."

She's trying not to touch her savings unless she needs to in an emergency and she feels reassurance at having built up a buffer.

"I think it's a shame a lot more companies don't do it. It's an opportunity, if you are someone like me going from a minimum wage job to a slightly better paid job – it's an option, it's not something you have to do."

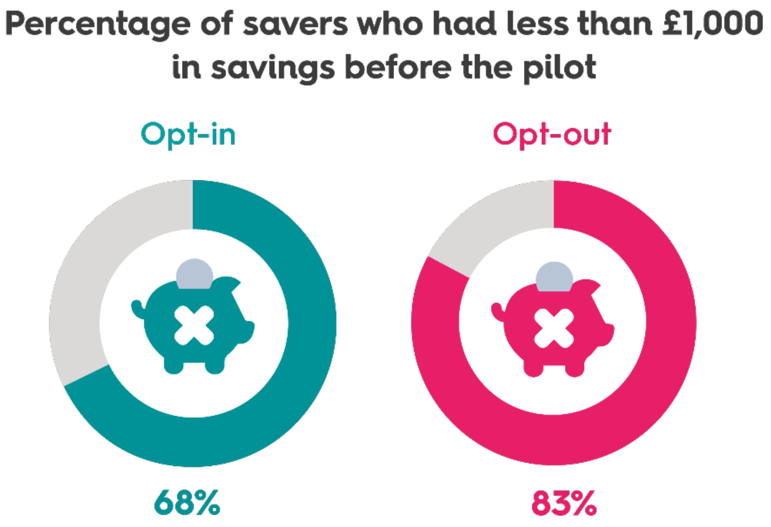
She'd also been able to withdraw the money at a time that suits her. After 9 months of saving she had bult up £360.

She withdrew her full balance at Christmas to help cover the cost of food, presents and extra petrol for visiting people. She has some regret about taking the money out even though she felt that she had to.

"I knew it was my money and I'd saved it, but what if something more drastic happened… I am pleased that I am in it. It might sound silly to some people, but if I hadn't decided to do it, I don't know what I would have done for Christmas. It's not necessarily the presents, it's even down to just the extra food and petrol. It might sound bit daft, but without that we wouldn't have had a turkey."

Since having her payroll saving account set up for her, Mariam has worried less. She says she has peace of mind knowing there's some money there should she need it in an emergency.

4. Opt-out payroll saving helps reach the people who most need support to get started with saving

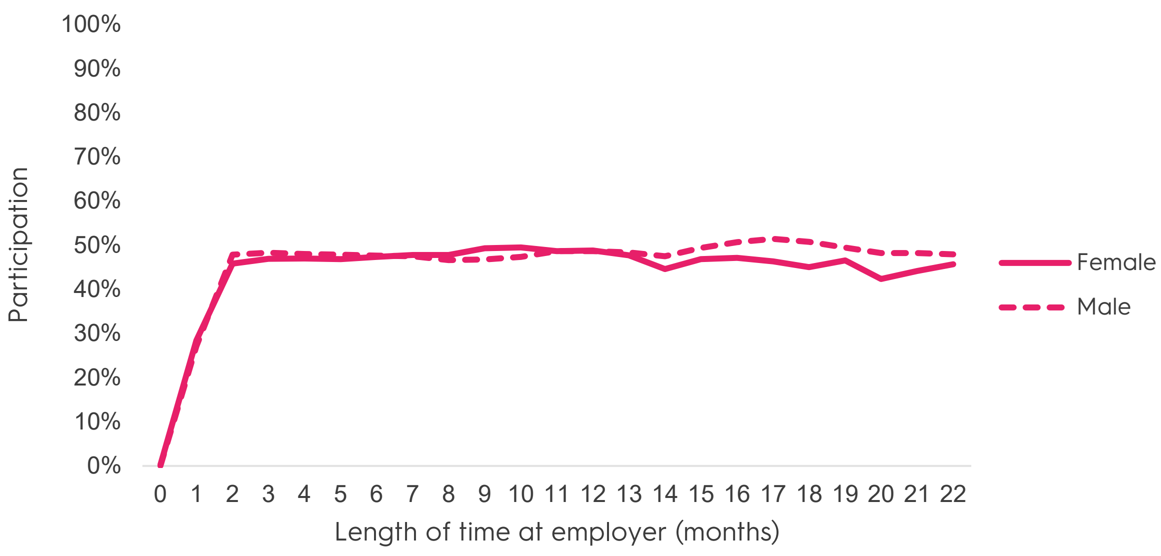


Opt-out payroll saving is an inclusive way to support people to save, reaching more people who don't already have saving, and more of those who lack confidence than when people have to sign up to save.

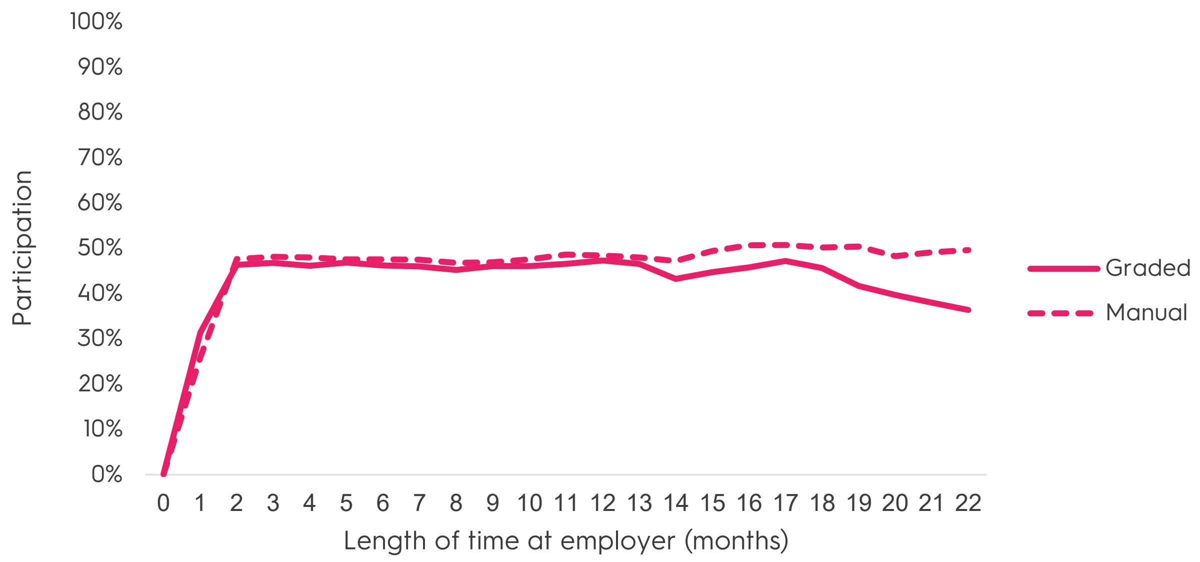
Demographics and income

We can see from analysis of administrative data of the new worker trial[52] that participation in saving as a result of the opt-out mechanism is affected in similar ways across gender, age, job role and salary (Figure 6).

Figure 6. Opt-out payroll saving in the new worker trial is inclusive of people across a number of demographic and socioeconomic characteristics



[52] These data are not all available in the benefit app user.


100%
90%
80%
70%
60%
50%
40%
30%
20%
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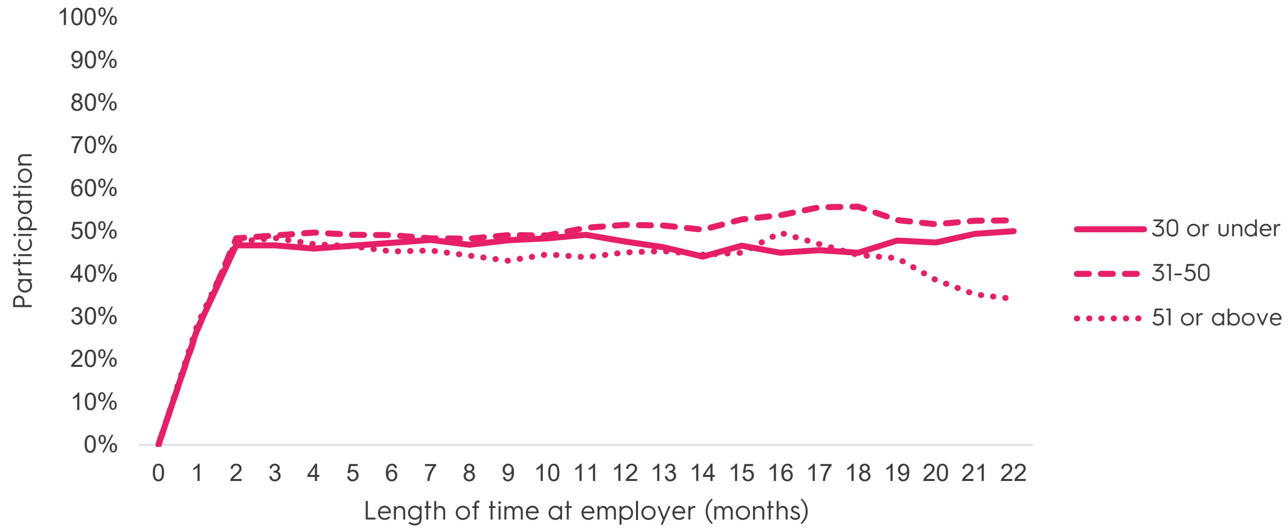
Participation
0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22
Length of time at employer (months)
Graded
Manual


100%
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20%
10%
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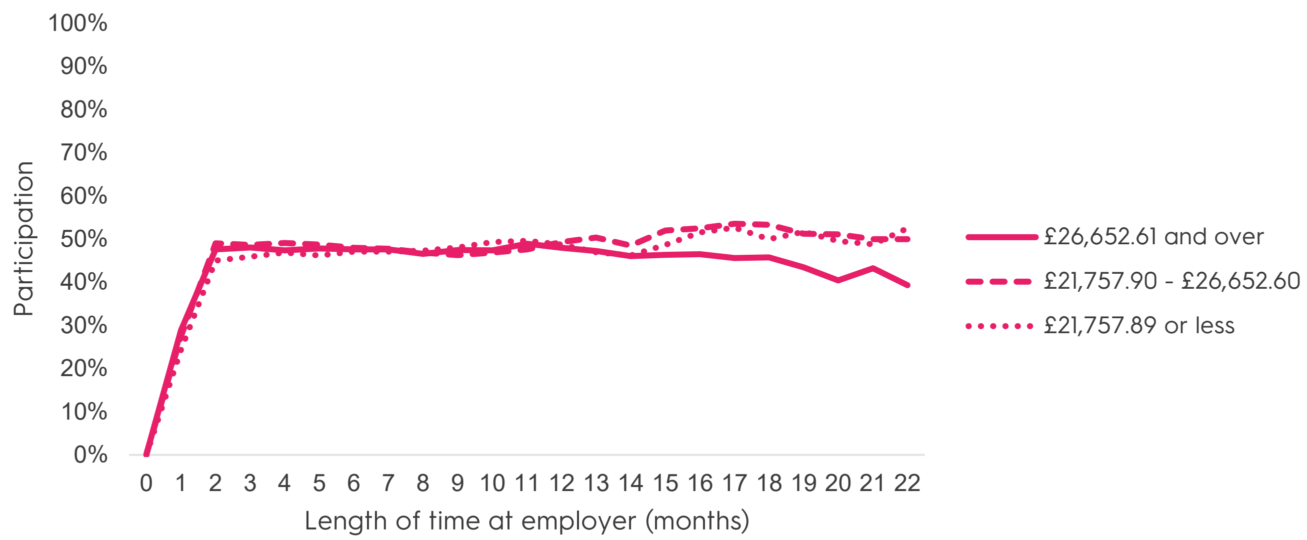
Participation
0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22
Length of time at employer (months)
30 or under
31-50
51 or above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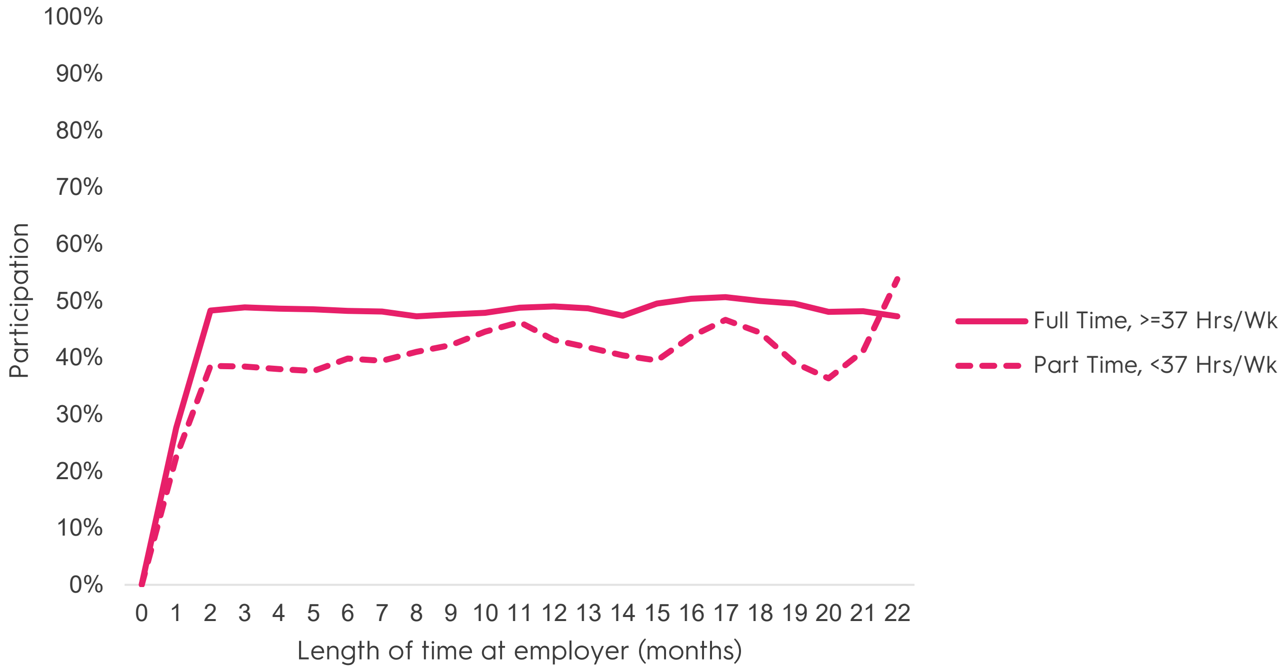
Length of time at employer (months)
£26,652.61 and over
£21,757.90 - £26,652.60
£21,757.89 or less

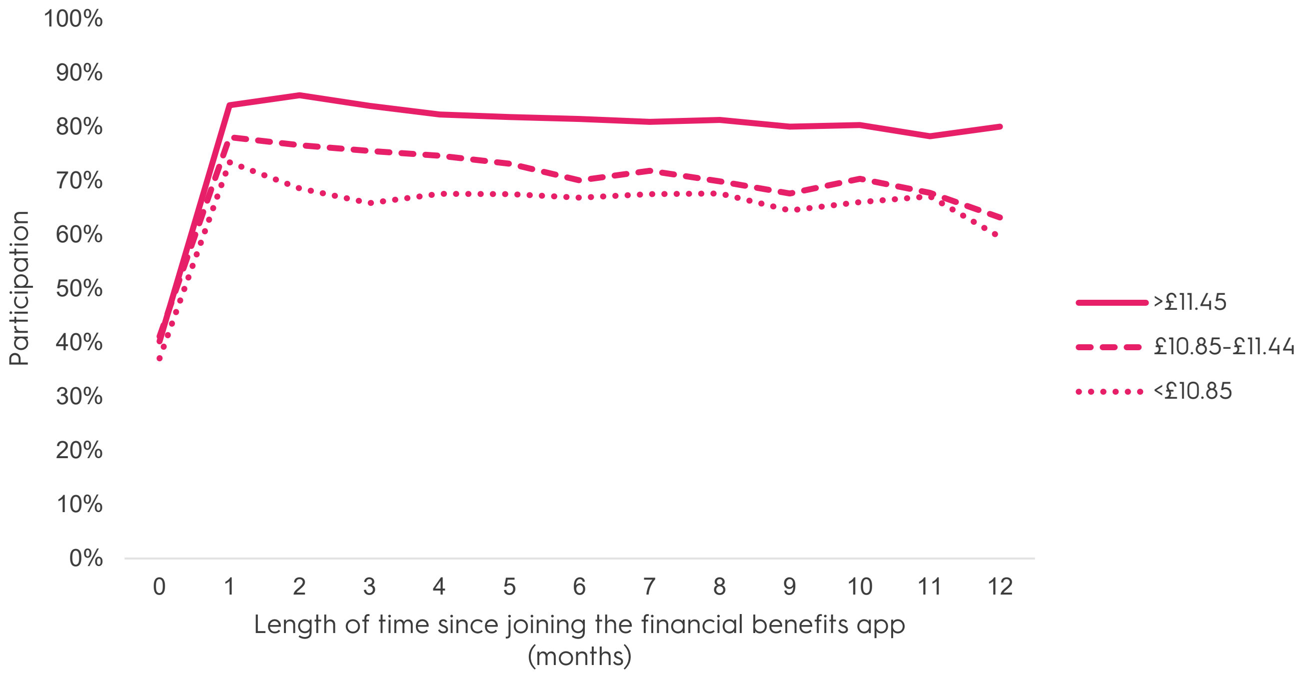


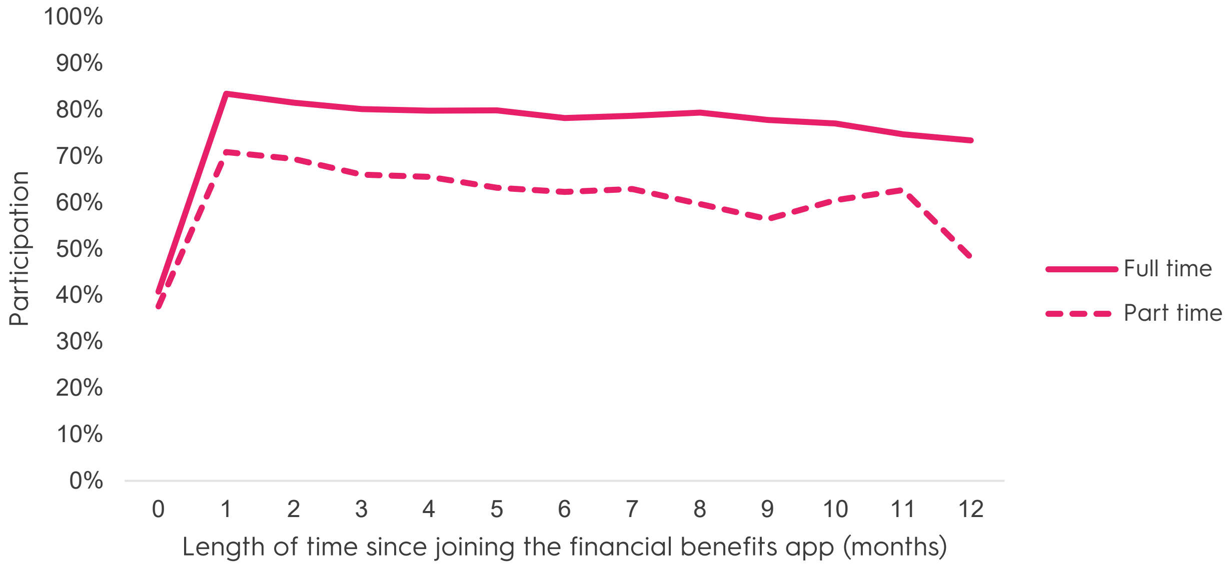
Source: Berk et al. (2025)

In the benefit app user trial, there is some difference between the likelihood to participate by income with those in the highest pay tercile more likely to remain enrolled in saving than those in the lower two terciles (Figure 7).

