nest insight

Simplifying retirement savings for self-employed people

Results of new research and testing of long-term savings solutions

Department for Work & Pensions

Authored by

Matthew Blakstad, Emma Stockdale and Josie Rodohan, Nest Insight, London

Acknowledgements

We would like to thank the many industry and policy stakeholders who have assisted us with this research. They are credited in full in the annex.

About this report

This report continues our programme of research and trials exploring ways to promote retirement savings among self-employed workers. A full set of outputs from this programme can be found at: **nestinsight.org.uk/research-projects/self-employed-pension-saving/**

About our programme partner

Department for Work & Pensions

The Department for Work and Pensions (DWP) is responsible for welfare, pensions and child maintenance policy. As the UK's biggest public service department, it administers the State Pension and a range of working age, disability and ill health benefits to around 20 million claimants and customers. For more information, visit: **gov.uk/government/organisations/department-for-work-pensions**

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 13.8 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 £600 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 9,800 individuals into apprenticeships or full and part-time employment. For more informaiton, visit: **jpmorganchase.com**

Contents

The quick read

Bridging the savings gap for self-employed people

Over the past few years, supported by the Department for Work and Pensions, Nest Insight has been exploring ways to help narrow the self-employed savings gap, through a series of research projects, including field trials of potential solutions. In previous stages of this work, we found that nearly three quarters of self-employed people want to save for retirement, and many see a pension as a suitable way to do this, but they face barriers to getting started. This includes a lack of knowledge and understanding, and the complexities of the retirement saving system. See page 8 for a summary outline of our previous research reports.

Based on these earlier findings, we wanted to explore how retirement savings might be made more straightforward and accessible to self-employed people, using interventions that we could introduce into platforms and services they are already familiar with, and use frequently. Therefore, in this phase of research, we're exploring what an opt-out or autosave model of retirement saving – akin to auto enrolment for the employed – might look like for self-employed people.

What is opt-out retirement saving for self-employed people?

- The self-employed person is automatically signed up to a long-term or retirement savings vehicle.
- They can 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 either into their retirement saving account or, if a liquid buffer is added to the account structure, into an accessible savings account (where contributions roll into retirement saving when a set of criteria are reached).
- If they don't want to save it's simple to opt-out in just one or two steps.
- The self-employed person can change their savings amount, pause or stop saving at any point.
- Where a liquid, accessible savings account is part of the account structure, the saver can withdraw their money at any point without penalty. Savings are held in cash and are instant or easy access.

It would make it easy to save and incentivise me to put money aside.

Self-employed worker in online research

You can actually get the money when you want.

Gareth, delivery driver, gig worker

The research

In summer 2024, we explored whether an autosave mechanism has the potential to support self-employed people to save for retirement:

User journey development

3 roundtables

with accountancy software providers, financial services providers, industry bodies, and regulators

12 interviews

with self-employed people

Online study

3 user journeys

to support retirement saving: opt-in retirement saving, opt-out retirement saving and opt-out retirement saving with an accessible savings account.

1,526

self-employed people

> Good for people who don't want to have to think about it.

Self-employed person in online research

> The fact it can all be done automatically. If I have to remember to transfer money to an account, I'm less likely to do it.

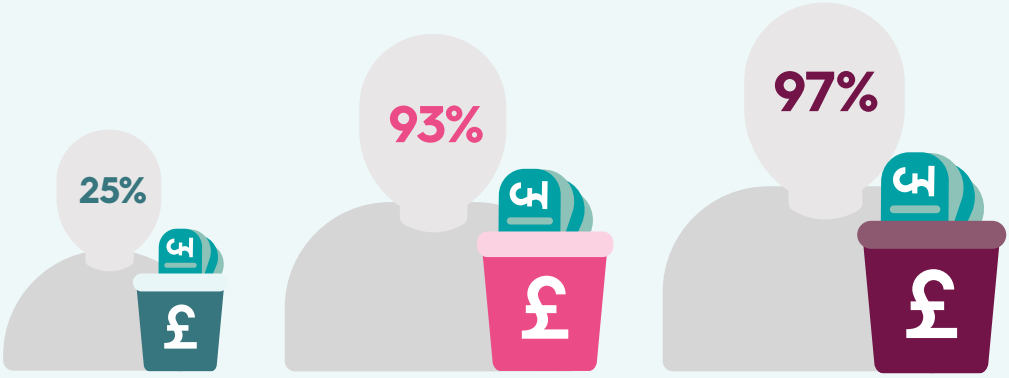
Self-employed person in online research

> It appears that there would be enough flexibility that I would remain enrolled.

Elaine, accountancy examiner, sole trader

Key learnings

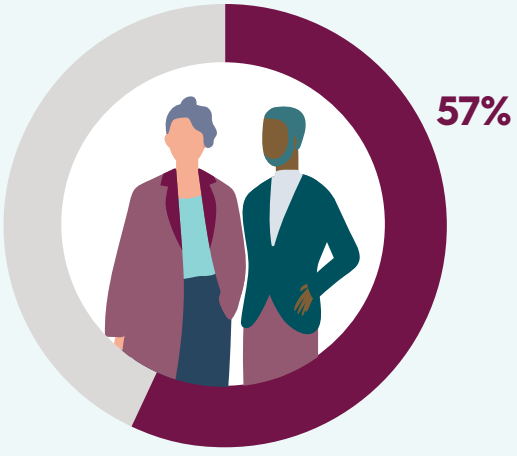
1 An opt-out approach to retirement saving has the potential to dramatically boost participation, supporting many more self-employed workers to save for retirement



These results suggest that opt-out mechanisms, both with and without accessible savings accounts, could result in a step-change in savings participation.

However, it's unlikely the savings rates would be as high as these results suggest, as they are from an online test of a simulated savings solution. Real-world participation is generally lower than in these kinds of tests.

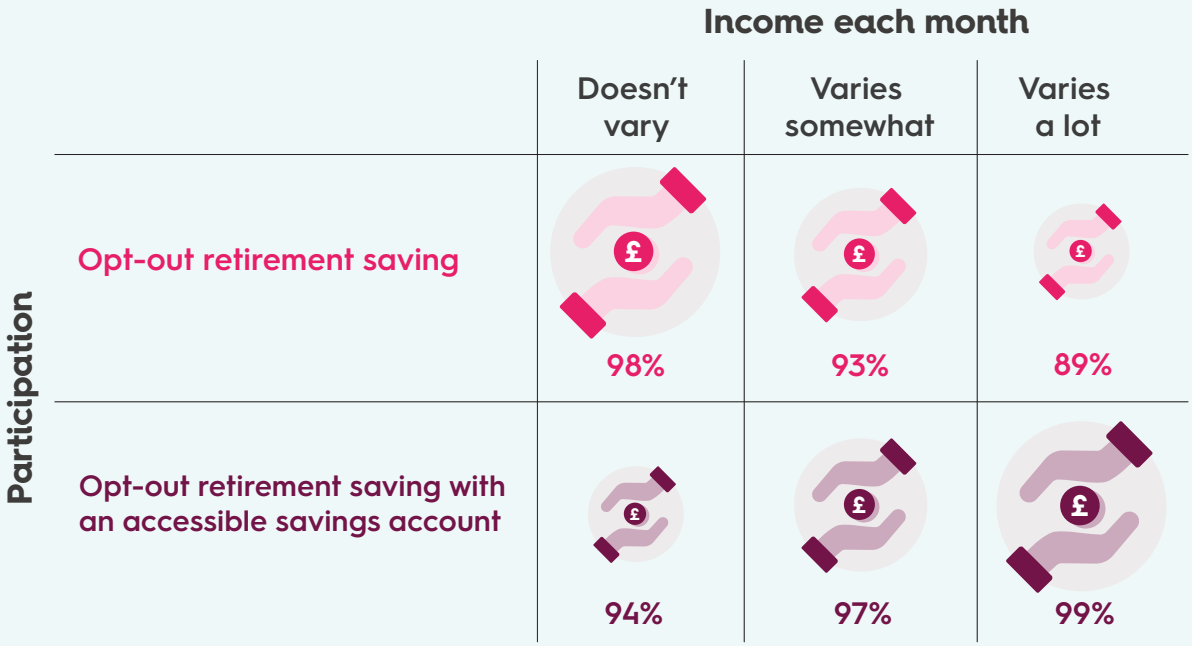
2 An opt-out approach to retirement saving with an accessible savings 'feeder' account has the potential to increase participation by as much as or possibly even more than a retirement saving account without it



57% of self-employed people would like a hybrid saving option.[1]

1 The figure is from 'Exploring practical ways to support self-employed people save for retirement' p.33

3 Opt-out retirement saving could help reach the people who most need support to get started with saving



Participation in retirement saving in this research does not differ by gender, ethnicity, type of self-employment or equivalised income.

The opt-out accounts may help reach workers who are older to save for retirement.

Where an accessible savings account is also part of the structure, it may support people with very variable incomes to save for retirement.

> The app would reach my retirement savings goals because once I turn on the settings, I am good to go.

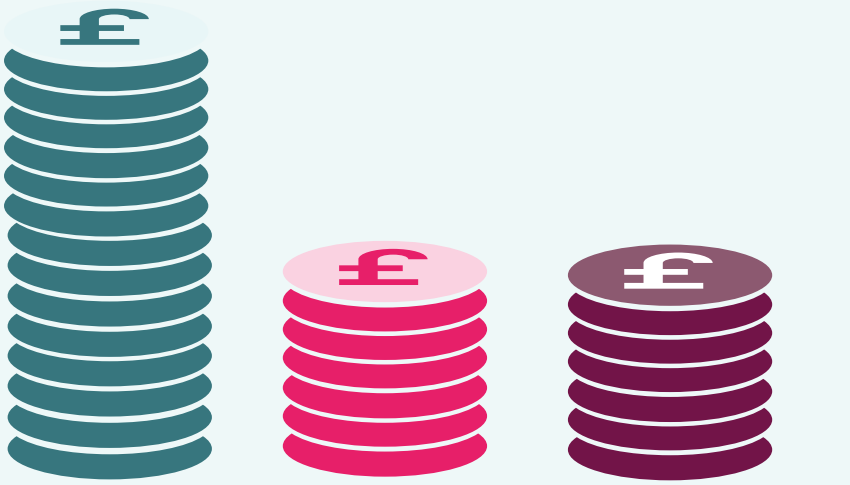
Self-employed person in online research

> That would make life easier for me. You got your savings. Then you've got your retirement, which you can access the first part... but in an emergency, you can access it right the first bit until it tips over the threshold.

Scott, musician and counsellor, freelancer and sole trader

4 Defaults are powerful and may interact with other features of the account structure

Level of contribution



14%
Opt-in

6%
Opt-out

6%
Opt-out with accessible savings account

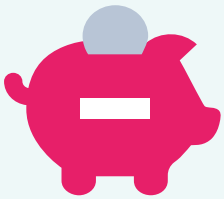
Not only do defaults have the potential to support more self-employed people to save for retirement, they're also likely to impact the retirement saving provider they use and the amount they save.

5 Opt-out models of retirement saving are popular

52%

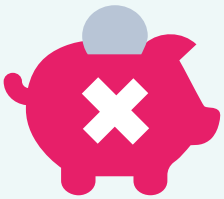
I would want my banking platform to offer this

25%



Neutral/don't mind

19%



I would not want my banking platform to offer this

Regardless of the retirement app journey that an individual went through, perceptions of autosave were generally favourable.

