



FAQ'S

Workplace emergency savings >

nestinsight.org.uk

Programme partners

The
BlackRock
Foundation



What is opt-out payroll saving? >

Is opt-out payroll saving a sneaky way to make people save? >

Is opt-out payroll saving difficult to implement? >

Should employers be offering opt-out payroll saving in the recent cost-of-living context? >

Why was the default saving amount set at £40 per month? >

What account features matter most to employees? >



Given the low levels of engagement seen with auto enrolment into pension saving, are we not likely to see the same with opt-out payroll savings?



Is opt-out payroll saving legal?



Do employers like this being offered?



Shouldn't employers just pay people more?



How can my organisation participate in one of Nest Insight's research trials?



What resources are available for employers wanting to offer (opt-out) payroll saving?



What is opt-out payroll saving?



You can watch this [short animation](#) on the difference between opt-in and opt-out payroll saving.

Payroll saving involves moving some of an employee's money into a savings account in their name each pay period if they choose to save.

Normally an employee has to sign up to save but opt-out payroll saving means it's set up automatically, unless the employee says they don't want it.

With the opt-out approach, an employee doesn't need to do anything if they want to save. A default amount of money will be moved into their savings pot every payday, unless they change the amount or stop it.

This gives employees peace of mind that they are automatically building up a savings pot that they can access, whenever they want to.

Our real-world trials with three large UK employers, show that opt-out approaches to payroll saving are both powerful at getting people saving, and popular. Read the latest report [here](#).



Is opt-out payroll saving a sneaky way to make people save?



No. An opt-out payroll saving approach should not attempt to make anyone do anything they don't already want to do. Opt-out payroll saving preserves the same choices that exist in an opt-in saving model – save or don't save. If an individual doesn't want to save they can take a one-step opt-out action. The decision to save remains with the individual and therefore it is important that all communications are easy to understand and transparent, and the mechanism for opting out should be straight forward.

Opt-out payroll saving should be:

- › **Transparent** – it should always be clear to employees what is happening to their money and what their choices are.
- › **Empowering** – in both opt-in and opt-out models, employees have two choices: save or don't save. In opt-out payroll saving, employees retain choice and autonomy as to how they manage their money.
- › **Easy to opt-out** – people who don't want to save should be able to opt out in one simple step.

You should work with your payroll saving provider to ensure that your communications meet these aims and are compliant with regulation.

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

Is opt-out payroll saving difficult to implement?

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.



Should employers be offering opt-out payroll saving in the recent cost-of-living context?



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 in the pilots. 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.

Why was the default saving amount set at £40 per month?

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

The £40 saving rate, in the trials, was carefully chosen with SUEZ, Bupa and Co-op employees in mind:

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

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

Employers should consider what default is right for them and may choose higher or lower default amounts based on their employee population and the saving product being offered.



What account features matter most to employees?



When offering opt-out payroll saving, it is important to employees that the accounts are quickly and easily accessible so that they can be accessed in an emergency. It is also important that there are no fees and that control and flexibility are maintained.

Payroll saving schemes are designed to support people who struggle to save to get started and build a savings buffer. Where employees do not have any other savings, the interest rate is often a lower consideration than the accessibility and makes little difference to their overall wealth.

Once people have a buffer in place, then supporting them to reach mid- and long-term saving goals can be encouraged. This may include prompting employees to save more for retirement, integrating a hybrid saving model with rollover into mid- and longer-term savings vehicles.

Given the low levels of engagement seen with auto enrolment into pension saving, are we not likely to see the same with opt-out payroll savings?

We find no evidence that an opt-out approach to accessible short-term savings leads to similarly low levels of engagement as those seen in the pensions context. Instead, engagement in easy-access accounts that have been set up through the opt-out approach are used in a comparable way to those that were set up by employees. Employees engage with their cash savings regularly, making withdrawals and changing their saving amount when they need to.

This is likely because whilst pension savings are illiquid and designed to be left locked up until retirement – and therefore require little active engagement – emergency savings are likely to be accessed throughout working life.



Is opt-out payroll saving legal?

Whilst payroll saving 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.

You can see a summary of the legal considerations in the conclusions of the report ['Easier to save'](#).



Do employees like this being offered?

Yes. We find that opt-out payroll saving is a popular intervention to support financial wellbeing.

In all three employers, employees have been positive about opt-out payroll saving, regardless of whether they themselves have chosen to save.

We asked employees in the benefit app trial if they were happy about being offered payroll saving. 92% were happy or neutral about being offered opt-out payroll saving. Even amongst those not saving 81% were happy or neutral with 95% of savers happy.

In the benefit user app trial, 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.



Shouldn't employers just pay people more?



Pay is an essential foundation for financial security and so it is crucial that people are paid a liveable income. However, employers can also support their employees beyond pay for a relatively small investment.

Supporting employees to get started with saving is important, regardless of income, with many people on middle incomes also struggling to get started with saving.

How can my organisation participate in one of Nest Insight's research trials?

The current opt-out payroll saving trials have come to an end, but we are always interested to hear from employers and providers who are looking to implement it or something similar.

If you're interested in being involved in research in the future, contact us on insight@nestcorporation.org.uk



What resources are available for employers wanting to offer (opt-out) payroll saving?



Nest Insight have a [webpage](#) dedicated to resources supporting employees with payroll saving.

There you can find:

- › A video explaining what (opt-out) payroll saving is.
- › The trial results reports with all the findings from the research in one place.
- › A video of the results.
- › A business case summarising the key findings.
- › A guide to implementing (opt-out) payroll saving in your organisation.
- › Employer guides on choosing opt-out payroll saving and communicating it to employees.
- › A video on the experience of other employers who have implemented opt-out payroll saving.
- › Hear from people saving through opt-out payroll saving in their own words.

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.



Nest Insight's work is made possible through the generous support of its strategic partners:

The
BlackRock
Foundation



JPMorganChase

March 2025