Those who work full-time are also more likely to participate than those who work part time (Figure 7).

Figure 7. Those on higher pay and fulltime hours are more likely to participate when offered opt-out saving in the benefit app user trials.





Source: Berk et al. (2025)

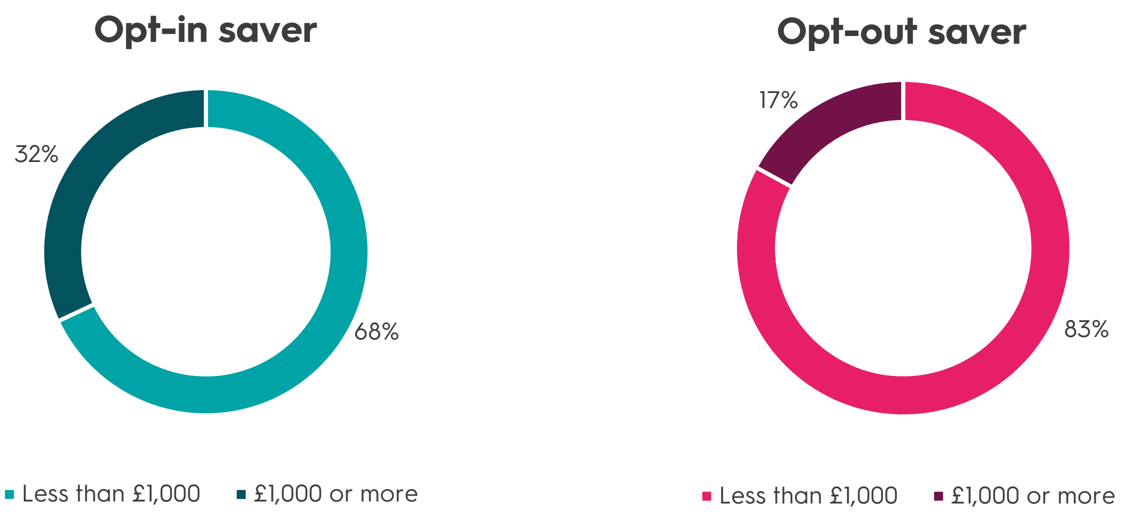
Based on this evidence it seems that opt-out approaches are as inclusive when we consider demographic characteristics and are reaching a diverse range of employees.

Characteristics of vulnerability

In spring 2024, we sent participants of the two benefit app user trials a survey about their financial wellbeing. Comparing those in the opt-in group who were saving (n = 84) to those in the opt-out group who were saving (n = 197), the opt-out approach appears as or more inclusive on several characteristics of vulnerability.[53]

First, it appears that workplace savings schemes are more effective in helping individuals without existing savings to begin saving when an opt-out approach is implemented. A greater proportion of people who save under the opt-out approach did not already have a £1,000 savings buffer (Figure 8).

Figure 8. Opt-out savers in the benefit app user trial are more likely to be people who didn't already have £1,000 or more in savings

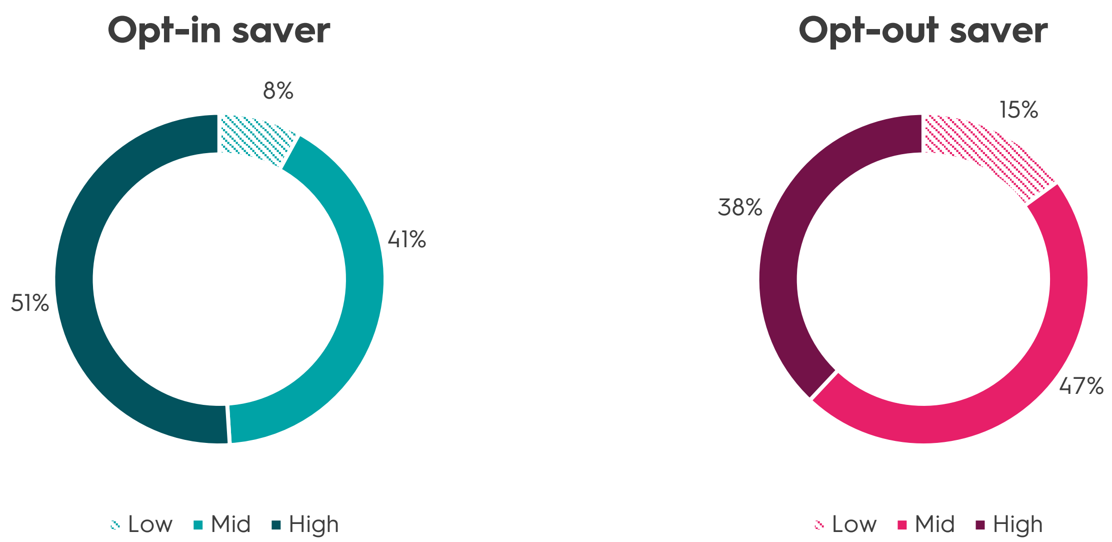


[53] We explored several factors that may be associated with vulnerability including income, income variability, ethnicity, gender, age, and renting. Here we report only the differences that were statistically significant.

Second, one of the barriers to getting started with saving, when an individual has to sign up to save, is confidence. This can be because an individual has to perceive themselves as a 'saver' to get started which can be in opposition to other identities (for instance as someone with debt) or because of previous experiences of struggling to save.

We see from survey data that a greater proportion of opt-out savers self-report low or moderate financial confidence when compared to savers who had to sign up to save – 62% of opt-out savers report low or moderate financial confidence compared with only 47% of opt-in savers (Figure 9).

Figure 9. Opt-out savers in the benefit app user trials are more likely to self-report lower financial confidence



Note: low classified as scoring 0-3, medium as 4-7 and high as 8-10.

0 is 'not at all financially confident' 10 is 'completely confident'

Angela's story: Overcoming a lack of confidence and making regular saving easier

Angela is a single parent in her forties with two teenage daughters living at home. After over 20 years working in the public sector, she recently joined the Co-op. Six years ago she separated from her partner and is still building back from the financial impact of moving out having left with only clothes.

She manages a tight budget and lives in her overdraft. She feels financially insecure and lacks resilience, worrying about the impact of an unexpected expense.

"To be honest, I manage month-to-month, but if a rather large unexpected bill came in I probably would go into panic mode."

She has tried hard to save in the past couple of years by cutting back where she can. For example she takes a packed lunch to work and wouldn't ever buy a takeaway coffee. Previously she's tried to save any money that is left at the end of the pay period. She has a couple of hundred pounds in a savings account attached to her current account, but has struggled to build more than this as there's often no money left to save.

When she started her new job she signed up to the Wagestream app, having received an email about it in her new joiner information. She's not planning to access her earned wages early, but she has started saving.

"I have just set up with my work actually. They set up a plan for us and they take a nominated amount from our wages and they put it into an account. It's accessible and it's free of access, but they start

with £40 a month, which I'm going to try to do that at the beginning of the month as opposed to the end and see how much or how little I miss."

She's clear that she wouldn't have signed up to the savings scheme if she'd had to opt in, and feels that saving out of her pay at the start of the month will make it easier to put money aside. She's reassured that she can get to the money if she needs it and that she can change the amount she's saving if she needs to.

"I wouldn't have chosen to go in and do it. I would have thought how I do things where I would have done the 'if I've got money left at the end of the month, I'll pop it into my savings account'. So yeah, them doing it sort of automatically has made a difference. I've gone 'let me try this and see how it works', but I wouldn't have gone 'oh, that's a good idea, I will try and save this much'."

Despite the fact that she is managing money for the household on her own, she lacks confidence in her ability to save. Although it is early days in her new job, starting to save in this way has boosted her confidence.

"I'm one of these people, I look around the room for a more 'adulty' adult than me. Like having savings is something that grown ups do. But yeah, I don't know, managing finances is something that grown-ups do and I manage to do that quite well every month so maybe I need to just say I am actually a grown up."

She is saving towards having an emergency fund, so that if she did have an unexpected bill she could manage it on her own without having to worry.

"I would like to have £1000. That seems like a comfortable amount to have. That seems like a very good rainy day fund. I would feel, I don't know, more in control, I think is the term."

5. Opt-out payroll saving is popular with employees, whether they choose to save or not

9 in 10

are happy or neutral about opt out

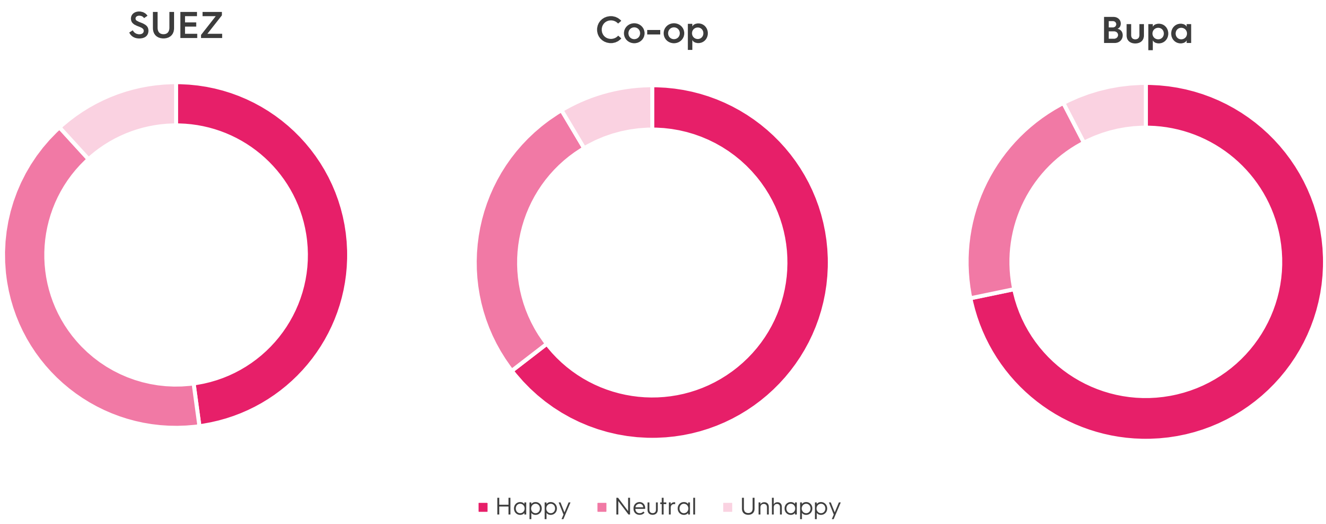
Whether or not people choose to save, the opt-out approach is highly popular with employees.

Employee responses to opt-out payroll saving

To get an indication of whether employees like the opt-out approach, we asked those who experienced it what they thought. At all three employers, employees have been positive about opt-out payroll saving, regardless of whether they themselves have chosen to save.

We asked employees across the trials if they were happy about being offered payroll saving.[54] Of those employees, 91% were happy or neutral about being offered opt-out payroll saving (Figure 10).

Figure 10. Almost all people who experienced opt-out payroll autosave felt happy or neutral about it

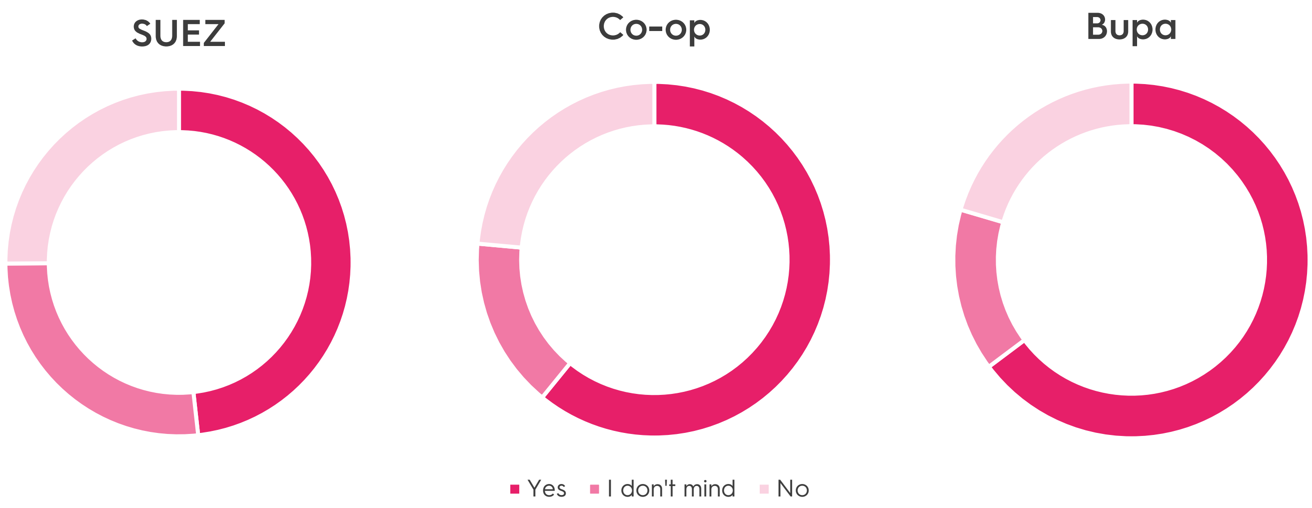


Across the trials, 77% of employees who had experienced opt-out payroll saving thought their employer should continue to offer it, or they didn't mind either way (Figure 11).[55]

[54] n = 581

[55] n = 568

Figure 11. 3 out of 4 people who have experienced opt-out payroll autosave thought their employer should continue to offer it or didn't mind



Those in the new worker trial were asked whether they felt the scheme should continue to be offered or not, and why. Many survey respondents took this opportunity to give positive feedback.[56]

> I think a lot of people who struggle to save will benefit from this.

> It's an easy option and takes away the need for setting up a saving account elsewhere, where you may be deterred by the need to do form-filling.

> It is so important to save money for those unexpected events or for whatever reason you prefer, and the opportunity to save through payroll is so beneficial too. I really like the fact that it was so easy to set up and then not have to worry about it.

> I think it will help those who struggle with their savings by doing the saving for them. People will then be able to build finance and save up without worrying about spending a penny as the money will be taken out of wages before it can be touched… just brilliant!

[56] Among the survey respondents, 170 out of 286 left a comment. This is a high level of response to an open-ended survey question. We think this demonstrates employees' high level of engagement with opt-out payroll autosave.

> I think it's good that you give employees a choice.

New worker trial employees

This feeling was also shared by people who opted out of saving.

> Some people might want it and find it very helpful. Every person acts according to their life and circumstances – therefore [it] should still be offered. I wouldn't've opted out if I could've afforded!

New worker trial employee

Employee views of their employer

Benjamin's story: Building financial confidence through saving

Benjamin is a full-time healthcare assistant from Manchester who lives with his partner and their three young children. His partner works part-time in a supermarket.

Benjamin described his financial situation as "good" because he was able to meet his family's basic needs, but recently faced a substantial and unexpected expense that put pressure on his finances.

Benjamin's landlord gave them notice to vacate their home earlier than expected. At the time, they were also looking to buy a house but the loss of their rented accommodation meant they needed to find a solution to their housing needs urgently while they waited for their house purchase to go through.

"[There is] a lot of pressure because the place we bought was a chain now the seller was still there, so we had to be staying in a hotel. We're like homeless. We're moving from one hotel to the other Airbnb. So, it was quite a strain financially. We had to use our overdrafts; we had to get money from friends, and I had to touch my salary before it was due on several occasions."

Since then, Benjamin has been able to build up some savings through his payroll saving account. He felt pleased to have "something to fall back on" to reduce the pressure of staying on top of his financial commitments.

"The pressure to pay [tuition] fees at the time was really reduced because although the savings was not able to pay all the fees, it really slacked the burden of where to get it from. So that satisfaction, the confidence, this is how I felt."

Having savings also increases Benjamin's confidence to live his life knowing there was something to fall back on if he needed it.

"Well, knowing that I have savings gives me a bit of confidence to know that whatever it is, there is something to fall back to."

Employees are generally grateful to their employer for putting in place tools to support their financial wellbeing.

Across the two employers in the benefit app user trial, nearly 8 in 10 (79%) of people surveyed who experienced the opt-out user journey felt that their financial wellbeing was 'slightly' to 'extremely' important to their employer.