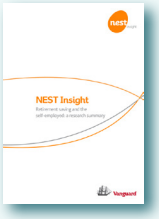
Over 3 in 4 people said they would like to be offered it, or that they didn't mind.

Summary of our previous reports

COMPLETED | **PUBLISHED IN JUNE 2025**

PHASE 1 2018-2019

Literature Review



May 2018
Retirement saving and the self-employed: a research summary

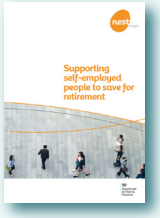
Qualitative Message and Savings Mechanism Development Research

December 2018
Working for today, preparing for tomorrow

September 2020
Talking with self-employed people about retirement saving

September 2020
Talking with self-employed people about retirement savings: technical report

Quantitative Touchpoints Research



October 2019
Supporting self-employed people to save for retirement

December 2019
Supporting self-employed people to save for retirement: technical report

PHASE 2 2020-2022

Behavioural Messaging Research

November 2022
Exploring flexible saving mechanisms designed for self-employed people

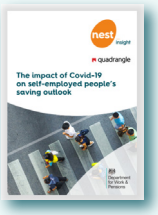
November 2022
Exploring retirement planning and saving nudges tailored to self-employed people

November 2022
Timing retirement saving messages for self-employed people

November 2022
Exploring practical ways to support people to save for retirement

INTERIM PHASE 2020-2021

Interim Covid-19 Impact Quantitative Resarch



December 2020
The impact of Covid-19 on self-employed peoples saving outlook

PHASE 3 2023-2025

Opt-out Retirement Savings Research

June 2025
Simplifying retirement savings for self-employed people

June 2025
Simplifying retirement savings for self-employed people: technical report

June 2025
Designing self-employed autosave

Executive summary

The power of default savings

This report continues a programme of work, supported by the Department for Work and Pensions, where we have been exploring ways to encourage higher levels of retirement saving among self-employed people. All our work to date has pointed to the need to create new savings defaults for self-employed people, similar to the automatic enrolment mechanism in workplace pensions. It has also suggested that these defaults might be more suitable and effective if they include some element of accessible savings alongside illiquid pension savings.

Because of this, the focus of our recent work, and of this report, has been to establish whether 'opt-out' savings approaches, where someone needs to take action in order **not** to save, are more effective than traditional 'opt-in' approaches, where the individual needs to take action in order to **start** saving.

We have also been working to identify the contexts and platforms where these kinds of defaults might be introduced, in order to reach the maximum number of self-employed people. In this report, we explore the potential for using the banking platforms and business software that are used by large numbers of self-employed people to manage their finances. As part of this, we introduce the concept of a 'self-employed autosave' mechanism that could be introduced into a range of different kinds of platforms or services used by self-employed people.

In order to test the potential impact of these autosave models, we ran a large-scale test of the approach. The main aim of this test was to see whether self-employed people might save for retirement at higher rates when compared to opt-in systems. We also wanted to investigate whether retirement saving accounts that include an element of accessible savings encourage more people to save, when compared to standalone pension accounts. As part of this, we were also able to assess the attitudes of different self-employed people to the autosave model.

To address these questions, we conducted an online lab-based study, comparing three different models of retirement saving: one where retirement saving was not the default, another where it was the default, and a third where it became the default only after a buffer of liquid savings was established. The results of this study suggest that:

- self-employed people may participate at significantly higher levels when retirement saving accounts are offered on an opt-out basis. This finding suggests that default settings could play a crucial role in nudging individuals toward active savings habits.
- retirement saving accounts that include an element of accessible savings may encourage higher participation rates, when compared to standalone pensions accounts. The presence of a liquid savings buffer appears to provide a sense of financial security.
- the autosave model of retirement saving is perceived positively by many self-employed individuals. Participants showed high levels of confidence and satisfaction with the approach.

These findings come with caveats, as the study was carried out in a simulated online 'lab' environment, but the findings in this report provide strong indicative evidence that a new savings default should work well for this population. They are certainly strong enough to indicate the need for further, real-world testing of this approach, and this report sets out our plans for testing it in one or more live environments in the coming months.

We undertook this phase of research to build an evidence base about how opt-out savings approaches **in general** can work among self-employed people. More specifically, we also wanted to better understand the opportunities to do this within financial platforms and business software. This new approach to retirement savings could potentially be introduced in a range of different contexts, and this report considers the pros and cons of different potential platforms for autosave, in terms of coverage and ease of implementation. To achieve scale, autosave would need to be adopted across a wide and diverse marketplace of platforms and services, and we identify some ways in which progress towards this goal could be made. As we work to verify the efficacy of default models in live settings, we will also continue to explore where and how they might best be implemented to achieve the necessary scale and reach.

Section 1

Bridging the savings gap for self-employed people

In the UK, most people in employment are automatically enrolled into retirement savings by their employers. No such solution exists for self-employed workers. The result is a persistent gap in pension savings rates between these two groups.

Thanks to the workplace pensions duties, introduced in the 2008 Pensions Act, all eligible workers must be auto-enrolled into a qualifying pension by their employers. As a result, pensions savings rates among these workers are close to 90%.[1]

However, this mechanism only extends to workers in traditional employment[2], where the employer has the legal duty to enrol them and make contributions on their behalf. In workplace pensions, the employer acts as a single point of contact with eligible workers, allowing the auto enrolment policy to have a 100% reach across this population – because, by definition, every employed worker has an employer to enrol them.

The same is not true for self-employed people, who are not subject to automatic enrolment. This helps explain why, in contrast to the high rates of pension savings among employees, only 18% of self-employed people[3] are currently saving into a pension. This is significant, as approximately 4.4 million people in the UK are in some form of self-employment[4], either working wholly or partly on a self-employed basis. The number of people in self-employment fell during the pandemic[5] [6] but the overall trend is an increase of just over 10% since 2010.[7]

Given the scale of this growing saving gap, it's understandable that there have been regular calls for automatic enrolment to be extended to self-employed people.[8] To date, though, these have often fallen short of introducing a new default, where people start saving without needing to take any action. Often, these proposals involve simply offering additional encouragement at well-timed touchpoints. This is in part because it is not immediately clear how true automatic enrolment would be introduced, given that there is no single entity that self-employed people interact with to access the labour market and receive their income, in the way that employers do for employees.

Types of self-employment

This lack of a single point of access reflects the diversity of the self-employed population, which is not a homogeneous group. It encompasses a number of divergent categories of work, including:

- an individual working on a contract basis without any company structure
- an individual working on a contract basis who is the sole director of a limited company but does not intend to grow this as a business with additional staff
- a small business owner with no other employees at present, but who intends to grow the business and take on staff in the future

1 As of 2023, the figure was 88%, according to DWP's **Workplace pension participation and savings trends of eligible employees: 2009 to 2023**

2 Automatic enrolment applies where there is a contract of employment and where age and earning criteria are met. See Gov.UK (2025). **Workplace pensions**

3 There has been an 11.18% increase in the self-employed population in the UK from March 2010 (3,954,000) to March 2025 (4,396,000) according to Statista's **Number of self-employed workers in the United Kingdom from January 2000 to January 2025**

4 Statistica (2025). **Number of self-employed workers in the United Kingdom from January 2000 to January 2025**

5 ONS (2022). **Understanding changes in self-employment in the UK: January 2019 to March 2022**

6 This was driven primarily from moving from self-employment to economic inactivity. People were also more likely to stay in the same job but reclassify their employment status than they were to move into employment. This reclassification is due to the fact that they paid themselves through PAYE and after the furlough scheme was introduced, realised they could claim, therefore perceiving themselves as employees.

7 ONS, Understanding changes in self-employment in the UK: January 2019 to March 2022 (July 2022)

8 For instance, the 2017 Conservative Party manifesto contained a commitment to "continue to extend auto-enrolment to small employers and make it available to the self-employed".

- an individual accessing the labour market through a 'gig' platform or selling products and services through an online marketplace
- an individual who is conventionally employed (i.e. has an employer that is not themselves) for a number of hours a week but also works on a self-employed basis – either as a significant portion of income or as a 'side hustle'.

Within these categories of work, there is also a significant diversity of demographics, earnings, and types and sectors of work performed. It's important to take this diversity into account when considering how to address the self-employed savings gap.

Our programme of research and trials

Over the past few years, supported by the Department for Work and Pensions, Nest Insight has been exploring ways to help narrow the self-employed savings gap, through a series of research projects, including field trials of potential solutions. In previous stages of this work[9], we found that nearly three quarters of self-employed people want to save for retirement[10] and many see a pension as a suitable way to do this, but they face barriers to getting started, in particular a lack of knowledge and understanding, and the complexities of the system.

Based on these findings, we wanted to explore how retirement savings might be made more straightforward and accessible to self-employed people, using interventions that we could introduce into platforms and services they are already familiar with, and use frequently. While the broader purpose of this research is to explore interventions rather than the context in which they can be introduced, it is nonetheless important to consider what types of platforms or services would be suitable, and what level of coverage they offer among self-employed people. For this kind of intervention to be effective in driving increased pension savings across the self-employed population, it would need to achieve near-universal coverage of this group.

One option that has been proposed by a number of stakeholders[11] is to introduce these interventions into the self-assessment process, whereby self-employed people report their tax liabilities to His Majesty's Revenue and Customs (HMRC). Self-assessment is relatively universal among self-employed people, and it increasingly offers software interfaces, as HMRC's platforms become more digital.

However, self-employed people interact with HMRC on a far less frequent basis than employees do with payroll. Also, in these cases, a self-employed individual is generally paying taxes to HMRC, rather than receiving a stream of income from which a retirement contribution could be deducted, as is the case for workplace pension contributions. There are in addition a range of structural challenges that currently make it difficult to manage enrolment and contributions into private savings vehicles through self-assessment. For the purposes of this project, therefore, we are not testing interventions in an HMRC context. This could, however, potentially be done in future for some self-employed groups, particularly as the tax system for self-employed people continues to evolve through Making Tax Digital. Our research did, though, throw up alternative platforms that might serve as the location for savings interventions:[12]

- a large proportion of self-employed people use some form of business software or digital finance platform to manage their banking, payments, billing, bookkeeping and/or tax. Nearly half (45%) said they use payment processing tools such as PayPal or Worldpay, and 1 in 5 (21%) said they use online tools such as Sage, QuickBooks or Xero for accounting and invoicing.
- penetration of banking platforms is even wider, especially if we include use of retail banking for self-employed business purposes.[13] This suggests that this category of products and tools might offer a point of contact where savings interventions can be introduced to a large proportion of self-employed workers.

[9] See **nestinsight.org.uk/research-projects/self-employed-pension-saving** for a full set of reports from these earlier stages of the programme.

[10] Nest Insight (2019) **Supporting self-employed people to save for retirement**.

[11] Work and Pensions Committee (2022). **Oral evidence to the Work and Pensions Committee: Protecting pension savers – five years on from the pension freedoms: Saving for later life, HC 126**.