I think it's a good thing for them to offer. SUEZ are big on their people and giving them all the best things they can do.

New worker trial employee

I think it's a shame a lot more companies don't offer it… There's so much support, it comes across as they want to help… They want people to succeed.

New worker trial employee

They made it very clear to begin with what it was and how it works and how it gives you the options to opt out… I found it all quite straightforward, and they made everything very clear to me.

Benefit app trial user member

Employee suggestions

While the trials have been a success overall, the approach is new and so we have spoken to employees along the way about areas for improvement and further development.

Generally, employees want more communication from the provider about their savings. Some would like different saving options beyond the accessible saving accounts offered.

Some also said that a boost to their savings from their employer would be motivating.

Quarterly updates would be nice. But I also like the fact that I have kind of forgotten about it and it's just growing quietly in the background.

New worker trial employee

Regular reminders to increase or review savings.

New worker trial employee

Employer contribution. Maybe £10 to make it £50 [total saving] from £40.

New worker trial employee

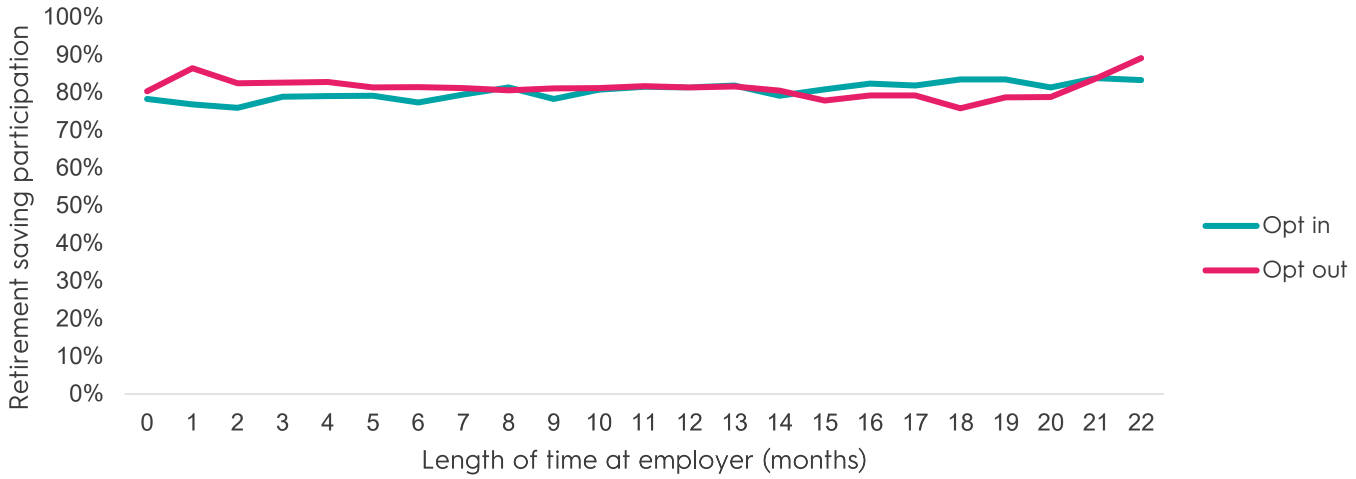
6. Short-term savings are supportive of retirement savings

When offered opt-out payroll saving, people save into their accessible account in addition to retirement saving. There is no crowding out of pension saving as a result of introducing opt-out payroll saving.

In the new worker trial, we've been able to look at workplace pension participation data alongside the trial's employee payroll saving data. The trial has occurred over a period of considerable macro-economic turbulence, with the rising cost of living over 2022 and 2023 disproportionately affecting the opt-out group in the trial compared with the opt-in group, due to the pre/post trial design.

Despite this, participation in the workplace pension is high from the outset of employment and remains high throughout the research pilot (Figure 12). Crucially, the behaviour of the group who experienced opt-out payroll saving does not generally differ to those who actively signed up to save in the opt-in group. This suggests that people do not choose to engage with the payroll accessible saving accounts at the expense of their pension savings. Similarly, opting out of the accessible savings account does not encourage people to also opt out of their pension. The decisions are made independently of one another.

Figure 12. In the new worker trial levels of participation in the workplace pension are generally not affected by the introduction of opt-out payroll saving

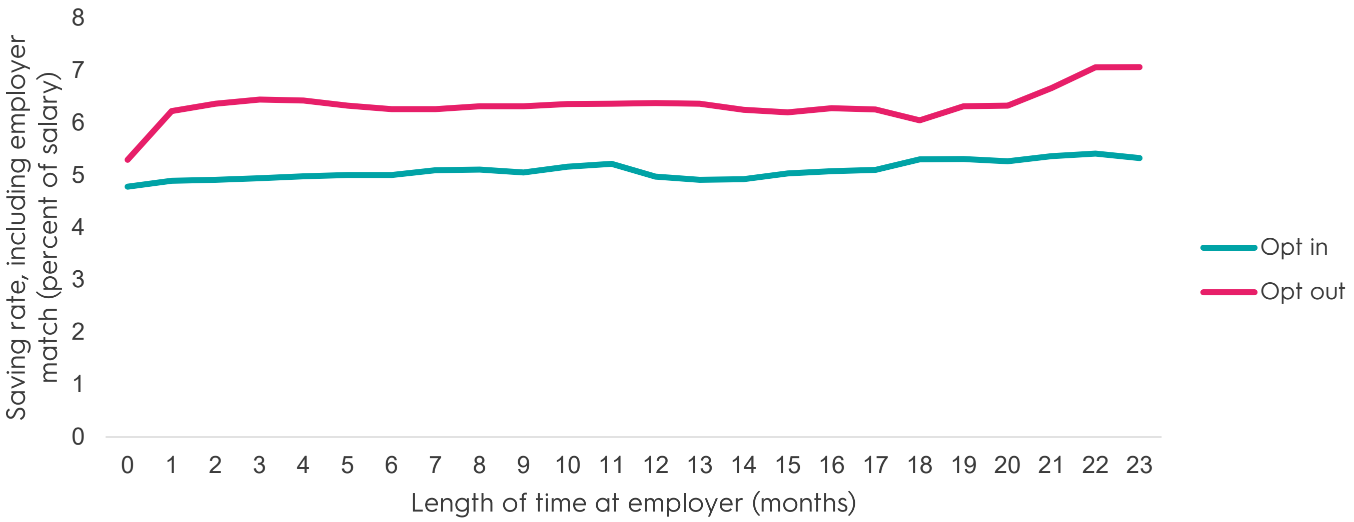


Source: Berk et al. (2025)

This is consistent with participants' own reporting of pension participation. In March 2023, Nest Insight asked SUEZ employees covered by the new worker trial whether they'd opted out or reduced their workplace pension contributions in the past six months. In the trial's opt-out group, only 8% self-reported having done so. This is similar to pension saving behaviour among those in the opt-in group, where 6% reported opting out of or reducing contributions to their pension.

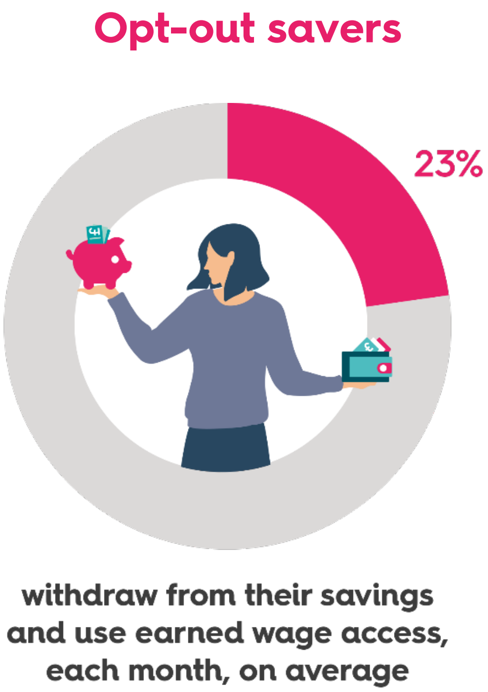
Saving into the accessible accounts is also in addition to the retirement saving contributions. Employees don't decrease the amount they save into the retirement account as a result of automatically saving into the accessible account (Figure 13). Therefore, short-term payroll savings do not substitute long-term retirement saving contributions.

Figure 13. People do not reduce their contributions into their workplace retirement saving pots as a result of being offered opt-out payroll saving in the new worker trial



Source: Berk et al. (2025)

7. Payroll savings schemes complement other workplace benefits



Money management tools like earned wage access and payroll loans, alongside building savings through payroll savings schemes, can help employees manage their finances more effectively and build a more secure financial future. People use them in different ways and almost a quarter (23%) use earned wage access as well as their saving pot, on average, in a given month.

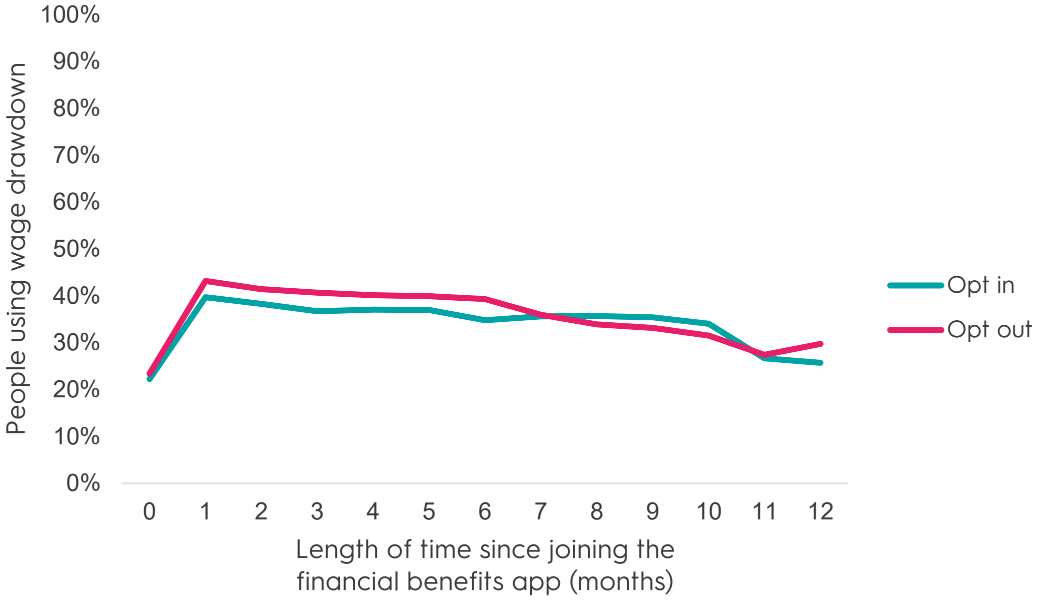
Earned wage access

Earned wage access is a money management tool that allows employees to access their earned wages before their scheduled payday, often for a small fee. We have spoken to employees who use it to manage unexpected costs, to smooth their income or to access money earned from working additional shifts or overtime.

While all three employers in our trial offered earned wage access to employees in the trials, we focus on the data from the benefits app user trial as the earned wage access provider for the new worker trial was switched part way through the trial.

In any given month of the trial (with the exception of the month employees join the benefit app, month 0), between 27% and 43% of the opt-out group used earned wage access. This was not substantially different from the opt-in group (Figure 14).

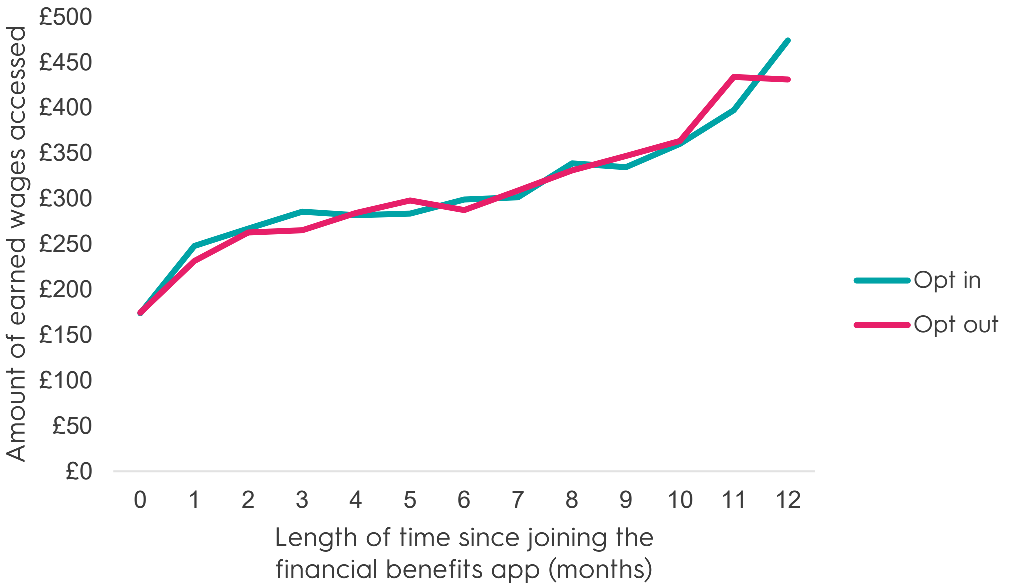
Figure 14. Use of earned wage access is similar in the opt-in and opt-out payroll autosave groups in the benefit app user trials



Source: Berk et al. (2025)

As time after joining the app passes, people take more of their wages early, on average. In the month people join the app, the average early wage access was £175 in the opt-out group and this increased to £431 by month 12 (Figure 15).[57]

Figure 15. The amount of pay accessed through earned wage access is similar in the opt-in and opt-out payroll autosave groups in the benefit app user trials across 12 months



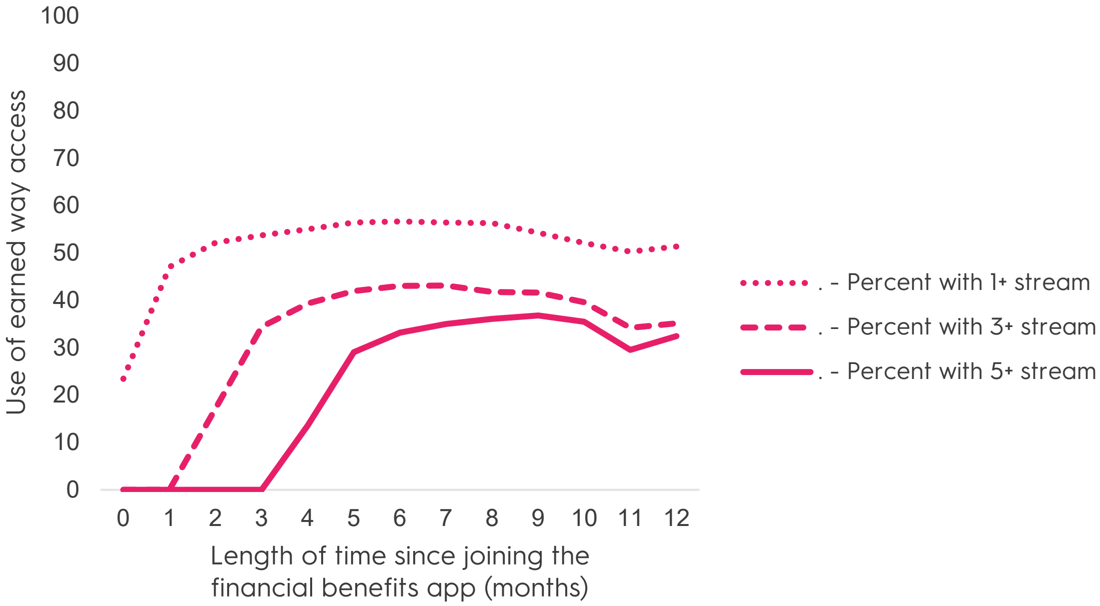
Source: Berk et al. (2025)

[57] Although note the sample size is low in month 11 and 12 (n = 53, n = 33 respectively). In month 10 (n = 129) the average amount withdrawn is £364.

As a share of the next pay cheque, the average wage advance at 12 months is 22% in the opt-out group which is not dissimilar to the opt-in group at 24%.

We also explored whether it is the same people using earned wage access in multiple months. Six months after joining the benefit app, over half of people (57%) in the opt-out group have accessed their pay flexibly at least once with a third (33%) using it 5 times or more (Figure 16).

Figure 16. Over half of people in the opt-out group of the benefit app user trials have access their pay flexibly at least once



Source: Berk et al. (2025)

Note: a 'stream' is a withdrawal of money from an employee's gross accrued wages before the scheduled payday.

In a given month, on average almost a quarter of members (23%) in the opt-out group use a combination of both their withdrawn savings and earned wage access. This is perhaps because they use each tool for a different purpose or because people don't yet have sufficient saving balances by 12 months to completely replace their need for earned wage access.

Payroll loans

In the new worker trial, the saving product employees are given access to also allows them to take out affordable personal loans of up to £25k[58] and instant loans for up to £10k as members of the credit union. This means that an added benefit of payroll saving via the credit union is that employees have access to a responsible lending option.