[12] The introduction of Making Tax Digital will require all self-employed people with an income of £50,000 to keep digital records and report via digital software to HMRC. The income threshold will drop to £30,000 in 2027. This may result in wider adoption of business software in the future although it should be noted that the median income for a self-employed person is below this and so many will be unaffected.

[13] Around half of self-employed people do not separate their business and personal banking, see Nest Insight (2020). **Talking with self-employed people about retirement saving**.

Based on this evidence, our research has focussed on the broad category of business and financial platforms, which encompasses a diverse landscape of software that self-employed people use to manage their finances. Our next step was to run field trials of a behavioural 'nudges', embedded in financial platforms, designed to encourage self-employed users to take up savings options. In 2022, we carried out trials of targeted retirement savings mechanisms, working with financial technology providers Penfold and MoneyHub.[14]

From opt-in to opt-out savings

These trials established that targeted retirement savings options have a good deal of appeal to the target population of self-employed people – but, crucially, if they are offered on a voluntary basis, they do not generate significant levels of take-up. Fewer than 2% of those offered the option clicked through to access it.[15]

The trials have given us evidence that targeted retirement savings interventions would be popular with many self-employed people, but that while they are offered on an 'opt-in', or voluntary enrolment, basis, take-up will remain low. This is consistent with the wider body of behavioural evidence on voluntary savings interventions for the employed. Our current programme of research is therefore focussed on testing 'opt-out' savings interventions, in the context of business software and financial platforms, for self-employed people.

In an opt-out approach, the self-employed worker is automatically signed up to a long-term or retirement savings vehicle. They can choose to opt out at any time, but if they do not, then some proportion of their income will be diverted into the savings vehicle on a regular basis. Learnings from the rollout of workplace pensions, and a large body of behavioural science, strongly suggest that an opt-out savings approach would significantly increase participation rates if it could be introduced into a context that self-employed people transact with regularly.

There is a parallel here with the situation prior to the introduction of workplace auto enrolment, and our recent trials of payroll emergency savings.[16] In both cases, take-up rates for voluntary options had historically been low, despite a high desire and intention to save, but were increased several-fold through the use of opt-out models, where the default was to save, rather than not to save.[17] In this sense, these interventions brought actual savings rates in line with the numbers of people who wanted to save.

The role of accessible savings

Our research also showed that many self-employed people place a significant premium on the availability of liquid funds – perhaps to a greater extent than employees earning at similar rates.[18] There are a number of reasons why this should be the case, including the variability and unpredictability of many self-employed peoples' earnings, added to the need to have money on hand to pay for future tax liabilities, and for a range of capital requirements and running costs – which are not an issue for most employees.

This is a further potential barrier to pension savings, since all contributions made into a pension fund are usually locked up until age 55.[19] For a retirement savings solution to be attractive to a self-employed person, it might need to offer more flexibility and control than a pension can offer on its own. Indeed, our previous research suggests that 57% of self-employed people would prefer some form of liquid savings combined with their illiquid retirement saving.[20] For this reason, we have also been investigating the potential suitability of hybrid account structures, whereby any money saved is apportioned between fully-liquid accessible savings and less-accessible retirement savings.

[14] Nest Insight (2022). **Exploring practical ways to support self-employed people to save for retirement**.

[15] Nest Insight (2022). **Exploring flexible saving mechanisms designed for self-employed people**.

[16] Nest Insight (2025). **Easier to save**.

[17] Nest Insight (2025). **Easier to save**.

[18] For instance, 48% agreed that they were put off pension schemes because they couldn't easily access the money they'd saved if they needed it, while 30% said they weren't put off by this.

[19] The minimum age an individual can access a private pension will rise to 57 overnight on 6 April 2028.

[20] Nest Insight (2022). **Exploring practical ways to support self-employed people to save for retirement**.

Testing hybrid opt-out savings

Based on this evidence, we are now exploring the following research objectives:

- provide evidence of whether default savings solutions are effective at getting self-employed people saving for retirement
- identify and overcome any barriers to rolling out these solutions at scale:
  - operational and design factors
  - commercial drivers
  - regulatory challenges
  - reach of different platforms and solutions

Alongside these, our secondary research objectives are:

- measure the impact of making some retirement savings more accessible in the short-term
- learn how to prompt people to keep saving when employed workers move into self-employment
- explore the role of financial incentives to get self-employed people saving

The main focus of this phase of research has been to explore the potential for introducing opt-out savings mechanisms into the business software and financial platforms that self-employed people use to manage their finances, and to test whether these solutions are more attractive to self-employed people if they include an element of accessible savings alongside less accessible retirement savings.

Throughout this report, this kind of savings mechanism (with or without the liquid savings element) is referred to by the shorthand title ‘self-employed autosave’. The following section explains the elements of this approach.

Section 2

Autosave for self-employed people

‘Self-employed autosave’ involves an opt-out rather than an opt-in enrolment mechanism. In this system, the self-employed person would be informed that some of their income will be moved into a retirement savings vehicle on an ongoing basis, and that they have the option to opt out if they don’t want to save.

Crucially, the self-employed individual does not need to take any action in order for this savings process to begin, and then continue on an ongoing basis. This is similar to the way in which automatic enrolment works in the workplace pensions system, though there are important differences. An autosave system automatically signs the self-employed individual up to one or more savings account(s), and automatically manages the future flow of savings contributions into these account(s).

Retirement savings element

The purpose of this autosave model is to encourage self-employed people to save for retirement. It’s therefore natural to consider using a defined contribution (DC) pension as the main autosave account. Alternatively, if and when Collective DC (CDC) schemes become more widely accessible in the UK, this could become a viable option. As noted, we already have evidence that most self-employed people want to save for retirement, and many favour pensions as a suitable savings product to use for this goal. However, they have found it difficult to get started, often because of the complexity of pension products. Autosave would be an effective way to overcome these barriers, by automatically picking a pension account, and managing enrolment and contribution payments into it just as employers currently do for their employees.

However, some stakeholders have proposed a Lifetime ISA, or LISA, as an alternative long-term savings vehicle that could be more suitable for self-employed savers, given the relative generosity of the savings incentives for those paying basic-rate income tax, as compared to a private pension that does not attract employer contributions.[21]

The autosave model could in principle work with either a DC pension or a LISA as the retirement savings element. Given this, we often refer to the long-term savings element of the autosave model as the ‘retirement savings account’ – leaving open the question about which product type this would be.

Liquid savings element

The autosave model is also open to other types of savings account alongside the retirement savings element.

As noted, we have evidence that self-employed people place a significant premium on the availability of liquid funds. Some stakeholders have also expressed concerns about the appropriateness of immediately moving self-employed income into an illiquid pension, as this might negatively impact the financial resilience of the individual. We are therefore testing autosave options using a hybrid account structure, whereby savings contributions are initially moved to a fully liquid ‘holding’ account, and only contributed to the pension or other retirement account once a certain measure of liquidity has been reached.[22]

This liquid element is not, however, integral to the autosave approach, so we are also testing options where contributions flow immediately into the illiquid pension or retirement account or into semi-illiquid accounts like LISAs.[23]

[21] For instance, those eligible for a LISA can save up to £4,000 and receive a 25% bonus on these savings each year (2025/26). This compares to a pension which would have 20% tax relief for basic rate income tax payers.

[22] Where contributions flow into a pension, either though a ‘feeder’ or ‘sidecar’ model, a relief at source pension (i.e. where contributions made into the pension are net of tax and the pension provider then claims the tax relief from HMRC) is likely to be the simplest to administrate from a tax perspective. Self-Invested Personal Pensions (SIPPs) and stakeholder pensions which are used by the self-employed are relief at source.

[23] LISAs are accessible prior to age 60 either if an individual is terminally ill or buying their first home. Money can also be accessed at a 25% withdrawal charge which, when accounting for the bonus, is effectively a 6% penalty on individuals’ original contribution.

Types of hybrid account

We have been testing two types of hybrid savings mechanism in our wider research programme, as shown in Table 2.1. When we talk about 'rollover' from accessible savings accounts we are talking about the re-direction of contributions from accessible to retirement saving that is present in both 'feeder' and 'sidecar' designs when the threshold for accessible savings is reached.

Table 2.1: comparing two types of hybrid savings mechanism

'Feeder' account	'Sidecar' account
100% of each contribution is paid into an accessible account that allows the saver to make instant penalty-free withdrawals at any time.	Contributions flow simultaneously two accounts: › accessible account (instant penalty-free withdrawals) › retirement account. These contributions may be split 50%-50% between the accounts, or in a different proportion to prioritise one or other form of saving.
When the balance of the accessible account reaches a specified threshold – say £1,000 – 100% of further contributions start flowing into a retirement account.	When the balance of the accessible account reaches a specified threshold – say £1,000 – 100% of further contributions start flowing into the retirement account.
This continues until the saver makes a withdrawal from the accessible account, at which point 100% of further contributions will once again flow into the accessible account.	This continues until the saver makes a withdrawal from the accessible account, at which point further contributions will once again be split between both accounts.
This approach prioritises building up a cash balance, before any money is locked away in a pension. However, this brings the risk that no money will ever flow into the retirement account. This would happen if the saver kept making withdrawals, so that the balance of the accessible account never reached the threshold.	The advantage of this approach is that retirement contributions start with the very first contribution, but this comes with an increased risk that the saver won't have enough cash on hand to deal with a future need.

Elements of autosave

Figure 2.1 provides an overview of the autosave mechanism, including the hybrid account model described above.[24]

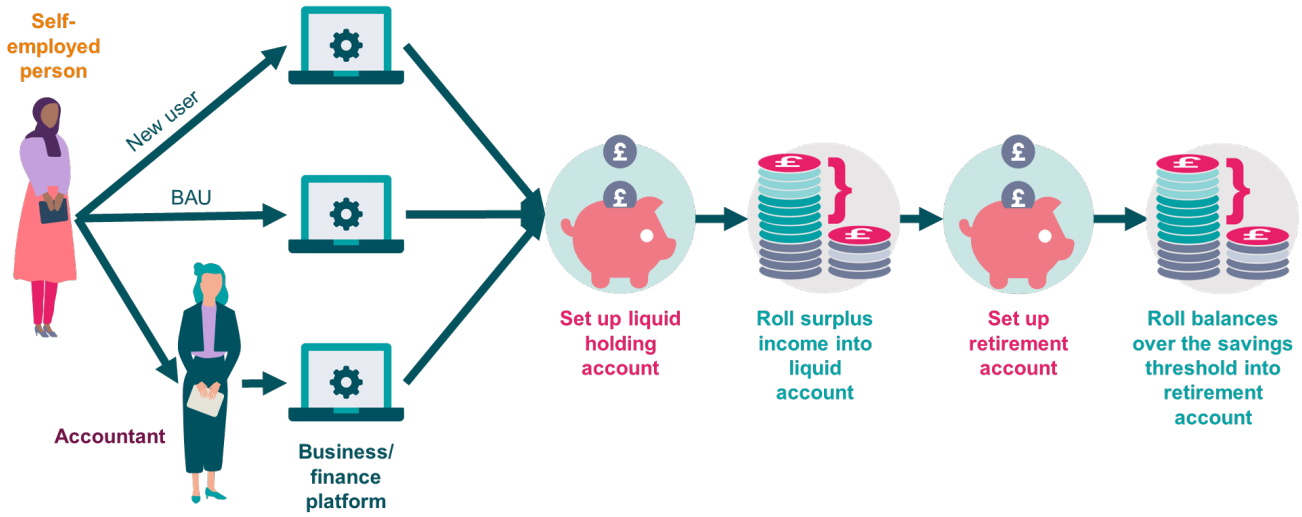


Figure 2.1: Elements of an autosave system

As this visualisation makes clear, autosave involves a number of different actors in order to work. These include:

The **business or finance platform** is used by the self-employed person or their intermediary to manage aspects of business finance related to their self-employment. This broad category encompasses a range of different types of software and services that self-employed people use to manage their finances, including:

- accounting and book-keeping packages
- tax-return software
- business banking solutions
- payment and money management apps.