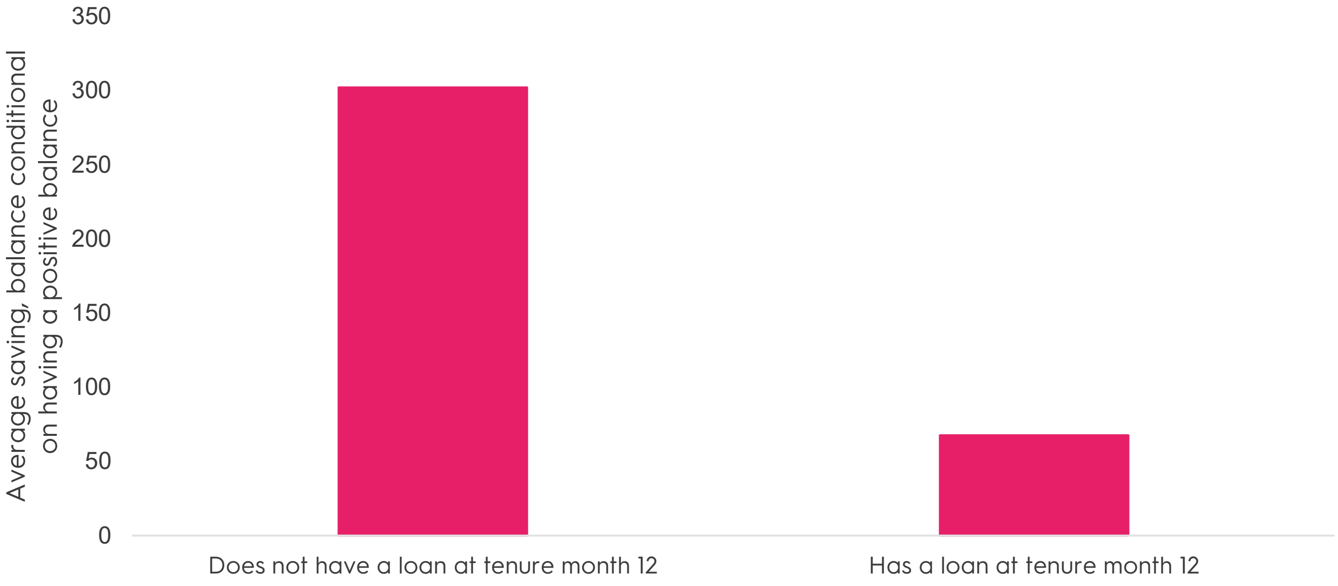
Across the trial period, about 40 people in the opt-out group take up this option and the average amount borrowed is £3,019, conditional on taking a loan.[59]

Twelve months after joining the employer, we compared saving levels of those individuals who had and did not have a loan. In the opt-out group, the average saving balance is higher in the opt-out group among those who do not have loans (£302) than those that do (£68) (Figure 17).

[58] For members saving regularly with TransaveUK.

[59] It is not possible to meaningfully compare to the opt-in group due to the sample size of savers being low in the opt-in group. 3 people in the opt-in group take out loans (but the number of savers in group is also much lower).

Figure 17. The average saving balance of those who take out a loan at tenure month 12 is lower than those who do not take out a loan in the new worker trial.



Source: Berk et al. (2025)

Note: Sample size of those taking out loans is low

The sample size is low, however this difference in savings could be the indicative of the protective factor of savings on the need to take out loans, or that those who are unable to build saving buffers are also more likely to take out loans. Thinking specifically about exploring the latter, in 2025 Nest Insight has kicked off a programme of work looking at how to build financial resilience amongst people who do not yet have a savings buffer, including looking at debt and savings hybrid solutions.[60]

Jack's story: Using savings with other payroll products

Jack says he took a risk in moving jobs. In his new role he'd be working for less money but he'd have a shift pattern that fit better with family life. Soon after starting at SUEZ, he received a pay rise and promotion along with a company van. That made Jack feel like his risk had paid off – but money's still tight. He described his financial situation as "a little bit bleak, it's a little bit sad", with most of his wages going to rent.

What little he has left each month he'd been trying to put towards paying off some debt that built up when shifts at his previous job weren't available during the pandemic. There isn't much money left after that for other things.

"I get paid on the thirty-first. My bills go out on the first – I don't even want to look at my bank!"

Jack started saving through payroll and liked that his employer did everything to get him started. Early on, he didn't know much about the credit union that's providing his savings account but he trusted his employer to pick a legitimate organisation and liked that there was flexibility in how he could save and access the money.

[60] For updates on this work sign up to the newsletter **here**.

“To me it’s a no brainer unless you really, really, really need the additional £40… But you can also adjust it. It doesn’t have to be £40. It could be £10…. That’s a Starbucks. It’s an amount you wouldn’t notice.”

He’d heard that the payroll mechanism was helping a lot of colleagues build up some saving, and thinks the opt-out approach should be rolled out across the whole workforce.

“I think it’s a good thing for them to offer. SUEZ are a big one on their people and giving them all the best things they can do. It’s a shame that when they rolled it in they didn’t roll it in to include previous [hires at SUEZ].”

Jack built up a savings buffer over the course of six months, dipping into it once. However, he then had a tough period – a combination of a long month, a change in the way he was paid, and working fewer shifts meant he was paid less and had a long wait until his next payday. He decided he needed a loan to help make ends meet and to pay his bills.

TransaveUK, the provider of his savings account, offers loans which can be paid back through payroll. Better yet, a loan was available to him even though he has a low credit score. His savings would be held as collateral against the loan, so he couldn’t make any withdrawals from his savings account until he’d paid down the loan. His savings amount was also automatically reduced – from £40 to £5 a month.

Jack is confident he’ll go back to saving the default £40 per month when the loan is paid off. It’s just easy to save in this way. He’s thinking that the extra money he’s paying each month towards his TransaveUK loan can be earmarked for paying off other debts in future.

“It’s just a really good idea… Really the only thing you have to do is, if you don’t want to, is opt out, so leaving it on there is just effortless. Everything is all set up for you, you don’t even need to put in your bank details or anything like that.”

8. Some savers keep a balance when they leave their employer, whilst others withdraw their money

We see a split picture in behaviours of savers after they leave their employer. Some savers keep a balance in their accounts, whilst others withdraw their money. Savers could be more actively prompted to keep saving after losing the payroll link.

In the new worker trial, the account set-up means that we were able to continue to see the behaviour of savers after they leave their employer. This includes whether they make contributions, withdrawals and take loans when the ease of the payroll-mechanism – which is highly valued – is no longer there.

Many accounts still have meaningful positive balances six months after savers have left their employer with a third (33%) having £100 or more saved and 1 in 10 (10%) having £250 or more. People may be keeping this money in their account as a buffer to turn to in case of future need.

We also see that about 4 in 10 people (43%) with accounts have a balance of less than £10 six months after leaving employment. This suggests that in the absence of the payroll mechanism, many people choose to take action to withdraw their money from their accounts. People may withdraw their money at this point as part of a pre-existing plan for their savings. We spoke to one employee who only expected to be at SUEZ for a year and so planned to use his pot as a 'bonus' when he left. It's also possible that people need to use their savings to cover a period out of work without income after leaving their job, or the costs of moving between jobs – for example a longer-than-usual period between paydays, or needing to pay for travel up front.

People can make ad hoc contributions and/or set up a standing order with TransaveUK in order to continue to regularly save after the payroll mechanism is severed. However, few people do so. One month after leaving SUEZ, 5% of people in the opt-out group paid something into their account but this dropped to 1% by month 6. Interviews suggested that employees were not always aware they could continue saving automatically into their account by setting up a standing order through their bank.

In Nest Insight's previous sidecar trial,[61] we saw higher rates of saving after people left the job at the organisation offering payroll saving. Of those that left the employer around 1 in 4 of those who kept their savings account open continued to make deposits.

There is an opportunity to support more people to continue saving through timely prompts and reminders when they transition away from their employer.

[61] Nest Insight (2023). **Workplace sidecar saving in action**.

The low levels of saving post separation from the employer may be for a couple of reasons:

1) **People don't know you can continue to save**. In the trial, there are no targeted communications about the option to continue contributing after leaving as it is difficult for the account provider to know exactly who has left employment.

2) **People want to set up a direct debit but don't get round to it**. Even when people want to save in this way, it's not always easy to get started and people may put it off for another day.

3) **People don't want to set up a direct debit**. We know a lot of people like the fact that with the payroll mechanism, money is saved before the rest of their pay reaches the current account. This means people don't miss the money in the same way that they would if they saw the money come into their account and then go out again to a savings account.

The pattern of saving behaviour post-leaving employment does not seem different between those who signed up to save and those who were automatically enrolled, although the sample size of leavers in the former group is too small to draw robust conclusions about the difference.

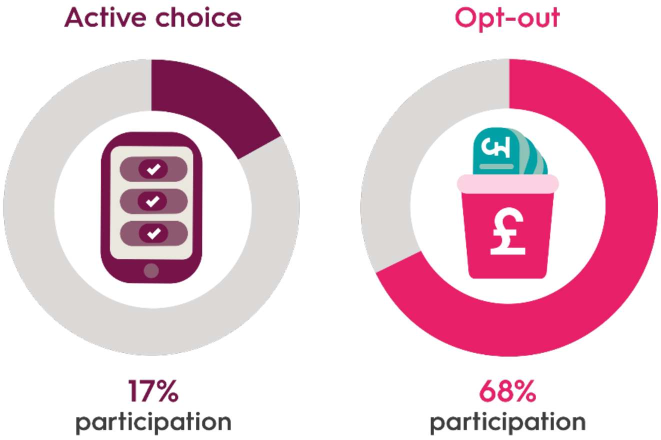
> After I left employment I missed the scheme. When I returned, I re-enrolled.

New worker trial employee

In the benefit app user trial, when an individual leaves their employer, the saving account was automatically closed and the savings were put into individuals' current account. While this avoids the possibility that people forget about their savings, it is not ideal for supporting people to continue their saving habit. It is possible people see their savings as a 'windfall' when put in the current account which may effectively reduce the saving balance to near zero.[62] Since the end of the trials, Wagestream has changed this user journey. Instead of savings being automatically returned to a job leaver's current account, the savings account will now be kept open for them (unless they choose to close it), allowing them to continue to save into it after leaving their employer.

[62] For examples, see tax rebates (e.g. **CommonCents Lab**).

9. Reducing friction in an opt-in sign up journey can boost participation somewhat, but still leaves an inclusion gap



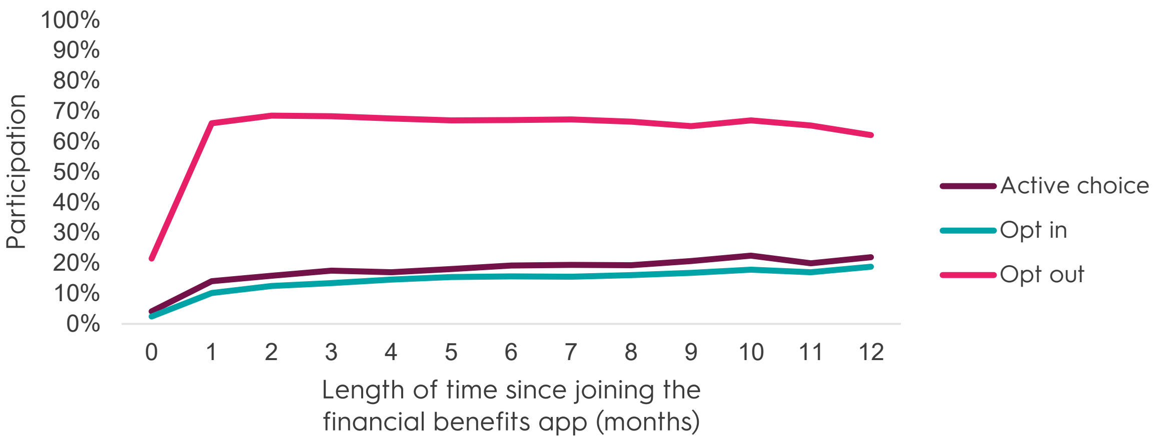
In the benefit app user trials we additionally explored what impact a nudge to save, in which people are prompted to say whether or not they want to save, would have on savings participation. This 'active choice' design was partly tested to understand whether a less intensive solution than the opt-out approach could have a meaningful impact. We saw little difference between the active choice journey and the regular journey where people have to sign up to save – it hardly boosted participation.

Active choice

'Active choice' is a method of presenting information to encourage people to make an active decision. Whereas opt-in and opt-out methods both have defaults (not saving and saving respectively), active choice doesn't and so an individual is required to make a choice in order to move on in the user journey.

We find that when this was offered to members in the benefit app user trials, participation was only marginally greater than the opt-in group (Figure 18).

Figure 18. In the benefits app user trials active choice marginally increased levels of saving but not nearly as much as the opt-out mechanism



Source: Berk et al. (2025)

For all the benefit app user trials analysis we ran that compared the opt-in and opt-out approaches, we also looked at how active choice performed as an option. We find that on the whole, the results of the active choice arm are similar to that of the opt-in approach.

This suggests that in order to see a step change in saving behaviour, it is necessary to implement an opt-out approach.

Optimising active choice

The mechanism used in the trial was in line with typical definitions of 'active choice'. The sign up journey was identical to the opt-in journey with the exception of an initial screen that asked whether users wanted to save or not. In order to navigate away from the screen they had to respond either yes (and sign up) or no (and go to the app home screen).

The benefit app provider, Wagestream, separately tested an optimised active choice where a saving slider was pre-set to £20. Members wishing not to save had to move the slider to £0 and users could not proceed without making a selection. This option was piloted with new members from employer clients other than Bupa and Co-op between 7 September 2023 and 16 November 2023.

Members were randomised into either the opt-in (n = 22,166) or optimised active choice arm (n = 22,375).

This second optimised active choice journey design resulted in an increase saving participation of around 22 percentage points after 4 months of tenure suggesting that it can meaningfully boost saving participation when it is carefully optimised, although still well behind the level seen under the opt-out approach.

Conclusions and next steps

Conclusions

These pilots have robustly demonstrated that workplace opt-out payroll schemes can support many more people to start saving, and to save regularly. Saving in this way helps people build financial security and peace of mind. The broader evidence base shows that this kind of saving can support mental and physical health and productivity at work.

Key takeaways

1. **The evidence is conclusive and robust – workplace savings schemes can dramatically boost saving behaviours and support greater household financial resilience, but only if run on an opt-out basis.**
2. **No other approach to supporting emergency savings has been shown to be as powerful.**
3. **Payroll saving supports different financial resilience behaviours, including budgeting and cashflow management, even during a period of extraordinary living costs.**
4. **Opt-out approaches to payroll saving are popular with employees and with their employers.**
5. **Workplace saving can make short- and long-term goals complementary, boosting long-term saving and improving retirement outlooks.**
6. **An opt-out approach helps address savings exclusion – it supports people who have struggled to save before to get started, building new financial security and peace of mind.**
7. **The evidence that addressing the UK household savings gap would support wider business goals is growing.**
8. **Tackling low financial resilience is a key foundation to multiple government priorities and strategies.**

The evidence is conclusive and robust – workplace savings schemes can dramatically boost saving behaviours and support greater household financial resilience, but only if run on an opt-out basis.

During the multi-year timeframe of these trials, and Nest Insight's previous sidecar savings trial, a huge number of data points have been collected and analysed. This data includes administrative data, allowing us to see not just what people say they will do, but how that plays out in real-world behaviours. We've also conducted multiple surveys and spent hours listening to people talking about the choices they've made, their attitudes around savings, how they've used their money and the impact that saving has had on their work and broader life. In addition to Nest Insight's analysis, the data has been interrogated by a team of leading economists at Harvard and Yale universities, with an academic working paper published.[63] We've also consulted with a wide range of employers and providers throughout the research period. This is a robust and rounded evidence base, giving a clear indication of what works if we want to support more UK workers to become savers, and to build the financial resilience that a savings buffer can give.

In these pilots we switched the default, so that people who choose to save don't need to do anything to get started – it's the people who don't want to save who need to take one simple action to opt-out. The fundamental

[63] The research is also expected to be submitted to a peer-reviewed academic journal in 2025/26.

question behind this research was whether making it as easy as possible for people to save would close the intention-action gap we saw in the sidecar trial, where nearly half of employees said they thought payroll saving would help them, but only one in a hundred signed up and started saving. We now know that opt-out approaches bring savings participation much more in line with the proportion of an employee population who want and need to save. We've seen this work successfully across three employer settings in different sectors and two different savings provider set-ups. In every instance there was a step-change in savings participation under the opt-out approach when compared to the alternative of employees needing to sign up to save.

We've also seen that when opt-out workplace savings schemes are put in place:

- Barriers to getting started with saving, including inertia and friction, low confidence and low trust in or connection with financial services can be overcome.
- Employees typically save at the default of £40 per month. Where they change contributions they, on average, increase them to save more every month.
- Employees save persistently because the money is saved automatically before they 'feel' it in their pocket.
- Employees adopt different savings and withdrawal patterns, actively using their savings when they need them, and then replenishing their savings pots again.
- Saving regularly, and having savings, gives people peace of mind, reduces anxiety and boosts confidence.

No other approach to supporting emergency savings has been shown to be as powerful

Not only are the results from this trial positive and robust, they are also exceptional. Other interventions to support more people to save have struggled to get this kind of traction, seeing much lower participation rates, despite often costing more to implement than the opt-out payroll saving schemes that have been trialled here.

In large part, the focus of initiatives to support saving in the UK in recent years has been providing incentives, education or targeted communications.

- The Savings Gateway[64] and Help to Save schemes[65] run by the Government have been specifically targeted at lower income households. The current Help to Save scheme is aimed at low- and middle-income earners. Those who are eligible, based on benefits entitlement, can save up to £50 a month and receive a generous potential savings boost of 50p for every £1 they save over four years. While the scheme has been popular with those who have signed up, take up has been low, with only 10% of those eligible participating.[66]
- Other workplace savings trials have attempted to boost participation in opt-in schemes by simplifying the user sign-up journey, using prize draws or monetary incentives, putting in place a soft default where employees are told they have an account ready for them to activate, different communications approaches such as gain framing and social norming, and face-to-face workplace engagement sessions. While these efforts have improved saving participation to some extent, the impact has been minimal in terms of reaching the numbers of employees who could benefit from workplace saving.[67] These approaches are often costly, either in terms of the incentive provision or the implementation, relative to their benefit. It is therefore disappointing that they haven't more effective at boosting savings behaviours.

Indeed, the Resolution Foundation's recent paper looking at how to tackle the problem of low UK household saving concluded, partly in response to early results from Nest Insight's trials: "Recognising the widespread issue of low savings, successive governments have implemented various policies to address it. Policies to boost precautionary saving have largely involve fiscal incentives, such as tax breaks or bonuses based on account balances. These policies are expensive, exceeding £8 billion in 2023-24, and they disproportionately benefit wealthier households, with households in the highest tenth of the income distribution receiving around 10 times more from tax advantages and direct transfers per year than households in the poorest fifth. Furthermore, there is little evidence that that they boost savings among those most financially exposed. Recent work shows that behavioural interventions could be far more effective at addressing the UK's precautionary savings problem […]

[64] UK Parliament (2009). **Saving Gateway Accounts Act**.

[65] UK Parliament (2017). **Savings (Government Contributions) Act 2017**.

[66] Resolution Foundation (2023). **Isa Isa Baby**.

[67] Behavioural Insights Team (2022). **Using behavioural science to help employees save: Evaluation of a payroll savings scheme**; Financial Inclusion Centre (2021). **Getting workforces saving: Payroll schemes with credit unions**; Behavioural Insights Team (2022). **Payroll savings schemes in Northern Ireland: Evaluation report**.

getting serious about boosting precautionary saving means shifting the policy emphasis away from financial incentives and putting behavioural framing at the heart of the strategy."[68]

Opt-out payroll saving presents an opportunity to tackle the UK's saving gap that is relatively low cost for employers and government compared to other alternatives.

Payroll saving supports different financial resilience behaviours, including budgeting and cashflow management, even during a period of extraordinary living costs

Across the savings trials we've seen people use their payroll savings accounts in different ways. But regardless of how savers think about using their money, knowing that they're saving often gives them greater peace of mind and financial confidence. We've observed three broad use cases:

- Budgeting and cashflow management – Keeping money for ongoing, ad hoc essential expenses set aside from the day-to-day spending account.
- Building a safety net – establishing a financial buffer to protect against unexpected expenses or income shocks.
- Working towards future goals – building a fund towards future events which could be in the near- or longer-term, for example a religious festival, holidays, a car or a home deposit.

These use cases often overlap, for example we've seen people saving towards an aspirational goal but then needing to use the money to deal with an emergency, and being relieved to have the savings there even if they are using them for a different reason than they originally hoped.

Understandably, we have often heard from employers and other stakeholders concerns that saving will not be affordable for some employees. This concern has been heightened during the recent extraordinary rises in the costs of essentials, and previously during the covid pandemic. It is sometimes cited by employers as a reason not to implement a payroll savings scheme.

But we've seen in these trials that even employees who can't afford to build a savings balance say they benefit from using payroll savings for budgeting and cashflow management. This works as long as the scheme gives employees the control and flexibility of being able to change or pause the amount they are saving, and to access their savings easily and without penalty at any time, as was the case here. We've also seen that people who struggle to keep savings set aside to begin with can progress to being able to build a buffer further down the line if their circumstances improve, for example if they get a pay rise, work extra shifts or find more affordable accommodation.

Opt-out payroll savings schemes support more people to have a savings account in place, even if they are not able to build a balance. According to the FCA's Cash Saving Market Review 2023, 3 in 10 people do not have a savings account at all. In this context opt-out workplace savings schemes could play an important role in getting people started with saving. There is also an opportunity to think about how to target government or employer support to people for whom building a savings balance is just not affordable.

Opt-out approaches to payroll saving are popular with employees and with their employers

Before the trials, we also heard concerns from stakeholders that opt-out approaches would not be popular with employees, or that an employer putting in place such a scheme would be seen to be overly paternalistic. Some people interpret an opt-out approach as in some way tricking or forcing people to do things that they would not otherwise do.

Critical to the success of these trials is the strong underpinning principle that employees are able to choose whether or not to save. The opt-out approach preserves choice, whilst also making it easier for people to do what they want to do. In the approaches piloted employees still feel in control, and know that they can tailor the savings scheme to their needs and context.

[68] Resolution Foundation (2024). **Precautionary Tales, Tackling the problem of low saving among UK households**.

Clear communications in a durable medium,[69] repeated several times, with an easy one-step opt out are key to ensure people know they can decide not to save and feel empowered to make that choice if payroll saving is not right for them. For some people this may be because they already had other savings and an approach to saving in place that suits them. Others felt that the time was not right to start saving, for example if they had high-cost debts to pay off.

Employees who experienced the opt-out approach play back that they felt they had a choice. The opt-out workplace savings schemes were very well received and liked by employees whether or not they personally chose to save. They recognised that making it easier for people to save was a good thing. Over 90% of employees were in favour or felt neutral about being offered opt-out payroll saving.

The employers who piloted these approaches have also described the positive reception to the opt-out approach in their businesses. All three employers are actively looking at how they can roll out an opt-out approach to all their employees beyond the trial, although regulatory considerations currently make this complex to deliver.

Workplace saving can make short- and long-term goals complementary, boosting long-term saving and improving retirement outlooks

Another concern raised was that offering shorter-term accessible savings on an opt-out basis alongside workplace pensions auto enrolment might in some way undermine longer-term savings.

We do not see any crowding out of pension saving in the opt-out savings trials. Workplace accessible savings complement the retirement savings people are already making under pensions auto enrolment:

- There was no impact on rates of people opting out of auto enrolment into workplace pension saving.
- The overall workplace savings rate grew under the opt-out approach: amounts saved into short-term savings were additional to contributions made into the workplace pension.

Almost everyone wants to save for both the short term and for retirement, but there can be tensions, particularly for those on lower incomes, in prioritising the resources needed to set up and manage savings. Joining up short- and longer-term saving in one place and behaviourally supporting people to get started with both types of saving can help manage these tensions.

Additionally, there is growing evidence that short-term saving acts as a foundation for retirement saving adequacy 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.[70] 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.[71] 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.[72] 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.[73] 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

[69] According to the FCA, a durable medium allows information to be addressed personally to the recipient, enables the recipient to store information in a way that is accessible for future reference and for a period of time adequate for the purposes of the information (storability) and allows the unchanged reproduction of the information stored (reproduction).

[70] StepChange (2015). **Becoming a nation of savers: Keeping families out of debt by helping them prepare for a rainy day** and SaverLife FINRA, (2020). **Savings: A little can make a big difference**.

[71] Ellie Suh (2021) '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, pages 2940–67.

[72] Commonwealth and the DCIIA (Defined Contribution Institutional Investment Association) Retirement Research Center (2022). **Emergency savings features that work for employees earning low to moderate incomes**.

[73] This will rise to age 57 from 6 April 2028.

shocks, if they don't have other savings to call on. Data from the Office for National Statistics' (ONS) updated Wealth and Assets survey, shows the Covid-19 pandemic significantly impacted the retirement savings of individuals aged 55 and over in the UK. Between April 2020 and March 2022, the average pension pot for those aged 55 to 64 fell by 27%. Several factors contributed to this decline, including people pausing or reducing their pension contributions to manage financial difficulties, and some individuals dipping into their pensions early.[74]

These trials have piloted a design in which shorter-term savings are not connected to retirement savings. Nest Insight's previous trial of a hybrid 'sidecar' solution joined up both types of saving in one solution, in which people built accessible savings up to a savings target via payroll, and then make additional contributions to their pension via this mechanism when they reach their target. We saw that this led to higher pension contributions for some savers over time.[75]

We therefore conclude that, not only do opt-out workplace savings schemes not cannibalise retirement saving, but they can also play a role in actively supporting greater later-life financial security.

An opt-out approach helps address savings exclusion – it supports people who have struggled to save before to get started, building new financial security and peace of mind

Not having savings is an intransigent problem. Analysis by the Institute for Fiscal Studies found that 70% of those with low financial wealth in 2018–20 had had low savings for the previous four years. This is especially concentrated in the most vulnerable groups.[76]

To truly support more UK households to build financial resilience through savings, interventions must reach those who are not yet savers.

We now know that taking an opt-out approach to payroll savings support a broad range of people to save, including those who do not already have savings and those who have previously struggled to save. Over 8 in 10 opt-out savers lacked a savings buffer of £1,000 before the scheme. Nearly two-thirds of opt-out savers report low or moderate financial confidence compared with just under half of opt-in savers.

In contrast, there is some evidence that those who have been reached by the Help to Save scheme are already more financially savvy and secure. Most savers in the scheme save the maximum £50 a month and they most commonly find out about the scheme through the website moneysavingexpert.com. Nearly three-quarters of Help to Save users rated themselves at 7 or above on a 10-point financial confidence scale.[77] This evidence suggests a good level of knowledge and capability was already present amongst those reached by the scheme.

This replicates a pattern seen elsewhere. Research has shown that employees who actively sign up to saving incentives are more likely to have greater levels of financial capability and be more confident. For example, Raj Chetty et al., found that approximately 15% of individuals are 'active savers' who respond to subsidies, whereas 85% of individuals are 'passive savers' who do not respond to subsidies but instead are 'heavily influenced by automatic contributions made on their behalf'. Further, '"active savers" […] tend to be financially sophisticated individuals who plan for retirement.'[78]

Those who are not currently saving frequently lack the time and headspace to plan ahead, research their options, make decisions and manage any administration additional to that which is needed for day-to-day survival. There is a growing body of research showing that managing 'scarcity' of income creates a cognitive load that can negatively impact mental capacity.[79] Any initiative that requires people to actively sign up presents barriers to potential savers – especially those who are more vulnerable and excluded and who are not already saving – including awareness, friction and attitudinal blockers such as lack of confidence. To design inclusive savings systems, we therefore need to think about overcoming behavioural and structural barriers particularly for those who are most excluded currently. The behavioural support provided by the design of opt-out workplace savings

[74] HMRC (2022). **Private pension statistics commentary: September 2022** (version now archived).

[75] Nest Insight (2023). **Workplace sidecar saving in action**.

[76] Institute for Fiscal Studies (2023). **Characteristics and consequences of families with low levels of financial wealth**.

[77] HMRC (2021). Research Report 623 **Help to Save Customer Experience Research**.

[78] Chetty et al., (2012). **Active vs. Passive Decisions and Crowd-out in Retirement Savings Accounts: Evidence from Denmark**.

[79] For example Mani et al., (2013). **Poverty impedes cognitive function**; Mullainathan and Shafir (2013). Scarcity: **Why having too little means so much**.

approaches has proved highly effective both at increasing savings participation and at boosting financial inclusion.

These results are timely as the Government and its Financial Inclusion Committee work towards a national financial inclusion strategy, and potentially have broader relevance when we consider how to tackle other forms of financial exclusion.

The evidence that addressing the UK household savings gap would support wider business and goals is growing

Employers recognise that employees who are stressed and preoccupied about money are not able to be fully present at work. Financial stress increases cognitive load and reduces capacity which can diminish productivity.[80] It also leads to more distractions which can contribute to accidents at work. Research conducted in the US found that financial worry made truck drivers 50% more likely to have a preventable accident.[81] The employee populations which were covered by these trials include people operating heavy machinery, people administering drugs, people handling money and people driving vehicles at work. It is clearly important to their employers that they are able to focus.

Our partners at Bupa, Co-op and SUEZ have all made their own links between supporting more of their colleagues to save and a positive impact on business priorities. These include reducing absence, being more able to fill shifts and being more able to maintain the continuity of staff which is particularly important for care home residents with dementia. SUEZ analysis of the impact of the initiative, alongside their broader financial wellbeing proposition, found a 25% reduction in days lost to absences with a £1.3 million cost saving.[82]

> **The difference that this makes for our employees in their work is that they're more productive, because they're not having the disturbance of the worry.**
>
> Trial employer

Leaders of organisations are perhaps more aware of low financial resilience amongst their employees following the Covid pandemic and cost of living crisis. And they are increasingly seeing the business case for playing a role in supporting their employees to build greater resilience:

- 53% of employers say that if their employees are struggling financially, it's likely to negatively impact their business.[83]
- Reasons given for this included lower levels or morale or engagement (68%), lower productivity (37%), higher rates of staff turnover (33%), increased costs relating to employee health and wellbeing (27%) and higher rates of absence (20%),

Putting in place a savings scheme with a third-party provider and managing savings contributions through payroll clearly does have some implementation and running costs. But the employers we've worked with have described these as relatively low compared with the administration of other workplace benefits and have found the schemes straightforward to run. In the current context, as employers adapt to the recent increases in National Insurance Contributions and the National Minimum Wage, workplace savings schemes present an opportunity to offer a benefit that employees value highly, without high cost.

[80] Resolution Foundation (2023). **ISA ISA baby: Assessing the government's policies to encourage household saving**. Chartered Institute of Personal Development (CIPD) (2023). **Employee financial wellbeing: Guidance for HR practitioners and employers to support employees' financial wellbeing.** The Centre for Economics and Business Research (CEBR) (2023) **Financial wellbeing and productivity in the workplace.**

[81] Pitt Ohio (2016) **Rainy day fund**.

[82] Chartered Institute of Payroll Professionals (2023), **Supporting employee financial wellbeing: SUEZ payroll autosaving: Case study on an award-winning savings initiative to help employees during cost-of-living crisis**.

[83] Nest nationally representative survey of UK employers conducted in February and March of 2025. There were 564 completes in total for the survey (the number of responses to individual questions may vary), and the data are weighted based on Nest's employer size profile.

Tackling low financial resilience is a key foundation to multiple government priorities and strategies

As well as supporting individual household financial resilience and business outcomes, savings can be a foundation for other critical policy goals including:

- Supporting health and reducing cost to the health service: increasing financial resilience supports better mental and physical health. Starting saving has been linked to higher levels of life satisfaction, reduced anxiety and better sleep.[84]
- Tackling child poverty: increasing financial resilience, including addressing low savings levels, has been identified as one of four themes for the Government's strategy to tackle child poverty. Reducing problem debt and enabling families to build savings can reduce the risk of future generations slipping into poverty and enhance their economic opportunities.
- Ending violence against women and girls: women who have savings are more likely to be able to leave abusive relationships.[85] Indeed we have heard in the trial research of people using or designating their workplace savings as a 'flee fund'.
- Social mobility: people who have saving describe being more able to participate and take up opportunities. This was a particular priority for Co-op which has an active social mobility strategy and made the link between more financially secure employees being more able to take part in training and other initiatives they have in place.[86]

Scaling effective support for saving to all UK workers would have a broader social and economic impact beyond the impact on household finances. There is an opportunity here for evidence-based, mission-driven policy-making and cross-government working.

[84] Resolution Foundation (2023). **ISA ISA baby: Assessing the government's policies to encourage household saving**. Money and Pensions Service (MaPS) (2023). **Cross-cutting themes of the UK strategy for Financial Wellbeing: Gender, mental health and ethnicity**. Money and Mental Health (2018). **Suicide and debt.**

[85] Surviving Economic Abuse (2022). **"Tsunami of need" for abuse victims: SEA and MAP issue stark warning ahead of winter cost of living.**

[86] Co-op (2025). **Social mobility.**

Next steps for scale

Millions more households could build savings and progress towards greater financial security if the approaches piloted in these trials were widely adopted in UK workplaces. Addressing current regulatory barriers would allow more employers to offer opt-out savings schemes voluntarily. However, for access to opt-out savings to scale universally for all UK workers, building short-term savings into the evolution of the pensions auto enrolment framework could be an impactful route to savings inclusion at this scale.

Currently only a minority of employers offer workplace savings, but more would like to

Few employees have access to workplace savings currently:

- Only 7% of employers say they offer a payroll savings scheme to their staff.[87]
- Those working for a larger employer are much more likely to have access to payroll savings, than the nearly half of UK employees who work for small employers.[88]

Where payroll savings schemes are in place they are almost always offered on an opt-in basis. There are only a handful of examples of employers taking an opt-out approach, mostly as part of these trials. This means that the workplace savings schemes that are in place are not achieving their potential to support workers to save, with only a small minority of employees signed up to save.

However, there is growing interest from other UK employers keen to understand how they could use similar approaches to support their employees' financial wellbeing. In a 2024 survey by the Chartered Institute of Payroll Professionals, 44% said that payroll should assist with employee financial wellbeing, up from 40% the year before.[89] Although awareness of payroll savings solutions is still quite low amongst employers, more would like to offer workplace savings schemes than currently do so. Of the employers, 13% say that they are considering implementing payroll savings or that they'd consider offering payroll savings in the next five years.[90]

Regulatory barriers mean the approaches trialled here are difficult to roll out beyond the trial setting

Whilst employer appetite to offer workplace savings is growing, our research with employers and providers identifies multiple regulatory barriers that get in the way of workplace savings scaling organically. These considerations are summarised below, and more detail can be found in **Opt-out payroll saving: The regulatory considerations**.

These regulatory considerations were addressed in these trials by workarounds including pre-trial consent steps – in the new worker trial as part of employee onboarding, and in the benefits app user trial as part of the new customer sign-up journey. This limited the eligible population to these sub groups. All trial employers would like to be able to extend the approach to all employees beyond the trial populations but this is not straightforward.

It is frustrating to hear large employers with tens and hundreds of thousands of low and moderate-income employees say that they would like to offer payroll savings to their workforce, but do not currently feel able to. We've also heard this message consistently from current providers of workplace savings schemes and industry bodies.

[87] Department for Work and Pensions (2023). **Department for Work and Pensions employer survey 2022: Research report**.

[88] Nest Insight and YouGov nationally representative employer survey, in field 23 March to 9 April 2022.

[89] Chartered Institute of Payroll Professionals (2024) **Payslip Statistics Survey Report (2008-2024)**.

[90] Nest nationally representative survey of UK employers conducted in February and March of 2025. There were 564 completes in total for the survey (the number of responses to individual questions may vary), and the data are weighted based on Nest's employer size profile.

> Our company tends to be heavily risk-averse, so engaging in auto-savings without clear policy from regulatory authorities is something that likely would not get approved internally at this point. But I'll be watching/waiting with high hopes [...]. Just like with retirement, defaulting someone in with the option to opt-out will help those that need it the most.

UK employer with around 100,000 employees

> The friction holds employers back.

Workplace savings provider

> We need regulatory clarity for employers that this is not going to come back on them.

Industry body

Regulatory barriers

The barriers can be grouped into those that relate to the implementation of any payroll savings scheme, and those that are specific to taking an opt-out approach to such a scheme.

Considerations relating to all workplace savings schemes, whether on an opt-in or opt-out basis

Payroll savings schemes operated on an opt-in basis, where an employee has to sign up to save, have been offered by some employers in the UK for years. For example, the credit union sector has been operating payroll savings across a wide range of employment sectors for decades.[91]

These schemes are widely accepted as being compliant with regulation and as being a good thing for employees to have access to.