The **savings provider** offers non-pensions savings products, which will generally be fully- or mid-liquid accounts that play a role within a hybrid savings solution.

The **retirement account provider** offers defined contribution pension or ISA products that have the capacity to accept contributions from self-employed workers. This includes products that allow self-employed people to sign up as a member and make direct contributions, as well as workplace pensions that allow their members to continue to make direct contributions as a self-employed worker after they leave employment. Pension products could include master trusts or contract schemes/SIPPs.

Many self-employed people use business and finance platforms directly, but others rely on human **intermediaries** to handle their affairs, and in these cases, the intermediaries will sit in between the self-employed person and the business software. These might be accountants, or bureaux that 'do the books' for the self-employed individual.

[24] The diagram shows a 'feeder' account structure, where contributions initially flow into an accessible savings account, until the balance of this account achieves a specified savings threshold. This is also the design tested in the present research.

The role of business and finance platforms

The business or finance platform plays the central role in this set-up. To understand the role these providers need to play, it's helpful to consider the analogy of the employer's role in workplace auto enrolment. Following the introduction of the employer duties in the 2008 Pensions Act, employers (or their payroll providers) need to:

- select a scheme that meets the qualifying conditions for auto enrolment
- set up a business relationship with the scheme
- assess the eligibility of each worker to be enrolled
- enrol eligible workers
- calculate and submit contributions
- complete other ongoing administrative tasks.

Our research supports the idea that business and financial platforms are well-positioned to fulfil many of the same tasks for self-employed users:

- they already hold a significant amount of often real-time data on the transactions and financial status of the self-employed person's business
- they are often connected to the user's business bank account(s)[25], allowing relatively easy management of banking transactions in-software, and many are used to manage payments
- this is especially true where they use open-banking integrations to link to bank accounts, or directly offer banking services.

However, the level of penetration of these platforms (in terms of direct use by the self-employed) varies. We know from our previous research that around nearly 70% of self-employed people use platforms to manage incoming and outgoing payments, but only 22% use software for accounting or invoicing purposes.[26] These data have been borne out by our conversations with software providers, according to whom "the vast majority of people are using Excel, or pen and paper" – and currently fewer than 10% actively file their own tax returns through business software.[27]

Banking platforms, on the other hand, have much wider penetration.[28] We found in our research that 49% of self-employed people don't separate their business and personal finances. This significantly reduces the penetration of business banking platforms in this population. But when retail banking platforms are included, the level of penetration approaches 100% of self-employed workers.[29]

There are also operational and regulatory questions that would need to be resolved before these platforms could fulfil all the required roles. We return to these questions later in this report.

Enrolment through an intermediary

Where an intermediary such as an accountant provides bookkeeping and tax filing services to a self-employed person, there is often no need for the self-employed person to use any business software themselves. In this scenario, we might look to the intermediary to enrol their client into a retirement savings solution. This process could be simplified if the software that the intermediary is using provides a simple savings solution that works in a similar way to autosave. This might include features such as an accessible feeder account, and automated contributions. It would also need to be subject to a suitable regulatory framework to ensure schemes provided were of equivalent quality to those offered, for instance, in workplace auto enrolment.

However, this scenario would **not** be an autosave solution. It would rely on the intermediary deciding that this savings mechanism was suitable for their client, and getting the agreement of the self-employed person that they

[25] Which may also be their personal bank account.

[26] Nest Insight (December 2020). **The impact of Covid-19 on self-employed peoples saving outlook.**

[27] Figure is from Nest Insight conducted stakeholder round tables (8th July 2024, 10th December 2024).

[28] A 2022 study by Opinium on behalf of Tink suggested that 84% of self-employed people had access to banking services (**https://tink.com/press/uk-consumers-struggle-access-financial-services/**). Although this is lower than the national average, it is still significantly higher than the penetration of business banking platforms as identified in our research.

[29] It's important to note that we haven't yet seen any data on the proportion of self-employed people who are unbanked. However, it's not clear that people in this situation would be target users of automated retirement savings solutions.

will start saving, then initiating the savings mechanism manually. During our stakeholder engagement process, we have discussed this kind of option with companies that supply business software to intermediaries, but it's not clear that this kind of intermediated savings solution would offer any material advantages over the existing situation, where advisors can recommend contributing to a private pension if this offers tax or other benefits to their clients. In principle, accountants or other intermediaries such as trade bodies and trades unions could act as intermediaries for enrolment, as the employer does in workplace pensions, but this would require significant change in the rules and regulations around this kind of activity.

For most purposes, therefore, our research is focussing on autosave solutions provided directly to the self-employed person, without the intervention of an intermediary.

Section 3

Research approach

To test the autosave approach, we ran an online lab-based study comparing models where retirement saving is not the default, where retirement saving is the default and where retirement saving is the default after a buffer of accessible savings has been built in. In this way, we sought to better understand the levels of interest in each model, and the feasibility of these nudges being offered to the self-employed population.

Objectives

Our objectives of this research were:

To understand if self-employed people save for retirement at greater levels when retirement saving accounts are offered on an opt-out (autosave) basis compared to an opt-in basis

To understand if self-employed people save for retirement at higher rates when retirement saving accounts are offered with a liquid savings account, as compared to a standalone retirement account

We also sought to measure self-employed people's perceptions and behavioural responses to the autosave model of retirement saving, and whether these responses were different than those for opt-in models.

Research design

To address these objectives, we set out to test three research arms against each other:

1. Opt-in retirement saving
2. Opt-out retirement saving
3. Opt-out retirement saving with an accessible savings account.

Each of these was developed as a user journey through a fictional app. The three contrasting app journeys used in each arm are summarised in Table 3.1 and more detail about their development can be found in the **technical supplement**.

Table 3.1: the three arms of the study

Arm	App journey description
Opt-in retirement saving	› If an individual wants to save for retirement they have to follow the simple two-step sign-up process. › If an individual does not want to save for retirement, they do nothing.
Opt-out retirement saving	› If an individual wants to save for retirement, they do nothing. A default of 5% of their income is automatically put aside into a retirement saving account. › If an individual does not want to save for retirement, they can opt out in one step.
Opt-out retirement saving with accessible savings account	› If an individual wants to save for retirement, they do nothing. A default of 5% of their income is automatically put aside. Their contributions would initially go into an accessible account until a threshold (default of £1,000) is reached, before the contributions roll into retirement saving. › If an individual does not want to save for retirement, they can opt out in one step. › If an individual wants their contributions to go straight into the retirement account, they can opt out of the accessible account in one step.

To investigate the effectiveness of these different arms on savings behaviour, we needed to design plausible user journeys tailored to self-employed people. These designs were informed by:

› discussions with industry and policy stakeholders, and experts on the self-employed sector.

› interviews with self-employed people.

We then invited self-employed individuals to participate in our online lab-based research[30], using these journey designs. The primary outcome measure was participation in retirement saving. The three arms of the online research were assigned to participants randomly. The randomised approach to the research:

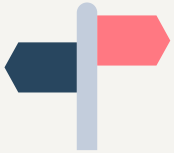
› ensured robustness and validity of research findings, and a clear comparison between different groups.

› isolated the effect of the intervention from other variables such as the motivation of participants, experience of using apps, and type of self-employment.

However, it's also important to stress the limitations of this kind of lab-style test of a hypothetical activity – as explained in Box 3.1.

[30] Online lab-based research is a form of study conducted via digital platforms, where participants are exposed to controlled stimuli in a structured and replicable environment – similar to a physical lab – but accessed remotely through the internet.

Box 3.1: Using hypothetical scenarios to answer real-world questions



Opt-out mechanisms of retirement saving have yet to be developed or tested on the self-employed population. While they have shown promise with other groups, there is a risk that something unique about the motivations and experiences of self-employed people may mean they are not as effective for this group.

Given that money becomes illiquid in a pension and that retirement savings decisions cannot be undone, it is important to be confident that autosave mechanisms will benefit self-employed people before introducing automatic ways of saving their money.

It is also not straightforward to test an autosave mechanism in the real world due to legal and regulatory barriers. A hypothetical scenario allows a model to be tested that assumes these barriers have been overcome by primary or secondary legislation without actually requiring these changes to be made.

Generating a realistic hypothetical scenario can elicit similar cognitive and emotional processing that would occur in real-life decision making and, in doing so, provides predictive accuracy. However, it does not impact on the individual's real money and so does not risk causing them any financial harm.

Results may, however, be inflated due to the lack of consequences stemming from decisions. This means results should be viewed as a relative comparison of behaviour rather than what we might expect absolute behavioural responses to be in the real world.

Exploring different opt-out retirement saving mechanisms through hypothetical scenarios and qualitative research is a crucial first step in understanding whether this could be a useful tool in supporting the self-employed to save. Depending on the outcomes, subsequent field studies can then be carried out in the real world.

The rest of this section explains each stage of this approach at a high level. A fuller account of our methodology can be found in the **technical report**.

User journey development

The user journeys developed to test the concept of opt-out retirement saving. These simulated the experience of using a digital financial platform, without specifying what type of platform or app was being used. It was important to make the user journeys as realistic and relevant to self-employed people as possible. To help ensure this, we took an iterative design approach, incorporating learnings from stakeholder input, qualitative testing, and piloting of the journeys.

Stakeholder input

We conducted stakeholder roundtables in March 2024, July 2024, and December 2024, attended by accountancy software providers, financial services providers, industry bodies, and regulators. These roundtables helped us gather expertise on user journey design, focusing on insights into the needs of different groups of self-employed people, the pros and cons of available self-employed financial products, and regulatory frameworks. Stakeholders also assisted in interpreting the research findings after the online research had concluded.

Qualitative testing

The next round of our iterative design process was a series of in-depth conversations with 12 self-employed individuals to get their feedback on the user journeys. These discussions were held in the summer of 2024. They were structured to understand respondents' backgrounds and approaches to financial planning, as well as their perceptions of the user journey screens.

The participants came from diverse range of types of self-employment, industries, and backgrounds, for example[31] sole traders and gig workers, agriculture and transportation, and single parents and dual income households. This diversity ensured that the user journeys were universal and relevant to the varied experiences of self-employed people.

Participants provided feedback on what they liked and disliked, what was clear and unclear, and their thoughts on the opt-out mechanism for retirement saving. This feedback helped refine the design and messaging of the retirement saving journeys, making them more appropriate and effective for the target audience. For instance, the need for more information surrounding the accessible savings account meant we added 'pop-ups' to the design to find out more.

Online study

Research flow

All participants completed onboarding and demographic questions prior to seeing the app screens.

The app screens were low-fidelity examples of saving journeys and participants were instructed to navigate the screens. They could leave the app at any time. All participants went through three separate journey stages:

1. **App sign-up journey.** a simple sign-up process for the app, including inputting basic information and setting a passcode.
2. **Tax sign-up journey.** an opportunity to put some money aside for tax purposes.
3. **Retirement saving journey.** Participants were then randomised into one of the three saving journeys:
    i. voluntary sign up to a pension (opt-in)
    ii. autosave into a pension (opt-out)
    iii. autosave into a pension and an accessible savings account (opt-out with accessible account)

The purpose of journey stages 1 and 2 was to allow participants to get used to navigating the app, so that the response to each arm of journey 3 was genuine, rather than a failure to understand the app. It also helped conceal the true purpose of the task.[32]

After each journey, participants were asked to rate the app. This was done to ensure that the response to the retirement saving arm was not a result of differential preferences between the journeys. All three retirement saving journeys were rated similarly by participants, with an average score of 3.9, 3.9 and 3.7 out of 5 for the opt-in, opt-out and opt-out with accessible saving account arms respectively.

Pilots

After discussing the journeys with self-employed people as part of the development of the user journeys, but before testing the journeys with a large sample of self-employed people, we ran two pilot studies. These were small-scale preliminary studies (with up to 50 people) that allowed us to refine the design and information presented to participants. This helped identify any flaws in the journey and ensure that the logistics of the process worked.

On the basis of the pilots we made changes to the experimental flow, bot check, and small tweaks to the app design, as shown in Box 3.2.

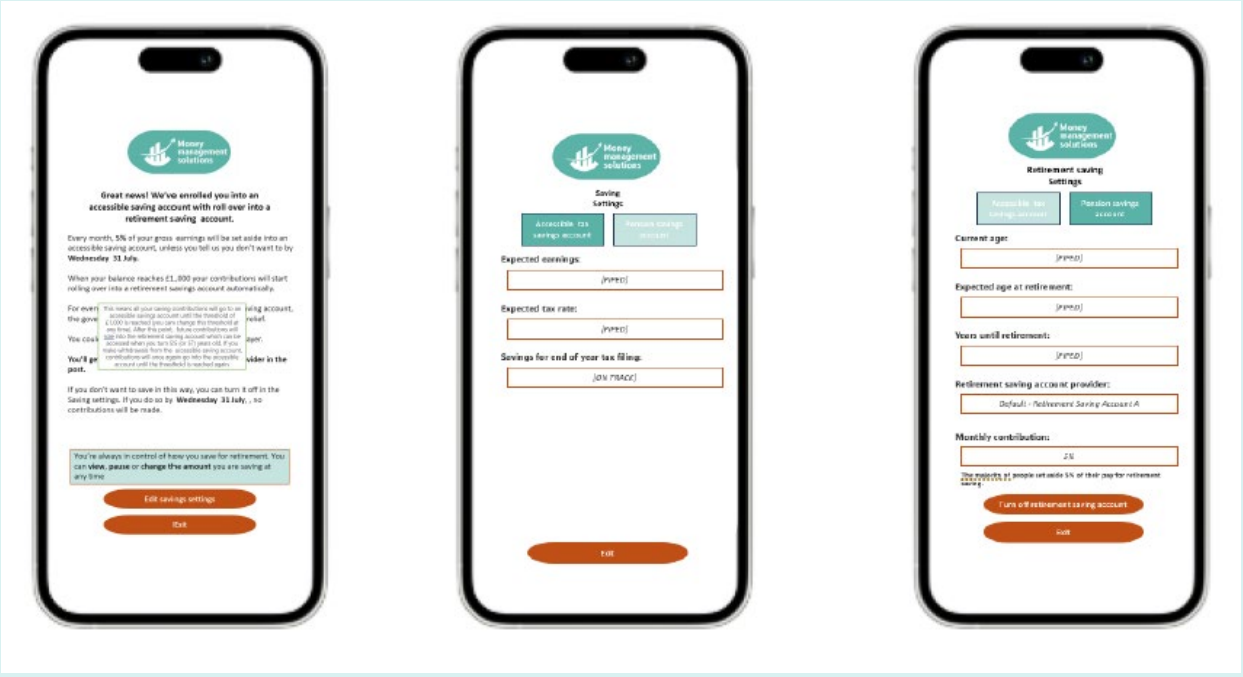
[31] Not an exhaustive list of diversity in the sample, please see **technical report** for full breakdown.

[32] We were only interested in responses to the retirement journey stage, but we did not want people to behave in a certain way because they thought we expected them to. A manipulation check suggests that participants did not think that the purpose of the study was to see if they enrolled (or stayed enrolled) in retirement saving.

Box 3.2 Improvements to journey designs

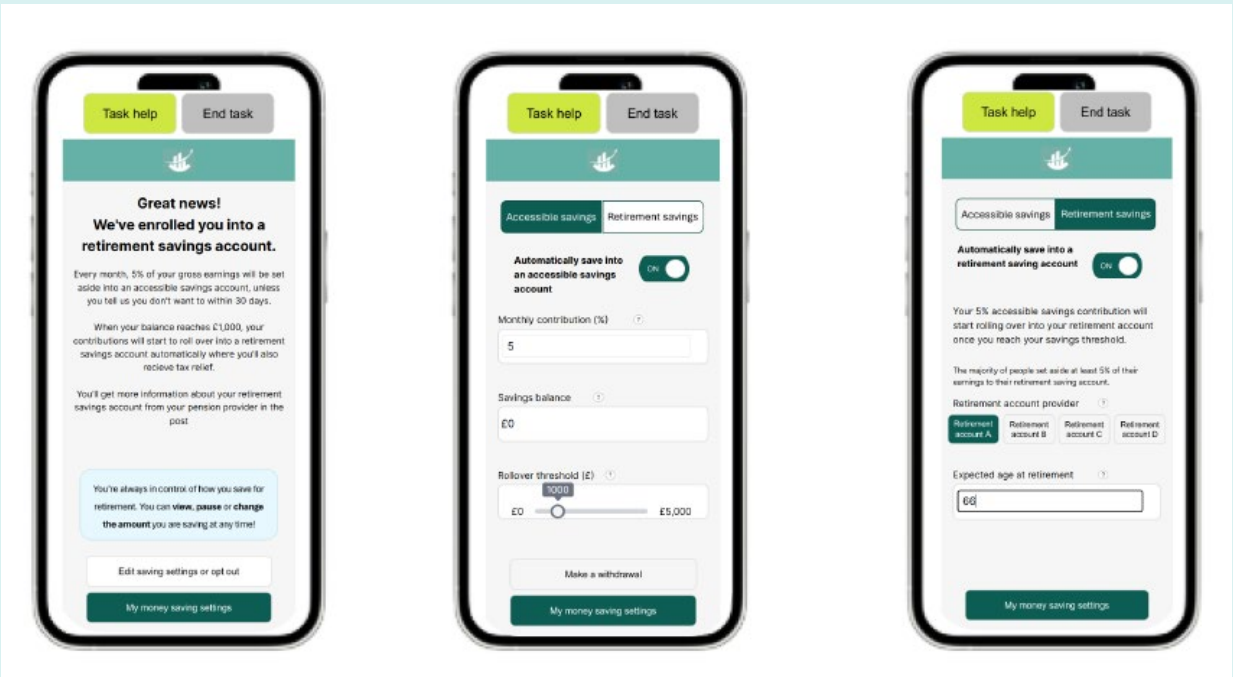
Initial designs:

These are three screens from the original opt-out retirement saving with accessible savings account journey used in the early interviews with self-employed people.



Final designs:

- Clearer layout and enhanced user interface (UI), e.g. interactive elements such as rollover threshold slider.
- Closer to a real app, but with the inclusion of elements to help them navigate the research task (e.g. 'Task help' and 'End task').



Main sample

Participants were identified and recruited by a third party. In total there were 1,526 people who completed the study and are included in the analysis. All participants:

4. Were self-employed or had been self-employed in the previous 18 months
5. If also in traditional employment, earned less than £50k per year from it
6. If also in traditional employment, received more than 20% of their income from self-employment
7. Were aged 18 or over and were younger than 67

A summary of participant characteristics can be found in Table 3.2. These characteristics were balanced across the groups.

Table 3.2: characteristics of research participants in each group

	Opt-in retirement saving	Opt-out retirement saving	Opt-out retirement saving with accessible saving account
Age			
18 to 30 years	28%	25%	28%
31 to 40 years	21%	26%	23%
41 to 50 years	23%	21%	22%
51 to 60 years	20%	18%	21%
61 to 66 years	8%	10%	6%
Over 66 years	0%	0%	0%
Gender			
Male	47%	45%	43%
Female	51%	53%	56%
Other	2%	1%	1%
Ethnicity			
White	75%	76%	77%
Black, Black British, Caribbean or African	11%	11%	10%
Asian or Asian British	10%	6%	6%
Mixed or multiple ethnic groups	4%	5%	4%
Other	1%	1%	2%
Self-employed income volatility. Income each month …			
Is the same	15%	17%	17%
Varies somewhat	57%	57%	55%
Varies a lot	26%	23%	25%
Household income (per month) quintile*			
Quintile 1 = <£900	17%	18%	19%
Quintile 2 = £900.01 to £1,550	21%	19%	20%
Quintile 3 = £1,550.01 to £2,250	23%	21%	20%
Quintile 4 = £2,250.01 to £3,284	17%	19%	19%
Quintile 5 = >£3,284.01	22%	23%	23%

Note: percentages may not add to 100% due to rounding and the inclusion of a 'prefer not to say' category.

PNTS options have been excluded.