But not all employers are comfortable with adopting such schemes because there is a lack of clarity in two main areas:

- Employers are worried that if they put in place such a scheme, they will stray into regulated activity such as being seen to give advice on or promote a financial product.
- It is not clear to employers that moving an employee's money into an instant or easy access savings account will not reduce pay below the National Minimum Wage for employees where this is relevant.

Because these are grey areas currently, and interpretation of the regulations depends on the individual employer's risk appetite, some employers decide that it is safer not to proceed with implementing workplace payroll saving in the absence of clear guidance.

> We need HMRC to publicly issue clear [minimum wage] guidance to create that 'safe harbour', otherwise it still feels a step into the unknown. I suspect well intending large and visible employers want the same. Until then, vast numbers of employees are going without.

UK employer with around 70,000 employees

[91] Additionally, legislative reform to credit union common bond requirements in 2012 led to many more community credit unions offering workplace saving and lending.

> **If we had a letter from FCA that said 'yes, it's ok if you have the right governance around it, it's fine' [to implement a payroll saving scheme] that would help.**

UK employer with around 100,000 employees

Blockers to the wider roll-out of opt-out approaches

Whilst payroll schemes in which employees sign up to save have been available for many years, as far as we know, these trials were the first time an opt-out approach has been taken to payroll saving. Nest Insight worked with input from the Financial Conduct Authority's Regulatory Sandbox to find a way to pilot this approach that was compliant in the current regulatory context, with the employers and providers involved doing their own due diligence.

It **is** currently possible to find ways of addressing these considerations to allow opt-out approaches in a limited set of circumstances and for limited groups of employees, as employers working with Nest Insight have done to make the research pilots possible. In the new worker trial regulatory considerations were covered off as part of pre-employment checks and onboarding. In the benefits app user trials considerations were similarly addressed as part of the joining process for new customers of the employee benefits app. However, these steps involve some complexity, and do not allow the approach to be adopted for all employees in a workforce. We understand that it may also be possible to make a global employment contract change to address the considerations to cover a whole workforce. This could be done for contractual enrolment into workplace pensions before the Pensions Act 2008 brought in the requirement for auto enrolment which over-rode the previous regulatory barriers around taking an opt-out approach to workplace pensions. However, we hear from employers that they are reluctant to make employment contract changes unless absolutely necessary because of the work involved.

In addition to the considerations for all payroll savings schemes outlined above, the barriers specific to the wider roll-out of opt-out workplace savings schemes include:

- Financial services regulation currently requires active steps from consumers to acknowledge information about account terms and conditions and the Financial Services Compensation Scheme (FSCS), rather than permitting opt-out communications as a way of fulfilling consumer protection requirements.
- There are anti-money laundering and international tax requirements that present risks for providers.
- There are data protection considerations involved when sharing an employee's data to allow an account to be created on their behalf.

Several of the employers we've spoken to have said that they only think it's worth implementing workplace savings if they are able to do it on an opt-out basis. They are reluctant to undertake the work to implement a new scheme if take-up of that scheme is likely to be low, as is the case when employees have to sign up for it.

Although many employers would like to offer workplace savings, it is only likely to be prioritised against other initiatives if it is simple to deliver and if it is likely to have a meaningful impact for employees.

> **The evidence speaks for itself, but it will only get over the line if it's simple to implement. At the moment the contractual and legislative barriers are too great.**

UK employer with around 80,000 employees

A possible roadmap for scaling payroll savings participation

If the clear, well-evidenced benefits of workplace savings schemes are to be available and experienced at scale, boosting financial inclusion and supporting wider policy goals, then these regulatory barriers will need to be addressed. Comfort and clarity that approaches are compliant, and a sense that they are actively encouraged by government, would support wider adoption and innovation in this space.

But, while providing this clarity could create the space for a meaningful step change in the availability and use of these tools, any fully voluntary framework will still likely be limited in its impact. Not all employers are equally focused on employee financial wellbeing and a voluntary framework is particularly unlikely to reach the employees of smaller firms. Against targets like the Money and Pensions Service's Financial Wellbeing Strategy objective of 2 million more 'struggling' and 'squeezed' people saving regularly by 2030, even addressing regulatory barriers conclusively within a voluntary adoption framework is likely to fall well short.

For access to opt-out savings to scale universally for all UK workers, it would likely require a stronger nudge or mandation for employers. Building short-term savings into the evolution of the auto enrolment framework is a potentially promising route to achieving this, and could have broader benefits – supporting the objectives of pensions policy as well as those of the financial inclusion and wellbeing agendas.

Across the last six years of workplace savings trials, Nest Insight has been in ongoing dialogue with a growing group of interested stakeholders across the system, including employers, providers of employee benefits, pensions, savings and payroll solutions, industry bodies, unions, consumer groups and third sector organisations, as well as policymakers across several different government departments. More recently we've been sharing the evidence from the trial with the relevant regulators including the Financial Conduct Authority, the Prudential Regulation Authority, HM Revenue and Customs, the Department for Business and Trade and the Information Commissioners Office and working together to explore the regulatory barriers in depth.

Based on our understanding of the issues and different stakeholders' views, we set out here a potential roadmap of three steps that could be taken to support workplace payroll savings to be offered to more UK workers:

1. **Describing and recognising payroll savings as a category and providing comfort for opt-in schemes**
2. **Making a clear and certain regulatory space for the wider roll out of opt-out schemes**
3. **Incorporating short-term accessible saving into the evolution of pensions auto enrolment**

A possible roadmap for scaling payroll savings participation

Potential increase in employees saving:

1

Describing and recognising payroll savings as a category, providing support for opt-in schemes

- Would send a clear signal of government support for workplace payroll savings schemes which could help build employer and savings provider momentum.
- Would have some positive impact on the availability of workplace payroll savings schemes, but would likely only deliver the lower employee participation rates seen in active sign-up models.

Tens of thousands more

2

Making clear and certain regulatory space for the wider roll out of opt-out schemes

- Would create clear space for opt-out approaches to be adopted across new employee populations.
- Would see much higher employee participation rates where payroll savings is offered, in line with those seen in these trials.
- Would likely make it more commercially viable for more providers to develop opt-out solutions.
- Would likely encourage more employers to offer opt-out payroll saving, particularly larger employers. Could build momentum in some sectors.

Hundreds of thousands more

3

Incorporating short-term accessible saving into the evolution of pensions auto enrolment

- Could help address some of the trade-offs that challenge the evolution of auto enrolment.
- Could be permissive as a first step, moving to mandated for all employers over time.

Permissive

- Could create space for employers to divert part of auto enrolment contributions above current minimum levels made by employees to an emergency savings tool where appropriate to their employees.
- Could stimulate innovation by pensions and payroll providers, widening the market and options for employers.

Mandated

- Could lead to universal coverage, depending on policy design.
- Would extend the reach fully, including the half of employees who work for a smaller employer.

Millions more

The first step in this roadmap is the most straightforward and would have some impact on the availability of workplace payroll savings schemes, but would likely only deliver the lower employee participation rates seen in active sign-up models. It would though, send a clear signal of government support for workplace payroll savings schemes which could help build employer and savings provider momentum.

The second step would create clear space for opt-out approaches to be adopted which would likely lead more providers to develop such solutions and more employers to offer them, leading to much higher employee participation rates in line with those seen in these trials. This would perhaps see hundreds of thousands more UK employees building a savings buffer through workplace saving.

However, although larger employers would be more likely to implement effective savings schemes after step two, most employers would be unlikely to put opt-out schemes in place even in this scenario. Smaller employers for the most part do not have the resources to prioritise implementation of workplace savings. And whilst many employers are actively looking to support their employees' financial wellbeing, there will always be some who do the minimum unless pushed to do otherwise. To ensure all UK employees are supported to save via the workplace, a stronger intervention is likely to be necessary.

As the UK already has in place a framework for automatic enrolment into workplace pension saving, there is an opportunity to piggyback on work that has already been done to establish this infrastructure. Every UK employer with one or more eligible employee is required to make contributions via payroll into a pension on their behalf if they don't opt out. Behind this sits an ecosystem of payroll providers and pension providers which could evolve to incorporate shorter-term savings, including via partnerships with regulated cash savings providers. This could mean that rather than an employer having to put in place a new provider relationship and system to offer short-term workplace savings, an 'off-the-shelf' solution could be offered by one of their existing providers.

Crucially, incorporating accessible saving into the same framework has additional potential benefits, beyond using the existing 'plumbing' for another purpose. It could help address some of the trade-offs that challenge the evolution of auto enrolment, and could therefore be a 'win-win' option.

Some people need to save more for retirement and this has led to calls for minimum auto enrolment contribution levels to be increased. But Nest Insight's work on retirement income adequacy[92] shows that for probably millions of others, saving more directly to a pension today is not realistic or likely to be of overall benefit, and building an emergency savings buffer today is more of a priority. Only when greater short-term financial resilience is achieved will higher pension contributions be feasible or beneficial for these groups. Bringing shorter- and longer-term saving together in one framework could help manage these tensions.

This could mean creating permissive space for shorter-term saving contributions alongside pension contributions, and some flexibility to design around employee needs. For example, an employee who was financially constrained, perhaps below a certain income threshold, could opt to save the minimum employee contribution into shorter-term savings, whilst still receiving the employer contribution into their pension, rather than opting out. This flexibility could stimulate innovation by pensions and payroll providers, widening the market and options for employers.

Or it could mean mandating a shorter-term savings component to be part of auto enrolment, potentially with a rollover into pension saving once a target savings buffer amount was hit as in the sidecar design. This flexibility could make it more feasible and palatable to extend auto enrolment to more groups, and to raise contributions levels.

The second stage of the Government's Pension Review, which is to be focused on 'adequacy' and how to ensure people are saving the right amount for retirement, presents a good opportunity to consider what role integrating cash savings could play in supporting these goals.

[92] Nest Insight (2024). **How much is enough?**

More detail on the considerations at each step is given below:

Step 1: Describing and recognising payroll savings as a category and providing comfort for opt-in schemes

Whilst individual regulators could issue guidance and clarification around the considerations relating to all workplace savings schemes identified above, these clarifications are likely to be more impactful if brought together into one cross-regulator statement.

In order for this to be possible, it would first be helpful to describe what payroll savings is and the features it has.

This is important as there are other types of workplace savings scheme which have caused issues in the past, for example when employers have set up a scheme in which they hold onto an employee's money themselves, rather than facilitating savings into individual employee accounts held by a third-party regulated savings provider. There have been high-profile legal actions against such schemes, and this causes uncertainty for employers, as there is no clear definition of what an acceptable payroll savings scheme is.

We have heard from different stakeholders that creating a category of payroll savings (similar to the way that 'basic bank accounts' was created as a product category) and then describing key features of such schemes would help delimitate them from other forms of workplace saving and build confidence.

Key features would be:

- An Employer puts in place a workplace savings scheme offered by a third-party Payroll Savings Provider such as a credit union or employee benefits provider. The Payroll Savings Provider is a separate legal entity to the Employer and is authorised to provide savings by the relevant regulator. The Payroll Savings Provider may be authorised to hold deposits itself, or work with an authorised deposit holder. There is no financial relationship between the Employer and the Payroll Savings Provider.
- The Employer shares information about the scheme and how to take part with Employees. The communications are provided by the Payroll Savings Provider or signed off by them as the regulated provider.
- The Employee chooses whether or not to save, and, if yes, how much to save per pay period.
- If the Employee chooses to save, the Payroll Savings Provider creates an individual instant or easy access cash savings account in that Employee's name, which can be accessed without restriction.
- The Employer partitions the Employee's take-home pay at payroll, with their chosen savings contribution being moved into their savings account and the remainder being paid into their current account. The savings contribution is shown on the employee's payslip or separate payday statement. Money in the savings account is held by the Payroll Savings Provider. The Employer has no access to the employee's money or account data. The savings contribution is not considered a 'deduction' because it is still the employee's money paid into their own cash account and is quickly accessible to them if they want it.
- The Employee can change their savings amount or stop saving at any point. They can withdraw some or all of their money at any point without charge or penalty. They can close their account at any point.

It would then be possible to clarify that such schemes do not place the employer in the position of taking part in regulated activity, and that money moved into a savings account via payroll on an employee's behalf does not constitute a deduction under employment law or affect Minimum Wage calculations.

Step 2: Making regulatory space for the wider roll out for opt-out schemes

Providing comfort to employers and providers that opt-out approaches are permitted would give more employees access to this kind of saving support in the near term. This step could follow Step 1, or be combined with it.

It is not clear yet whether addressing the regulatory barriers to opt-out approaches would require legislation, or whether it is possible for regulators to address the barriers in another way, for example by providing a statement of clarity and comfort.

This could include:

- Stating that an opt-out approach could be exempted on the grounds of consumer-interest from the requirements for a check box acknowledgement for account terms and conditions and FSCS protection, if certain conditions were met. For example, to meet the exemption, there could be a requirement for three communications in a durable medium before the automatic enrolment date and a one-step opt-out process
- A version of know-your-customer (KYC) checks that does not require the employee to share data in certain limited situations where the risk of money laundering is low to none. This could rely on the Payroll Savings Provider's risk assessment of the Employer, and the Employer supplying some data for each Employee who wants to save with the Payroll Savings Provider. This approach could be deemed appropriate for managing money laundering risk sufficiently if for example:
  - The Payroll Savings Provider does due diligence checks on the employer.
  - The payroll saving is a closed loop – money only enters the savings account via the payroll mechanism and can only exit it back into the current account that is already used for paying the employee the rest of their pay.
  - If an employee wants to put money in their savings outside of payroll or withdraw money to a different account, they could be asked to complete additional checks.
  - If an employee wants to save more than, for example £2,000, in their account they could be asked to complete additional checks.
- Comfort was given to employers and providers that, subject to their own data protection impact assessments, it would be possible for an employer to share with a provider the data items necessary for an account to be set up on behalf of an employee who has not opted out if it has been assessed that this is in the interests of the employee. The legal grounds for the data processing could therefore be 'legitimate interest'.

Regardless of the mechanism, for it to be feasible for providers to develop opt-out payroll savings solutions and for employers to be confident in adopting them, all the barriers to opt-out approaches outlined above would need to be addressed together. If any active step is required of the employee to start saving then it is no longer an opt-out journey, and the friction can get in the way of people who want and need to starting to save.

Step 3: Incorporating short-term accessible saving into the evolution of auto enrolment

Building accessible short-term saving into the pensions auto enrolment framework could make it easier to expand it, by de-risking negative outcomes for lower earners and more vulnerable savers.

Workplace pensions auto enrolment has been hugely successful by almost all measures. There are now calls to expand eligibility and increase mandatory contributions.

Although many workers need to save more to reach adequate incomes in retirement, it is not clear that increasing minimum contributions is the right approach for potentially many lower-earning and more financially precarious workers for whom reducing debt and building some accessible savings may be more pressing priorities than increasing retirement saving straight away.

Incorporating accessible savings into any rise in mandatory pension contribution levels and/or expansion in auto enrolment eligibility could provide a valuable safety valve for workers at the margin. For example, a proportion of any increase in minimum pension contributions could be diverted to accessible savings for some or all workers.

There would also be an opportunity for auto enrolment in cash savings to extend beyond the population of workers eligible for auto enrolment. Arguably, auto enrolment into cash savings is particularly relevant to those who are excluded from pensions auto enrolment on grounds of affordability.

A range of stakeholders have identified pensions auto enrolment as an existing system within which a roll out of short-term savings support could be both feasible and effective. In addition to supporting the expansion of auto enrolment, working within the existing 'plumbing' and employer mandate would also address the patchy coverage and low take-up of workplace savings to date.

A move in this direction would be consistent with the international direction of travel, with pensions/auto enrolment systems recognising other financial objectives for savers in the US (emergency savings, student loan repayment), Singapore (housing, medium-term saving) and South Africa (emergency saving, housing).

There is an opportunity to consult on different possible designs for incorporating cash savings into pensions auto enrolment in the upcoming second phase of the Pension Review.

Beyond employees

The workplace is an attractive touchpoint for supporting increased savings inclusion in the UK and Nest Insight's workplace savings trials have shown the potential effectiveness of this route. However, it clearly does not reach those who are not employed, including self-employed people. Nest Insight has another programme of work looking at how to support more self-employed people to save for retirement and we have considered supporting cash savings as part of this, by designing behavioural support for saving into the platforms and services self-employed people are already using to manage their money.[93] Other touchpoints also show promise for supporting saving behaviours if similar opt-out approaches could be adopted to reach other audiences, including those who are not currently employed – for example savings could be made alongside rental payments or via benefits received.[94]

Other policy considerations

The provider market

Payroll savings schemes are currently made available to employers by a range of third-party providers including credit unions and employee benefits platforms. The market is still relatively small, but growing. Most providers have a minimum size of employer (by number of employees) that they will work with, which means that it can be difficult for smaller employers to find an appropriate savings scheme provider.

The Government has committed to double the size of the mutual sector. Credit unions play an important and valuable role in providing payroll savings and have been doing so for decades. There are advantages to the credit union model for employee savers. Employees who save via payroll become credit union members. Membership gives access to loans that can be more affordable and accessible than other options that might be available to people. Employees who save with a credit union often also get bereavement cover included in their membership, meaning that in the event of their death any loan with that credit unions will be paid off and a funeral grant will be paid to the nominated beneficiary. The building society sector has also expressed interest in supporting the scaling of payroll savings, with the Building Society Association setting an objective of creating one million workplace savers by 2025.[95] Savings that are held by credit unions and building societies are reinvested into communities via lending to members. But it can be challenging for these organisations to scale up and develop the infrastructure and digital capability to deliver workplace saving solutions at scale. There is

93 Nest Insight (2025). **Supporting self-employed people to save for retirement**.

94 For example, a small-scale pilot worked with mothers to prototype and test a way to save via Child Benefit working with Great Western Credit Union in Bristol. University of Bristol/PFRC (2024), **Designing with mothers for mothers: the family saver pilot.**

95 Building Society Association (2020), **BSA members set target of 1 million workplace savers.**

therefore an opportunity to support the mutual sector to deliver more workplace savings solutions to more employers.