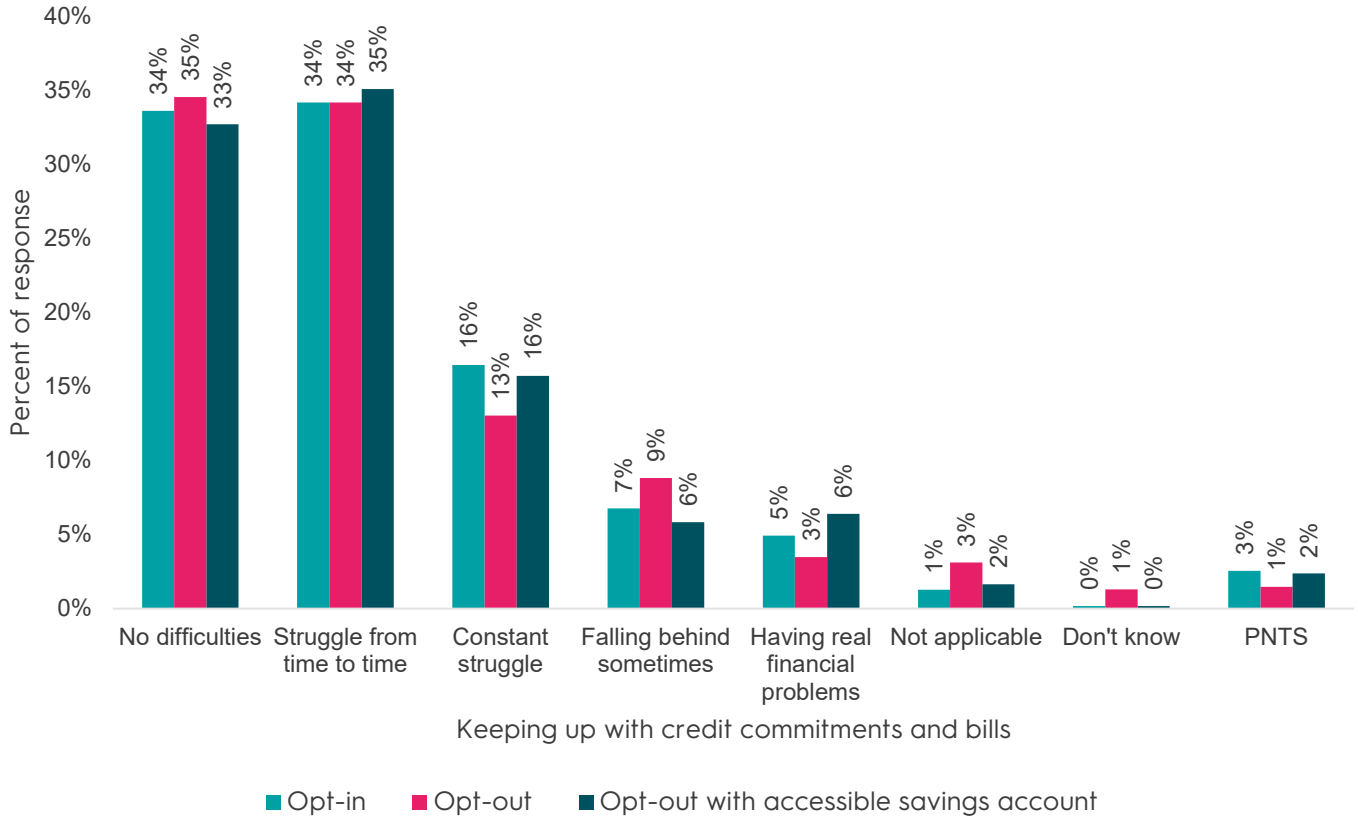
**Household income is equivalised.*

At the end of the research, we asked participants to answer some questions about their financial resilience and confidence, managing self-employed income and their retirement plans. Responses were similar, on average, across the three research arms.

Financial resilience

Over half of participants (55%) had some financial resilience and could pay a bill of more than £300 within 7 days in an emergency (Figure 3.2). However, almost 6 in 10 (57%) reported struggling, at least some of the time, to keep up with bills and credit commitments (Figure 3.1).

Figure 3.1: Percentage of people keeping up with credit commitments and bills



Note: How are you keeping up with bills and credit moments at the moment? Are you…
Responses are shortened of the graph.
PNTS = prefer not to say

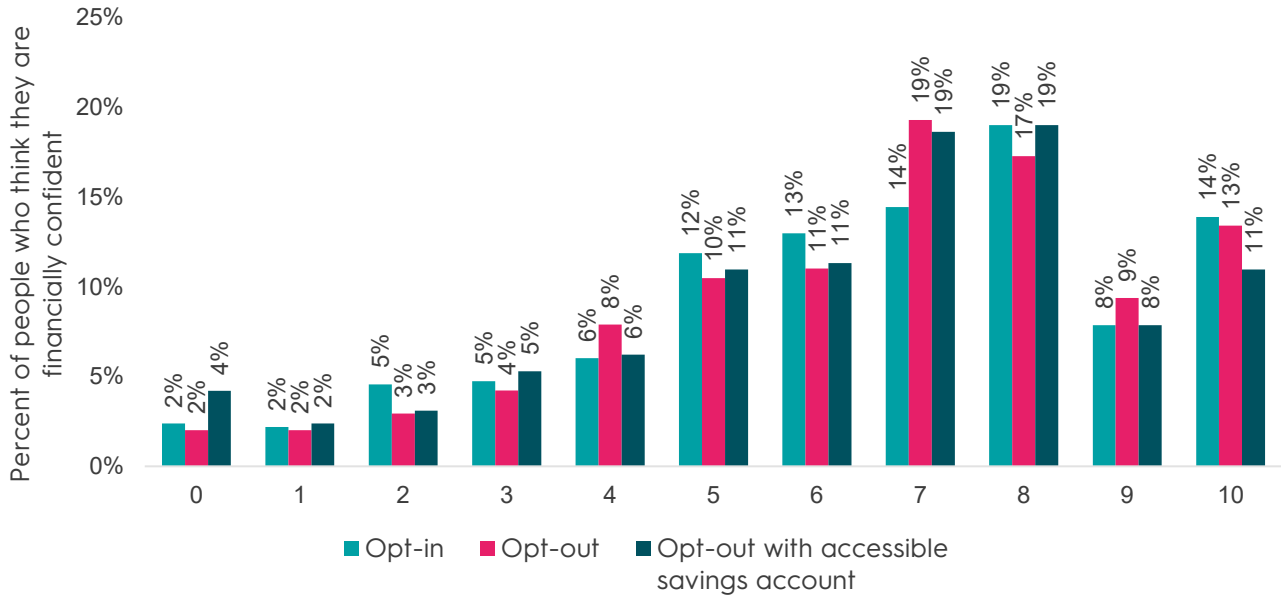
Figure 3.2: Percentage of people who could pay an unexpected bill of £300 or more within 7 days

Note: Imagine you/ you and your partner have to pay an unexpected bill within the next seven days from today. What is the biggest bill you/you and your partner could pay within 7 days, either from money you already have, or money you could easily borrow in a way you consider to be affordable?
Responses were grouped into less than £300 and more than £300
PNTS = prefer not to say

Financial confidence

Across the three conditions, the self-employed people in the online study generally felt confident managing their money (Figure 3.3).

Figure 3.3: Percentage of people rating themselves as financially confidence from 0 (not at all confident) to 10 (very confident)



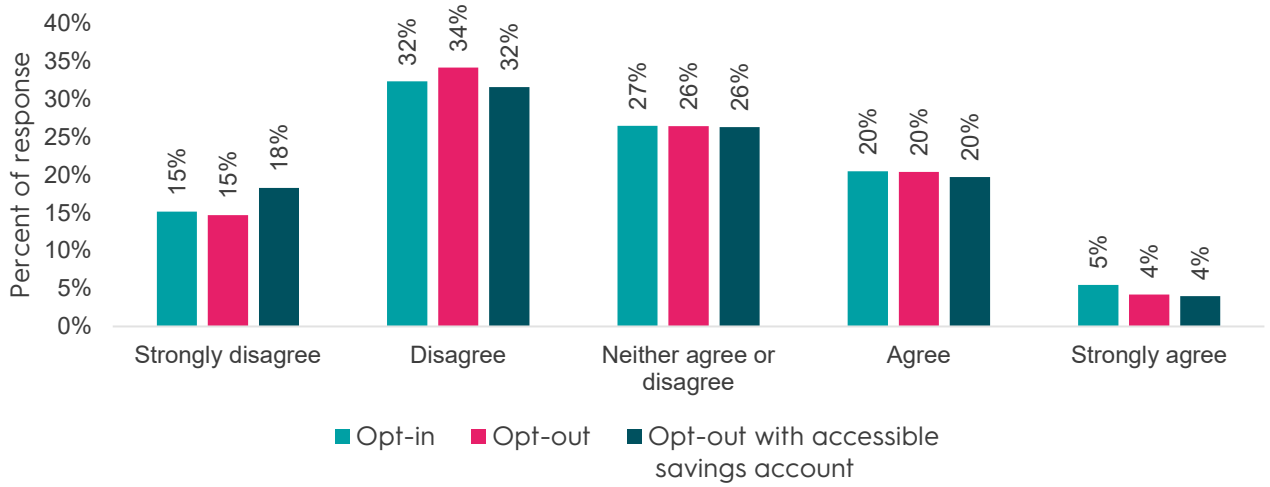
Note: How confident do you feel managing your money?

This is self-perceived confidence, and research often finds a gap between financial confidence and proficiency such that greater confidence does not always lead to greater ability to manage money.

Managing self-employed income

A quarter of participants reported struggling to manage their self-employed business finances (Figure 3.4).

Figure 3.4: Percentage of people struggling to manage their business finances



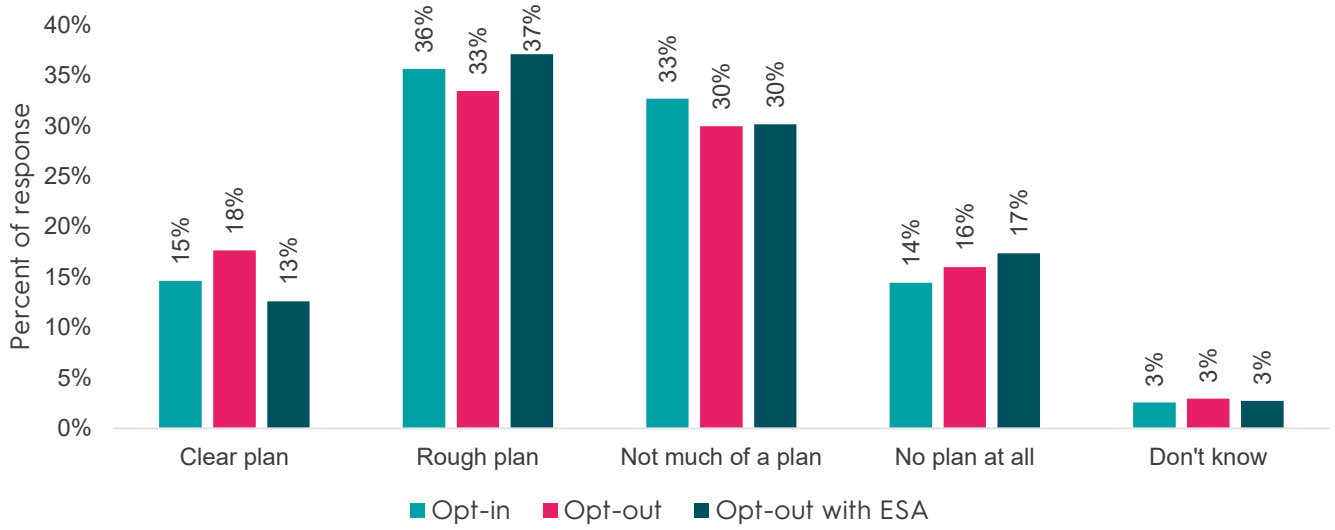
Note: Thinking about your work as self-employed, to what extent do you agree or disagree with the following statements? I struggle to manage my business finances.

Retirement planning

Finally, we asked participants about their plans for retirement, as this may have affected their responses to the retirement saving options they saw. There was no substantial difference between the groups.

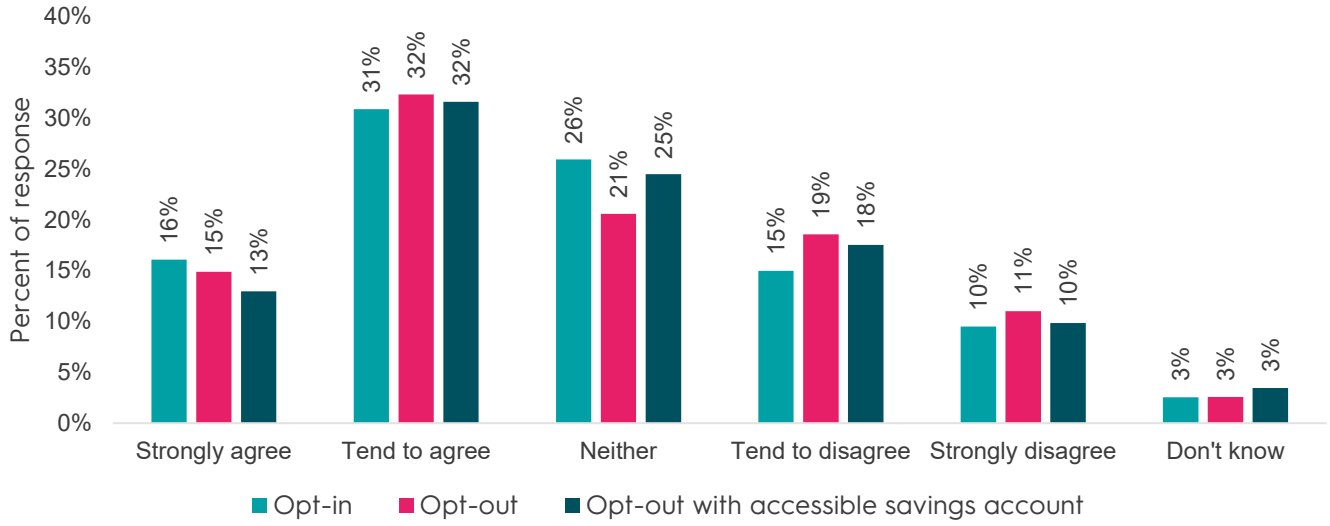
Only 15% of people have a clear plan for retirement (Figure 3.5) and 15% 'strongly' agree that they understand their retirement options (Figure 3.6).

Figure 3.5: Percentage of people that have or don't have a plan for retirement



Note: How much of a plan do you have for your finances in retirement?

Figure 3.6: Percentage of people that understand the retirement saving options available to them



Note: I Understand the retirement saving options that are available to me?

Section 4

Findings

Our research shows that opt-out retirement saving has the potential to increase the numbers of self-employed people saving for retirement. This might be particularly true when the money is first moved into an accessible saving account.

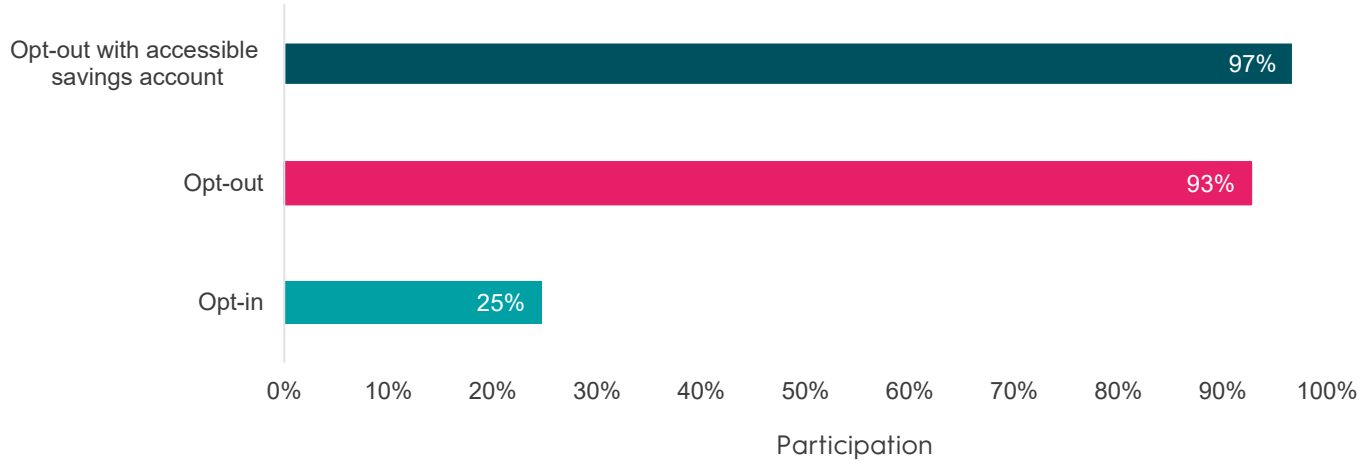
Our previous research and qualitative interviews suggested that autosave could have appeal for many self-employed people. The online study allowed us to validate this finding using quantitative methods. This section summarises the findings from our fieldwork. Further details can be found in the **technical report**.

Participation in retirement saving

The result

Levels of retirement savings participation were higher among those who were automatically enrolled into savings than those who had to sign up in order to save.[33]

Figure 4.1: participation rate in the randomly assigned retirement saving account



Note: n = 1,526.

Analysis presented is a linear probability model (LPM) without covariates. Analysis was also run as a LPM with covariates and a logistic regression and the results were comparable.

The interpretation

These results suggest that opt-out mechanisms, both with and without accessible savings accounts, could result in a step-change in savings participation.

While this suggests that opt-out mechanisms may work for self-employed people in real-world contexts, we don't expect the levels of saving would be as high as those shown in Figure 4.1, for a number of reasons:

1. **This was a moment-in-time decision.** If this was a genuine financial product, there would most likely be a cooling-off or opt-out window of around 30 days, to allow people to decide whether or not to save in this way. In this study, people have to make a decision in the moment and some might have chosen to opt out if given more time to think about it.

[33] For the primary research questions, a linear probability model (LPM) was used for the statistical analysis. This model is beneficial because it results in coefficients that can be easily interpreted (as opposed to logistic regression that produces odds ratios). The analysis was re-run with a logistic regression and the findings remain consistent as with the LPM.

2. **Hypothetical decision making.** We know that in reality about 18% of self-employed people save into a pension in current conditions where they need to take active steps to start saving. In our study this is inflated slightly to the 25% we saw in the opt-in group. This is possibly because of the hypothetical nature of the decision and it is difficult to tell whether the inflation would be expected to be equal across all three groups.
3. **Interaction with the defaults**. The default savings rate was 5% in the opt-out groups, which is lower than the rate that participants selected when no default was pre-populated. It is therefore possible that the opt-out savings account with the accessible account would perform better where the default is higher, and consequently the need for flexibility is greater.
4. **High baseline**. It is also possible that the inflation of results mentioned in point two simply makes it more difficult to see a difference between the two opt-out account structures. Therefore, it is possible that the opt-out account with the liquid element may generate a meaningful difference in behaviour, compared to the illiquid account structure, but because the illiquid version is already at 93% participation, it is difficult to see a significant increase beyond this.

Differences between predicted and actual behaviour was also seen with the introduction of automatic enrolment in the employed population, where a gap between intended and actual behaviour was reported. There the predicted opt-out rate was 30%[34]; however, when introduced, the reality was closer to 10%.

The takeaways

- It will be worthwhile exploring opt-out retirement saving schemes, as a way to increase levels of retirement saving among the self-employed population.
- Different models of hybrid account (e.g. the 'feeder' model used here, or the 'sidecar' model[35]) should also be tested, to measure their relative effectiveness compared to savings going straight into savings. Previous Nest Insight research[36], and our qualitative research, suggest these models would be popular.

Inclusivity of retirement saving

The result

Participation in retirement saving in this research does not differ by gender, ethnicity, type of self-employment or equivalised income.

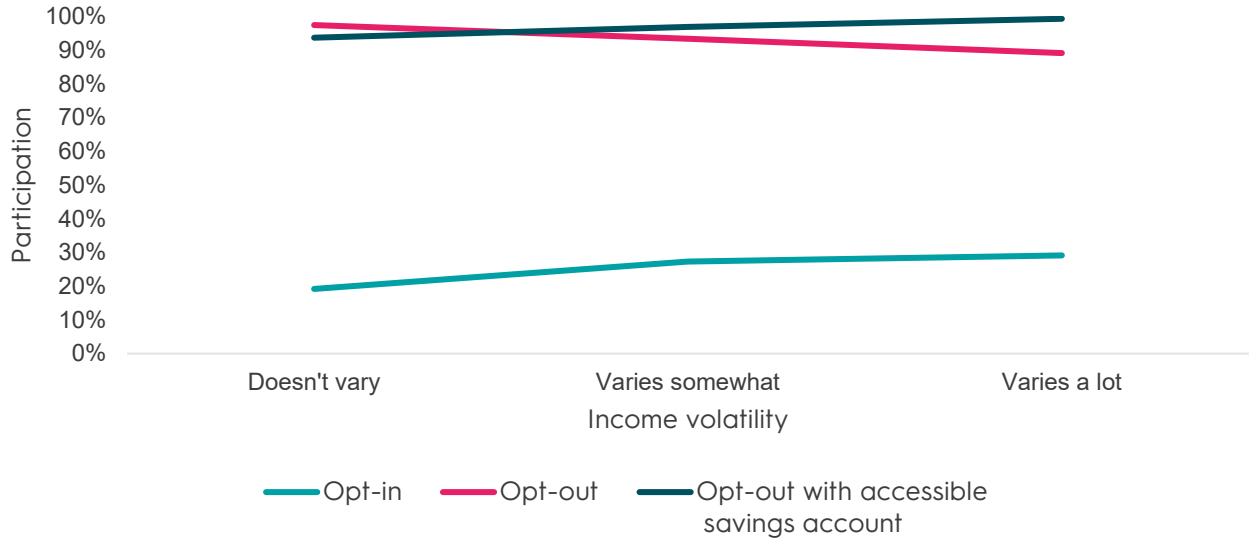
Those in the autosave group are less likely to participate in retirement saving when they have greater volatility of income, as compared to the opt-in group. However, there is no difference in the likelihood of participating when the accessible account forms part of the account structure, again as compared to the opt-in group.

[34] Note the opt out rate for automatic enrolment was predicted using qualitative data rather than behavioural simulations. See Department for Work and Pensions (2013). **Automatic enrolment opt out rates: Findings from research with large employers.**

[35] See section 2 and Nest Insight (2023). **Workplace sidecar saving in action.**

[36] Nest Insight (2022). **Exploring practical ways to support self-employed people to save for retirement**

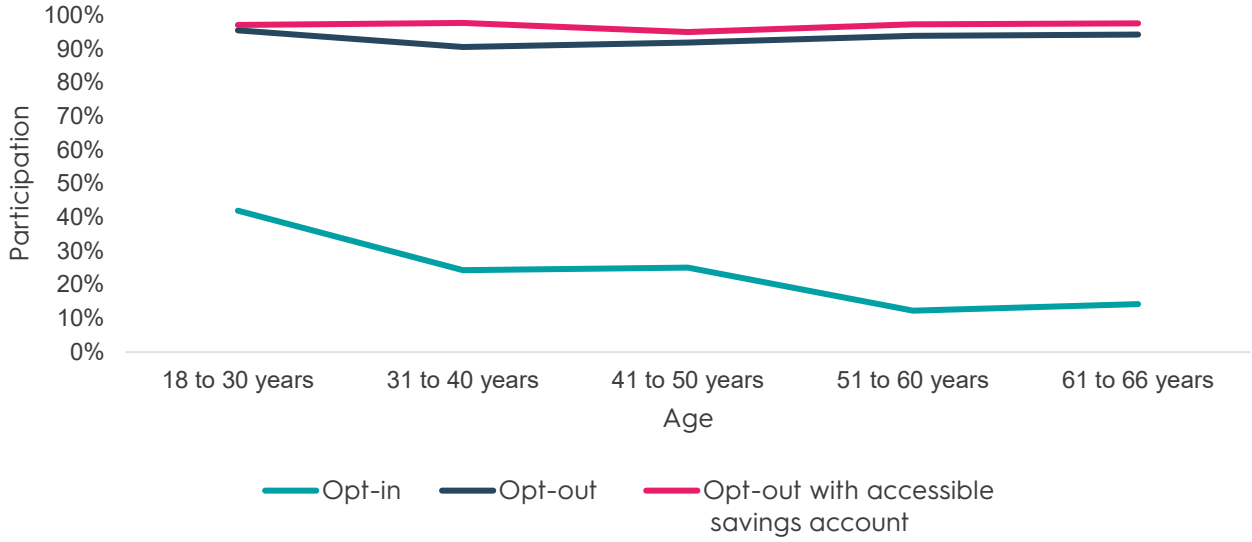
Figure 4.2: Participation rate in each type of retirement savings account by income volatility



Note: n = 1,514

Also, as individuals increase in age, their likelihood to sign up themselves to save for retirement decreases.