There has been considerable innovation in this space in recent years by fintech employee benefits providers. In these models payroll saving is usually offered alongside a suite of other employee benefits including earned wage access (also known as salary advance) payroll loans and financial coaching and education. Employers usually pay for these services. The savings offer is usually cross subsidised by the fees that employees pay for other services offered. These providers tend to focus on larger employers.

In order for payroll savings to become feasible for more resource-constrained employers to implement, including small- and medium-sized organisations, it is likely that it would need to be built into their existing processes by providers they are already working with. We see two promising routes here – integration into payroll solutions and integration into workplace pension delivery. Of the employers, 13% say that they would be more likely to implement payroll saving if it was an 'off-the-shelf solution from our payroll provider' and 7% say they would be more likely to do so if it was an 'off-the-shelf solution from our pension provider'. We are already seeing some early interest and innovation in this space by payroll and pension providers. It is likely that this would be catalysed by addressing the regulatory barriers to scale outlined above.

Managing a large number of instant- or easy-access savings accounts with relatively small balances and high numbers of withdrawals is perhaps not an attractive priority for mainstream banks. However we have heard that the kind of scale that would be achieved by more employers being able to adopt an opt-out approach would make the prospect more attractive than the current situation, as the higher rates of participation seen under opt-out models lead to economies of scale. Where a savings provider can gain new customers through a one-to-many model, in which a contract to provide savings is put in place with an employer, this may also be seen as an attractive acquisition route in comparison with other methods of customer acquisition that can be costly such as competing via comparison tables.

When workplace pensions auto enrolment was introduced, the Government set up Nest to be the provider that would accept any employer because there was a gap in the market and smaller employers were not seen to be a viable business for existing providers. It's not clear that a similar situation would be the case if automatic enrolment into accessible savings were to be mandated by government, especially if some of the provider market opportunities identified here are supported to scale. However, it's possible that market gaps might need to be addressed to ensure coverage for all employers and in all sectors. We are keen to conduct further research and modelling to explore this as a next step.

When people leave their employer

We've included learnings about what happens when savers leave their employer in the results of these trials to help inform potential future policy development. Previous policy initiatives have faced the problem of what to do about pots of money that are forgotten or not known about by their owners. There is currently a live challenge to unite beneficiaries of Child Trust Funds with their money once they reach 18 and are eligible to access it. Additionally, much time has been spent on the 'small pots' challenge in workplace pensions following the introduction of the auto enrolment policy. Perhaps for this reason, the Help to Save scheme design sees all savings automatically put in the savers current account at the end of the four-year scheme period and the savings account closed. Whilst understandable from an administrative point of view, it's a shame that a scheme designed to build savings habits closes savings accounts at the end, rather than letting people continue to use them.

It's important to note that there are different behaviours around accessible savings accounts than are seen around accounts where money is locked up until later life – money cannot be accessed until adulthood in the case of Child Trust Funds and until the age of 55 in the case of pensions. We've seen in these trials there are high levels of saver engagement with their savings, with people frequently making withdrawals or adjusting account settings.

Understanding what happens when people leave their employer was not a primary focus of these trials. In the new worker trial people are able to keep saving in their Transave account when they leave SUEZ. In the benefits app user trial, savings were automatically transferred back to the employee's current account when they left Bupa or Co-op during the trial period.[96] We would like to be able to explore and test different 'leaver' designs in future trials. Where people have lost their savings account on leaving their employer we have heard that they have

[96] Post-trial accounts can now remain open and be actively used after leaving the employer.

missed having it, and that it can be difficult to set up a different account and way of saving to keep the savings habit going.

If an opt-out approach to payroll savings is to be systemically scaled, clearly more thought would need to be given to how to treat leavers. Ideally the solution design would balance the risk of lost small pots with the opportunity to support further saving. Having overcome the barriers to open an account through workplace saving, it would be ideal if those who wanted to could keep that account could be supported to set up a new way of saving into it.

Perhaps a good balance would be for the default to be for money to be moved back into the current account at the point when an employee leaves and the account closed unless they take an active step to say they want to keep their account. Ideally if they chose to keep their account they would then be actively supported to set up an alternative mechanism for regular savings to replicate their payroll saving, such as a standing order or roundups. Nest Insight is keen to build evidence around the behaviours of payroll savers leaving their employers and potential interventions to support future saving outside of payroll in future trials.

Savings boosts

We've seen in these trials that, even with behavioural support for saving in place, some people struggle to build a savings balance over time because they have low incomes and little or nothing to spare once essential living costs have been met. In this situation, although people may benefit from having payroll savings to support budgeting and cashflow management, they do not build a savings buffer to provide resilience against financial shocks and therefore remain financially vulnerable.

Some employers might consider adding a savings boost to their employees' payroll savings. There are several case studies of employers providing emergency savings matches for employees to save in this way in the US. For example, working with BlackRock's Emergency Savings Initiative Levi Strauss's Red Tab Foundation offers employees a sign up bonus when they start saving and then matches savings up to $40 a month for six months, meaning a total maximum employer savings boost of $500. It would be useful for future research to consider what structure for boosting savings is most effective, and what level of subsidy would be required to support employees towards having a meaningful buffer in place.

Government support for low income savers is currently delivered through the Help to Save scheme. Savers who sign up can receive a generous savings boost of up to 50 pence for every pound they save over a period of four years. However, the bonus is only maximised if the savings are not accessed, meaning that people are less likely to access their savings to cope with a financial shock. There is perhaps an opportunity to consider targeting this kind of government savings boost for people on low incomes via workplace savings, in addition to other channels, particularly if more UK employees have access to payroll savings in future.

In the event that short-term savings were incorporated into pensions auto enrolment, there would also be an opportunity to consider how pensions tax relief might be applied to further support lower-income households to build savings faster.

Scheme quality assessment

Much of the savings industry and wider savings culture is geared towards goal-based saving. Savers are rewarded for leaving their money in their account and for larger balances. Consumer advocates focus on comparisons between interest rates. Interest rates are often used as the primary measure of savings account value for money, and often employer decision makers use this as the criteria to assess scheme quality.

Whilst it is clearly important for people to maximise interest on sums of money where a one percent rate difference has a meaningful impact, the complexity of the choice and comparisons can be off-putting to newer savers and people who lack confidence.

Budgeting and cashflow management and building a small safety net are underacknowledged saving needs. For this type of saving, control and flexibility are the features that savers most value. In this context, where the main focus of the workplace savings scheme is to support employees to build a small cash savings buffer in an instant- or easy-access account, we believe several factors should be taken into account in assessing value for money, rather than only assessing interest rates.

Workplace saving accounts should represent good value for money for the consumer, ensuring savers get a fair deal. Most of the consumers who use opt-out payroll saving schemes will do so to save small amounts to manage in-month expenditure or emergencies. At this level the difference between a 1% and 3% interest rate is small, although clearly this becomes more important if savings balances increase.

Additionally, not all workplace savings providers operate on model where interest rates are applied. Credit unions usually operate on a member dividend model. In the research pilot with a credit union as the provider, those with saving accounts open receive a dividend, dependant on the credit union's performance, rather than an interest rate.[97]

We believe that the interest rate or other rate of boost or dividend should be considered by employers in choosing a scheme alongside other factors that may be of benefit to their employees, including:

- Control and flexibility;
- Fee-free use and access;
- Ease of set up and savings mechanism;
- Other features and products: prize draw, bereavement benefit, loans, retail discounts.

If employees were to start to build high balances in an account or other vehicle when they could be getting a higher rate of return elsewhere, then the expectation should be that firms will take action to prompt consumers to consider alternatives – as per Expectation 3 in the Cash Saving Market Review.[98]

Future research and development

Nest Insight is grateful to the growing community of employers, providers, regulators, industry bodies, charities, think tanks and academics who have worked with us to shape the thinking behind these pilots and our interpretation of the results and their implications.

Whilst the evidence base presented here is already robust and detailed, as we think about scaling opt-out saving more widely, there are a number of design considerations identified in this section that warrant further investigation and development.

Over the coming months Nest Insight will be working together with a broad group of stakeholders to explore questions for future policy and market innovation in this space through further working sessions and research. If you or your organisation would like to be involved in this work please do get in touch.

[97] At TransaveUK, the trial partner this was 1.5% (2021) and 1% (2022) for those saving during the trial.

[98] Financial Conduct Authority (2023), **Cash Savings Market Review 2023**.

Appendix: research and analysis approach

Benefit app user trial

Research design

The benefit app user trial is a randomised controlled trial meaning that participants are randomly assigned to a group experiencing the intervention – in this case opt-out payroll saving – or a control group that are not receiving it – opt-in payroll saving. This method ensures that differences in the outcomes can be attributed to the intervention itself rather than differences in the characteristics of people participating or contextual social or economic factors.[99]

Figure 19. Timeline of trial data collection on the benefit app user trial

Note: Solid bars show months during the research trials when new people were being added to a trial. Data has been collected on people for each month they're eligible for the trial. Striped bars show months where we continued to collect data on people eligible for a trial but when no new people were being added to the trial.

Financial benefit platform, Wagestream, piloted the opt-out approach to payroll saving alongside their business as usual opt-in approach[100] to determine the efficacy of the opt-out mechanism. They worked in conjunction with two of their UK employer clients: Bupa Care Services and the Co-op.

Bupa Care Services is a division of Bupa UK and employs around 10,500, predominantly those working in front line social care. Co-op employs approximately 55,000 workers across the food retail, funeral, insurance and legal services sectors.

Saving product

Wagestream provides an app to employees of its employer clients that allows them to track their earnings and shifts,[101] divert their pay into a savings pot, access financial coaching, receive retail discounts, calculate their benefit entitlement, access debt advice, access affordable loans and use earned wage access. Earned wage access allows an employee to draw down a portion of their accrued gross wages before their scheduled payday. Each drawdown is for a fixed nominal fee.[102] [103]

The saving pots offered allowed contributions up to a maximum pot balance of £1,000 with contributions of between £5 and £100 permitted per paycheque.[104] Savers could also contribute £1, £2 or £5 from each earned wage access and 'micro-save' by rounding each shift they work down to the nearest pound and diverting the difference into the savings pot. The only way to contribute to the savings pot was via payroll - it was not possible for employees to make deposits outside of these mechanisms.

[99] Social and economic factors still affect the groups but should affect all equally, on average.

[100] And an active choice arm – read more about this in Section 9.

[101] During the trial only Bupa employees were able to view shift information in the Wagestream app.

[102] At the time of the trial, employees could drawdown up to 40% of their accrued gross wages for a fee of £1.75.

[103] Employees at Bupa could not access more than £3,000 per pay period and Co-op employees could not access more than £400 per period, regardless of their accrued gross wages.

[104] Wagestream does not hold members' funds and instead partnered during the trial with e-money providers.

The saving pots were fully liquid and can be transferred back into an employee's bank account (where wages are paid) at any time without restriction, penalty, delay or fees. Once the pot balance reaches the maximum £1,000 (or the saver's goal, if lower) then contributions cease until the balance drops below the threshold when they resume saving again.

The same saving pots were accessible to all employees at Bupa and Co-op regardless of the research group they were in and employees had the same decision to make: save or don't save. Employees who were not automatically set up to save or those who chose not to save when offered the opt-out approach, could sign up to save at any time by navigating to the relevant section of the Wagestream app. Here, all members could also review information about the accounts.

Those saving from Co-op received a 5% 'boost' on their savings during the trial. It functioned similarly to an interest rate (e.g. £1 became £1.05). Interestingly, we did not see a substantial difference in the level of participation between those at Co-op offered the 'boost' and those at Bupa were no such incentive was offered.

Opt-in payroll saving user journey (control group)

The opt-in saving journey required employees to navigate to the saving section of the Wagestream app and complete the simple sign-up process: choosing a saving goal and contribution per pay period.

Opt-out payroll saving user journey

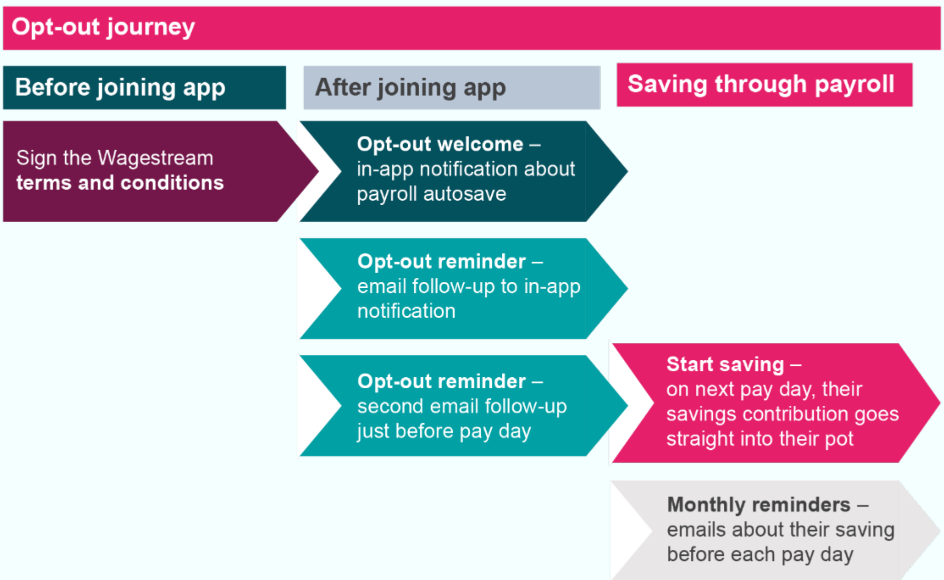
In the opt-out journey, employees didn't need to do anything if they wanted to save. Members assigned to the opt-out arm were signed up to save at £40 per month, unless they said they didn't want to save or changed their contribution rate. This £40 default saving amount represented approximately 1.9% of the average Bupa employees gross salary assuming 2,080 hours of work per year.[105]

Members who didn't want to save in this way could opt out of saving as soon as their account was active.[106] Employees couldn't opt-out or make edits to the account until it was active and they were informed via email and the app when they were able to opt-out and edit their saving settings.

Members received multiple communications before their first paycheque about the saving account, their ability to opt out and change their contributions.

Prior to all paydays all employees - including those in the opt-out group – received a summary email about their contribution as well as information on viewing, cancelling or changing their elections before it would be actioned.

Figure 21. The new worker opt-out payroll saving journey at SUEZ.



[105] Wage data was not available from Co-op.

[106] Once accounts were created they appeared as 'pending' for up to one week (depending on the date the employee joined and how far they were from the next payday).

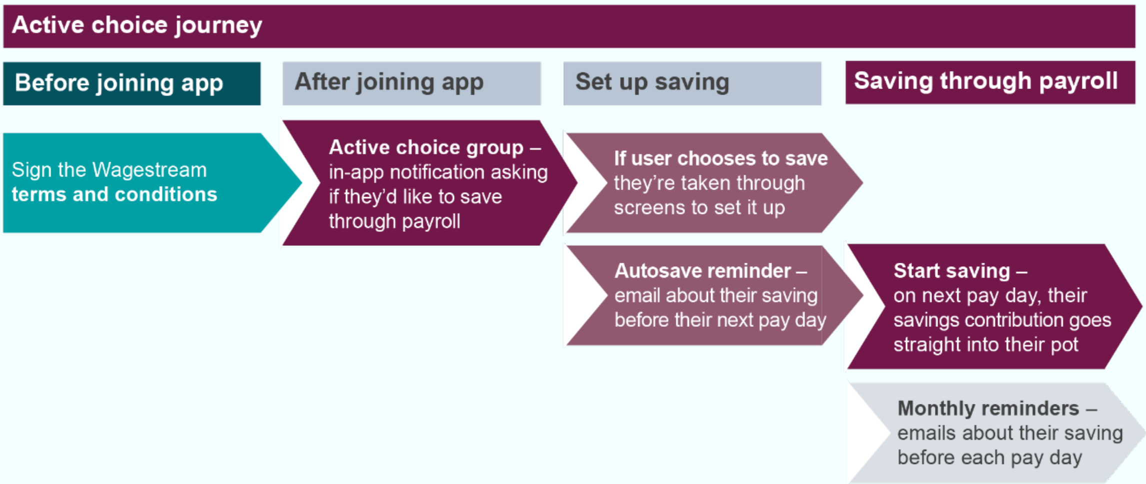
Active choice saving user journey

Those who experience the active choice arm are prompted to choose whether or not to save into a savings pot from payroll. Users could not proceed with the app without making a decision and those who chose to leave the app were returned to the same prompt upon returning.

Users who indicated that they want to save were taken through the same simple sign-up process as the opt-in group which includes choosing a contribution amount which is set at a default of £15 per paycheque. It was possible at this point to reverse the decision to save by setting a contribution of £0.

Users who indicated they didn't want to save were taken to the home screen of the app. They could sign up to save at any time.

Figure 20. The benefit app user trial opt-out payroll saving journey at Wagestream



Employees covered by the research pilot

In total there are 2,596 members in the opt-in arm, 2,677 members in the active choice arm and 2,669 members in the opt-out arm. There is no statistically significant difference in the average amount of the first-observed paycheque (net of tax or other deductions),[107] share of individuals from Co-op across the conditions or average tenure at the time of Wagestream sign up between the opt-in and opt-out groups.

Employees can join Wagestream at any point in their tenure with their employer but the majority (60%) in our study joined in the first 30 days of hire and 4 out of 5 (81%) do so within the first year. There is a non-trivial amount of people who join more than three years into their tenure (11%).

The known characteristics of the sample is provided in Table 3.

Table 3. Known characteristics of the sample in the benefit app user trial

	Opt-in	Opt-out	Active choice
Benefit app users			
Joining dates	October 2022 to September 2023	October 2022 to September 2023	October 2022 to September 2023
Total numbers of members in the trial	2,596	2,669	2,677
Number of workers at tenure month 4	1,791	1,836	1,802

[107] There is a statistical difference in average first-observed hourly wage at Bupa. This difference is small and driven by the active choice arm having an average hourly wage of £0.39 to £0.41 higher than the other arms.

Number of workers at tenure month 12	101	111	123
Earnings			
Mean starting pay (hourly)	£12.35	£12.33	£12.74
Tenure with employer			
Mean tenure with employer at the point of sign up to the benefit app	15.1	14.3	15.1

Data collection

On 24 October 2022, Wagestream began to randomly assign Bupa employees who were newly registered members of Wagestream into either the opt-out, opt-in or active choice arms.[108]

The Co-op began participating shortly after on 21 November 2022, initially applying a soft launch of 95 employees between 21 and 24 November before the full launch began on 23 December 2022.

The purpose of the soft launch was to ensure that the pilot did not result in an untenable increase in queries to Co-op's HR team. No increase was reported.

Data were collected between 24 October 2022 and 30 November 2023 on members who were randomised between 24 October 2022 and 18 September 2023.

A switch in e-money provider meant that, from 19 September 2023, new savers were subject to KYC checks and from 1 December 2023 existing members were also asked to provide additional personal details for the purpose of the KYC check.[109] This required an end to the trial as a completely friction-free opt-out journey could no longer be maintained.

779 employees who joined Wagestream between 27 February and 21 March 2023, were removed from the data set. This was because of a concern that opt-out participants were not subject to the same temporary KYC process that the opt-in and active choice group were at this time.

Data items provided by Wagestream for the research analysis

- Employer
- Current Wagestream membership status
- Treatment assignment
- Date of randomisation
- Employment start date
- Employment termination date, where applicable
- Paycheque balances and dates
- Saving balances and dates
- Saving contribution elections and date of election
- Saving goal election and date of election
- Saving withdrawals and dates
- Micro-saving settings
- Settings dates
- Shifts worked (Bupa only)
- Earned wage access usage

Sample sizes decline with membership tenure because of employee attrition and because employees who become members more recently are observed for shorter time periods than those who joined at the beginning of data collection.

[108] Active choice is explained in Section 9.

[109] We continued to collect data after this point to look at the impact of KYC checks on participation and will report this separately in summer 2025.

What is 'membership length' in the benefits app user trial?

People frequently become Wagestream users soon after they join their employer but some might have been with their employer for months or even years before they sign up for the app. So in the benefits app user trials, instead of looking at employment tenure we're following employees' saving and other financial decisions from the point at which they started using Wagestream and were randomised into one of the three user journeys – opt-in, opt-out or active choice. In graphs, we describe this as 'length of time since joining the financial benefits app (months)'.

Employees sign up to the app on a rolling basis. The first month of saving is either the first or second month after they've become a Wagestream member, depending on when their next payroll is processed. Regardless of when they start to save, the month they become a Wagestream user is membership length 0 (zero).

Changes during the research

Wagestream changed the name of the saving product during the trial. The saving pots began with the name "Save" and became "Build" from 4 January 2023 in order to comply with the regulatory requirements of the new e-money provider Wagestream began transitioning to. Some members may not have seen this change until the following weeks, depending on when they updated and viewed the app.

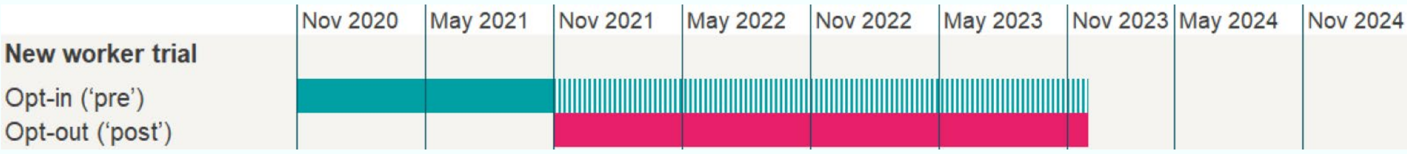
The app was restructured on 6 February 2023 and the information about the saving pots was moved from the main navigation bar to the 'hub' page where other Wagestream features are also available. Again, members may not have seen these changes until the following weeks depending on when they updated and then viewed the app.

New worker trial

Research design

The new worker trial is a 'pre-post' design meaning that there is a change in business as usual where the employer changes from offering opt-in payroll saving to offering opt-out payroll saving to all new employees (existing employees always have access to opt-in payroll saving). Those that joined before are compared to those who joined after this change.

Figure 22. Timeline of trial data collection on the new worker trial



Note: Solid bars show months during the research trials when new people were being added to a trial. Data has been collected on people for each month they're eligible for the trial. Striped bars show months where we continued to collect data on people eligible for a trial but when no new people were being added to the trial.

The trial employer was SUEZ recycling and recovery UK. SUEZ has around 5,000 employees working in waste management and recycling services.

SUEZ worked in conjunction with their payroll saving provider, TransaveUK who are a large UK credit union offering financial services to members through a range of employers.

Saving product

TransaveUK offer payroll saving to employees of their employer clients.

In saving, employees become members of the credit union and as a result have access to a bereavement benefit and annual dividend. They can also move their savings into Junior Saving Accounts and/or a PrizeSaver account.[110] Members have access to personal loans (subject to eligibility and affordability checks).

Members can save through payroll as well as setting up a standing order and making ad hoc contributions to their accounts. Monthly contributions through payroll are capped at a minimum of £5 per month.

Savings are liquid and available without fee or penalty within 1-2 business days from the withdrawal request. Requests can be initiated on the TransaveUK app, website or by contacting customer services.

The accounts are protected up to £85,000 by the Financial Services Compensation Scheme.

Opt-in payroll saving user journey (‘pre’ arm of the trial)

In the opt-in arm, new employees to SUEZ between 1 November 2020 and 31 October 2021 follow the sign-up journey to become a TransaveUK member.[111]

Opt-out payroll saving user journey (‘post’ arm of the trial)

In the opt-out group, all new employees from 1 November 2021 to 31 December 2023 completed a pre-trial step where they could agree to the necessary regulatory steps for payroll saving. This step was required due to the regulatory and legislative requirements for ‘opt-out’ saving models[112] but consent was not compulsory. Employees who did not complete the consent step were asked when they joined the employer whether they wanted to consent, if they did not then they had access to the saving product on an opt-in basis.

The consent process was completed when they signed their employment contract and other employment policies and covered account terms and conditions, the Financial Services Compensation Scheme, lawful deductions from pay and data sharing.

When employees began working at SUEZ, they were told that they would save £40 per month – the equivalent of 1.8% of the average affected worker’s pay – into a TransaveUK account in their name. They were provided with the account information and told how to opt-out. This information was communicated three times before the account was created. Line managers were informed of the pilot as were SUEZ’s ‘wellbeing first aiders’. Information was also provided to employees during onboarding sessions and on the intranet.

As soon as an account had been opened for the employee, TransaveUK communicated the membership information by post or email.[113] From this point, employees could change and pause their contributions.[114]

Members who didn’t want to save in this way could opt out of saving during the opt-out window which was a minimum of 2 weeks in length. Opting out involved sending an email to a generic email that was monitored by the SUEZ human resources team.

For administrative reasons, the first contribution did not happen until the second or third payday.

[110] The Junior Savings account and PrizeSaver cannot be contributed to through payroll. The latter is capped at a maximum balance of £200.

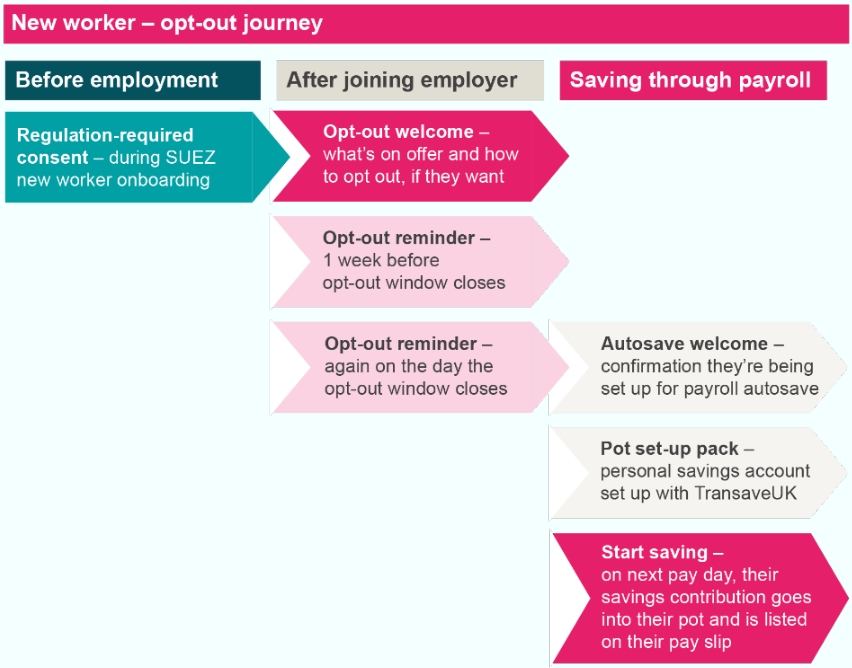
[111] This is also the same process existing employees (not included in the trials) follow to start saving with TransaveUK. SUEZ began offering payroll saving with TransaveUK in Autumn 2019.

[112] Nest Insight (2024). Opt-out payroll saving: The regulatory considerations.

[113] At the beginning of the pilot it was all via post but it switched to email during the trial.

[114] Some savers were enrolled early enough to adjust their initial contribution. Only eight automatically enrolled employees do so. All others made an initial contribution of £40.

Figure 23. The new worker opt-out payroll saving journey at SUEZ



Employees in the research pilot

In total there are 1,164 new employees in the opt-in arm and 2,853 new employees in the opt-out arm.[115] There is no statistically significant difference in the average pay (yearly, adjusted for inflation).

The known characteristics of the sample is provided in Table 4. Workers in the opt-in condition are slightly more likely to work in a 'manual' position otherwise there are no significant differences.

Table 4. Known characteristics of the sample in the new worker trial

	Opt-in	Opt-out
Working at SUEZ		
Total numbers of workers in the trial	1,164	2,853
Number of workers at tenure month 4	314	1,976
Number of workers at tenure month 22	516	181
Earnings		
Mean starting pay (annualised and inflation-adjusted)	£23,620	£23,468
Gender		
Women	13.8%	13.8%
Age		
30 and under	34.1%	33.7%
31 to 50	43.7%	43.8%
51 and over	22.2%	22.4%
Role		
'Manual' position	82.4%	78.5%

[115] While we collect 25 months of data, we primarily report on 22 months of data due to small sample sizes at the high levels of tenure (i.e. only people who joining in November and December 2021).

Data collection

On 1 November 2021 SUEZ began using the opt-out payroll saving process for all new employees.[116]

Data were collected until 31 December 2023 for the purpose of the research; however SUEZ continue to offer opt-out payroll saving to their new employees as business as usual beyond the trial (as of publication in March 2025).

Both TransaveUK and SUEZ provided data for the purposes of understanding saving behaviour.

Sample sizes in the opt-in group increase until tenure month 15 and then decline with membership tenure due to the fact that individuals in this group are only seen in the data for the first time in December 2021 regardless of when they joined (between 1 November 2020 and 31 October 2021). In the opt-out group, tenure decreases with time from the outset because of employee attrition and because employees who become members more recently are observed for shorter time periods than those who joined at the beginning of data collection.[117]

While we collect 25 months of data, we primarily report on 22 months of data due to small sample sizes in the opt-out group at the high months of tenure (i.e. only people who joining in November and December 2021).

Data items provided by SUEZ for the research analysis

- Gender
- Age
- Contracted hours of work
- Hire date
- Employment termination date, if applicable[118]
- Current employment status
- The date the current employment status became effective
- Gross pay
- Pay frequency
- Job category
- Pension membership
- Employer pension contribution
- Employee pension contribution

Data items provided by TransaveUK for the research analysis

- Joining date
- Current membership status
- Date current membership status became effective
- Monthly contribution elections
- Monthly payroll saving balances
- Transaction-level withdrawals (date and time stamped)
- Additional deposits (outside of payroll)
- Monthly data on loan balance
- Loan repayment history
- Loan principle

[116] Only new employees who onboarded through the SUEZ employment system were included in the trial data analysis. Individuals who did not go through this process were either not included in the data or were removed from the analysis. This included:

- employees from one site that used a different onboarding system (n = 144).
- ten employees who were hired after 1 November 2021 as part of SUEZ's anti-recidivism scheme and who were therefore on release of temporary licence (ROTL). Only one of these employees was automatically enrolled and removed from the data.
- employees who were hired under the Transfer of Undertakings (Protection of Employment) or TUPE regulations.
- employees who were rehired one or more times during the trial period (n = 30).

[117] A small number of participants joined SUEZ during the 'pre' group, left and then rejoined in the 'post' group. These individual were removed from the analysis as they were exposed to both the treatment and counterfactual.

[118] Approximately 16% (646 employees) disappear from the employer-provided dataset without an employment termination date. Based on guidance from the employer, these individuals are treated as having separated in the last month they appear in the data.

What is 'tenure length' in the new worker trial?

In talking about length of time in the new worker trial, we use tenure months that an individual has been employed at SUEZ rather than calendar months. This is described as 'length of time at employer' in many of the graphs.

This allows us to compare someone in the opt-in ('pre') group who has been at SUEZ for one month to someone in the opt-out ('post') group who has been at SUEZ for the same amount of time, even though the year, as well as the calendar month in which they joined, might be different. For example, someone in the opt-in group may have joined the trial in August 2021 and someone in the opt-out group may have joined in January 2022; for both individuals, the first month they joined is tenure month 0 (zero).

In the new worker trial, when we reach tenure month 23 to 25 the sample size of the data decreases rapidly. That's because lots of combinations of employment could result in someone having 12 months of tenure (e.g. they could start at the employer in any of the first 12 months of data collection and leave in any of the following 12 months or remain employed beyond 12 months). However, those in the final months of data can only have joined the employer in the first or first couple of months in order to show in the data. It means there are only around 50 people in tenure month 25 in the opt-out group.

Changes during the research

SUEZ adjusted the consent process which occurred during the pre-employment onboarding during the trial period. This involved modifying the wording to ensure that new employees were fully aware that they could withhold their consent. While consent data during the pre-employment onboarding was not collected, there is no detectable decline in participation as a result. Of employees hired between 1 November 2021 and 21 January 2022, 49% were participating in tenure month 4. This compared to 53% of employees between 1 March 2022 and 31 May 2022.

The acquisition of SUEZ by a competitor was announced in spring 2021 but ultimately vetoed by the competition regulators and was consequently reacquired by SUEZ Holdings in December 2022. During this period the pilot, and other employee benefits, remained the same.

The Covid pandemic took place during the experiment and differentially affected the opt-in cohort who were hired between 1 November 2020 and 31 October 2021. The pandemic resulted in employment and income shocks for many household as well as uncertainty over its potential impact long term. We do not have data on who at SUEZ was affected by furlough but all employees in the analysis hired during the pandemic (from November 2020) continued to receive 100% of their salary even if furloughed.[119] Employees continued to be eligible to make payroll saving contributions.

In Autumn 2022, employees were given access to Wagestream for earned wage access, replacing the previous provider of the same service at SUEZ. Although this did not originally include access to the saving pots, they did become accessible to employees in Summer 2023. The pots were only available on an opt-in basis.

Additional qualitative and quantitative data

Across the trials Nest Insight researchers have spoken to around 87 employees in a mix of interviews and focus groups. Although we've spoken to employees across all trial arms, we over-weighted the sampling to those experiencing opt-out payroll saving.

Nest Insight also conducted regular surveys to reach a broader group of employees, obtaining over 2,200 responses (Table 5).

The interviews and surveys have been a valuable part of the research, allowing us to explore why people make the money management decisions they do and how they feel about being offered payroll saving on an opt-out

[119] The U.K. Government paid 80% of wages to employees while on furlough as part of the Coronavirus job Retention Scheme. SUEZ voluntarily chose to pay the remaining 20% to all affected workers.

rather than opt-in basis. We have also done deep-dives specifically on aspects of the design like how it is communicated[120] as well as exploring alternative opt-out designs not explored in this research.[121]

Table 5. Surveys and interviews conducted between 2021 and 2024 as part of the opt-out payroll saving trials

	New worker trial	Benefits app user trials	Other
Surveys			
Financial wellbeing and resilience survey (baseline)	Sent to new joiners in the first 12 months of the research. Sent the month after an individual joined the employer between December 2021 and January 2023. Opt-in group = 88 Opt-out group = 97		
Financial wellbeing and resilience survey (~12 month follow up)	March 2023 Opt-in group = 129 Opt-out group = 286		
Pulse survey on saving behaviours		May 2023 Opt-in group = 277 Opt-out group = 258 Active choice group = 263	
Financial inclusion survey	September 2024 Opt-in group = 57 Opt-out group = 276	February 2024 Opt-in group = 317 Opt-out group = 326 Active choice group = 288	
Interviews			
Communicating opt-out payroll saving	February 2022 Online focus groups with 15 employees from a range of employers. All employees were new to the idea of opt-out payroll saving. 9 in-depth interviews with SUEZ employees who had experiences the opt-out payroll autosave approach and chosen either to save or not to.		
Financial wellbeing and the experience of opt-out	February 2023 6 in-depth interviews with savers	February 2023 5 in-depth interviews with app members	
Alternative designs for opt-out payroll saving			February 2023 Focus groups of 11 students at the

[120] Nest Insight (2022). **Talking about payroll autosave with employees.**

[121] Nest Insight (2022). **Getting employees started with saving.**

			University of Lincoln who were experiencing a contracting version of opt-out.[122]
Payroll as a moment to support financial wellbeing[123]			October 2023 to March 2024 Interviews and focus groups with a total of 22 employees all from different employers, some using the payroll, PayCaptain.
The experience of opt-out	September 2024 6 in-depth interviews with savers in the opt-out arm	September 2024 13 in-depth interviews with savers in the opt-out arm	

[122] Read more about a contracting version of opt-out payroll saving **here**.

[123] We explored the broader role payroll, not just payroll saving, can play in supporting the financial wellbeing of employees. Read more about this **here**.

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