Figure 4.3: Participation rate in each type of retirement savings account by age



Note: n = 1,526

The interpretation

Across gender, ethnicity, type of self-employment and equivalised income we do not see differences in participation rates. It should however be noted that:

- just under half of our participants (47%) are male, whereas the self-employed population is two thirds male (64%)
- the ethnicities in our sample are similar to those in the national UK population, but do not reflect the higher levels of Pakistani and Bangladeshi people who participate in self-employment

› our sample is younger than the self-employed population, with one in four participants being between 18 and 30, and the average age of a self-employed person in the UK being around 48 years old.

For people with highly volatile incomes, the autosave model with accessible savings seems to be slightly more effective than the version with only a stand-alone retirement account. This makes sense, given the added flexibility that the accessible savings account provides for those who want to save for retirement but are worried about locking money away.

In the opt-in group, the likelihood to participate decreases as participants increase in age, but age does not have an impact on participation among the opt-out groups. Under the well-accepted assumption that those in older age groups still need to save for retirement, it may be the case that the opt-out mechanism encourages more optimal behaviour in the older age groups.

The takeaway

› The autosave model shows promise as an inclusive way to support saving for self-employed people.
› This is particularly true when it includes an accessible savings element.

The default is powerful

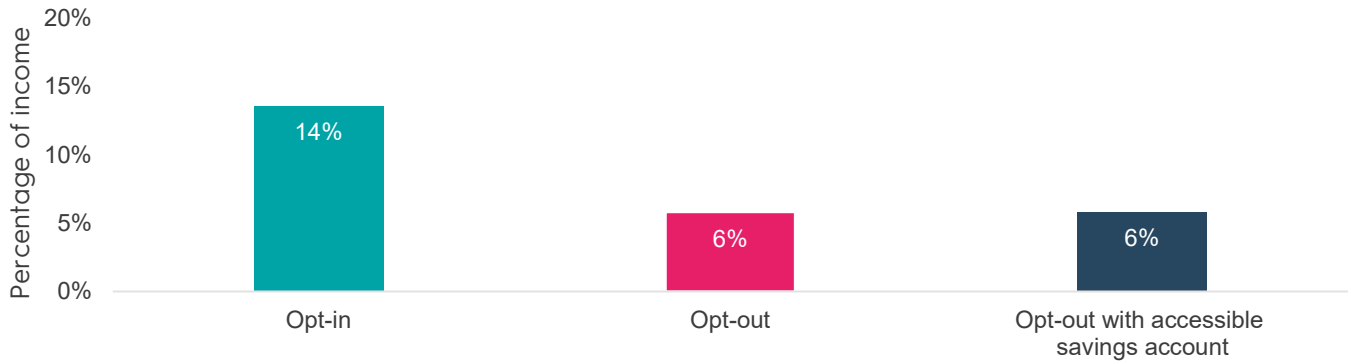
The results

In the two autosave arms, three defaults are set on the user's behalf: savings provider, contribution rate and retirement age. The specific settings for all three were chosen following discussions with our stakeholder advisory group on what would be suitable for self-employed savers. They could all be modified by the participant during the online journey.

The default **contribution rate** in the autosave arms was 5%. The modal and median response, conditional on saving, was a 5% contribution, in line with the default. However the average contribution rate is 6%, suggesting that where people do move away from the default they tend to, on average, increase their contributions. Where no default was set (in the opt-in group), the level of savings level was set at an average of 14%, with a modal and median savings rate of 10%.

This higher rate may be because only those who are more motivated or confident to save for retirement sign up when they need to do so voluntarily. This means the opted-in population may exclude people who are more cautious, or have lower or more volatile incomes, and it is smaller than the groups of people who remained enrolled in the two opt-out arms.

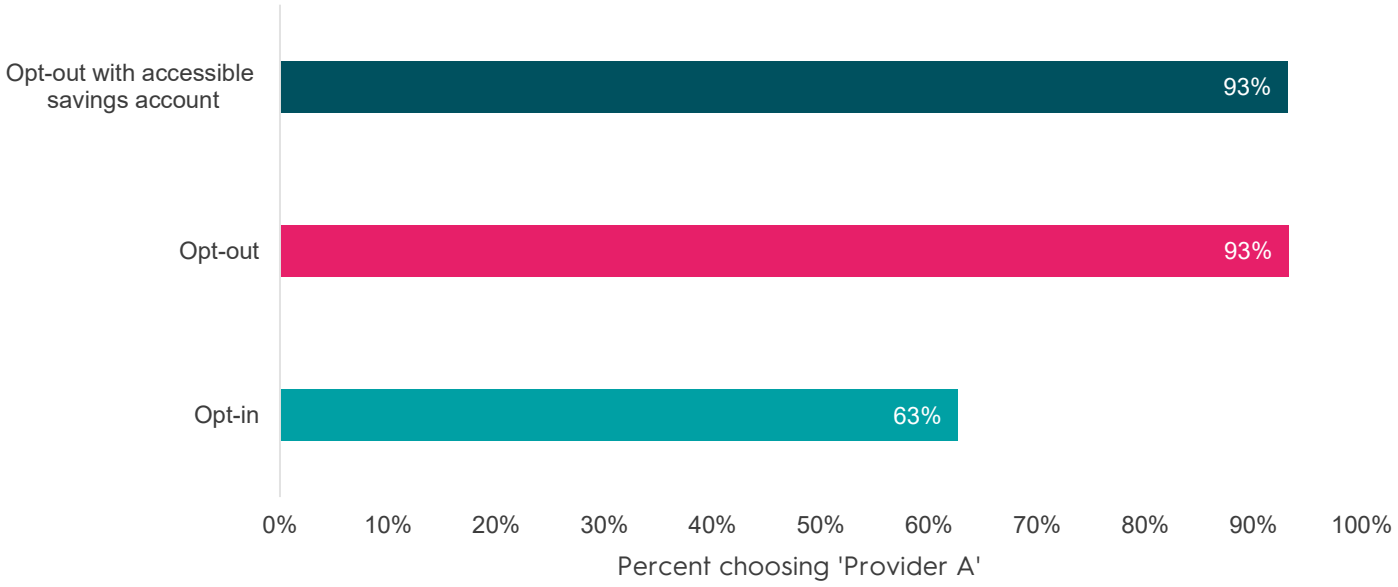
Figure 4.4: Average contribution rate in each type of retirement savings account (conditional on saving)



Note: n = 1,410

Participants were told that all four fictional **retirement account providers** (called 'Retirement Account Provider x') were good value for money and reputable, and so for the purpose of this research there were no meaningful differences between them. In the opt-out groups, the default was 'Provider A' and most people stayed with it. In the opt-in group, however, most people still selected the first option – even though only 25% would have done so if their decisions were random (Figure 4.5). This was likely due to ordering effects, whereby people are often most likely to choose the first of a set of options.

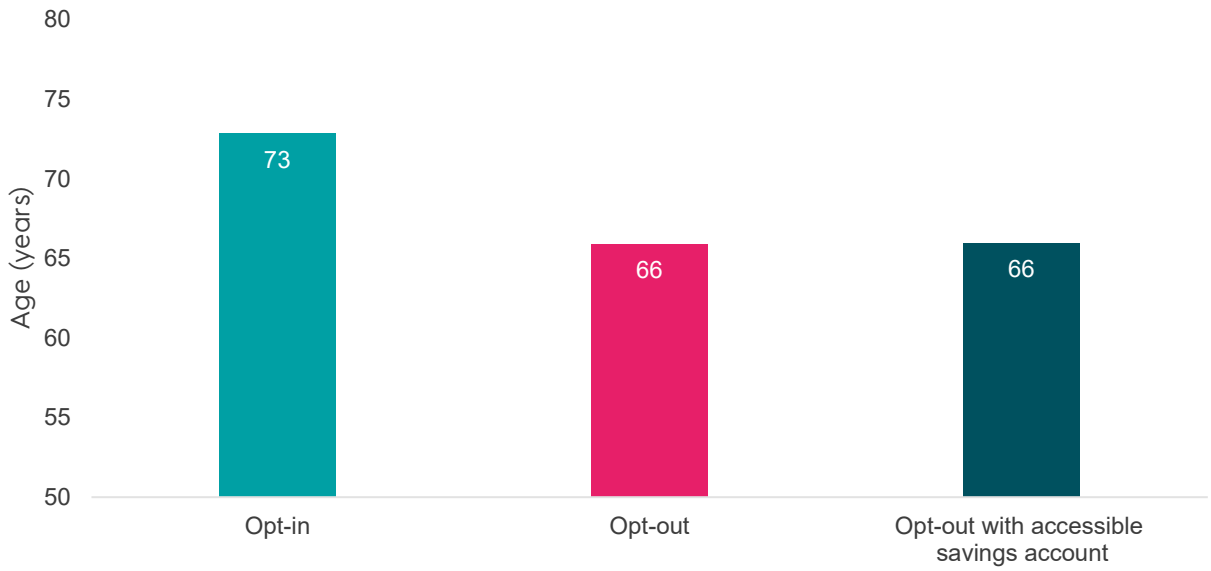
Figure 4.5: Percentage of people who choose 'Provider A' as their retirement savings account provider in each retirement saving group (conditional on saving)



Note: n = 1,367

Finally, the default **retirement age** for the opt-out groups was 66 years. Again, most people stuck with this. Where no default was included, those who saved generally thought they would retire at a later age, with the average being 73. This is consistent with the findings form our previous research, where 53% of respondents said they intended to fund their retirement by continuing to work full-time.[37]

Figure 4.6: Average expected age at retirement (conditional on saving) in each retirement saving group



Note: n = 1,237

[37] Nest Insight (October 2019). **Supporting self-employed people to save for retirement.**

The interpretation

Defaults are notoriously sticky. In workplace retirement saving schemes most people contribute at the default savings rate, into the default investment fund, and keep their default retirement age.[38]

The same appears to be true in the self-employed autosave model, with individuals sticking close to the default when one is set.

The takeaway

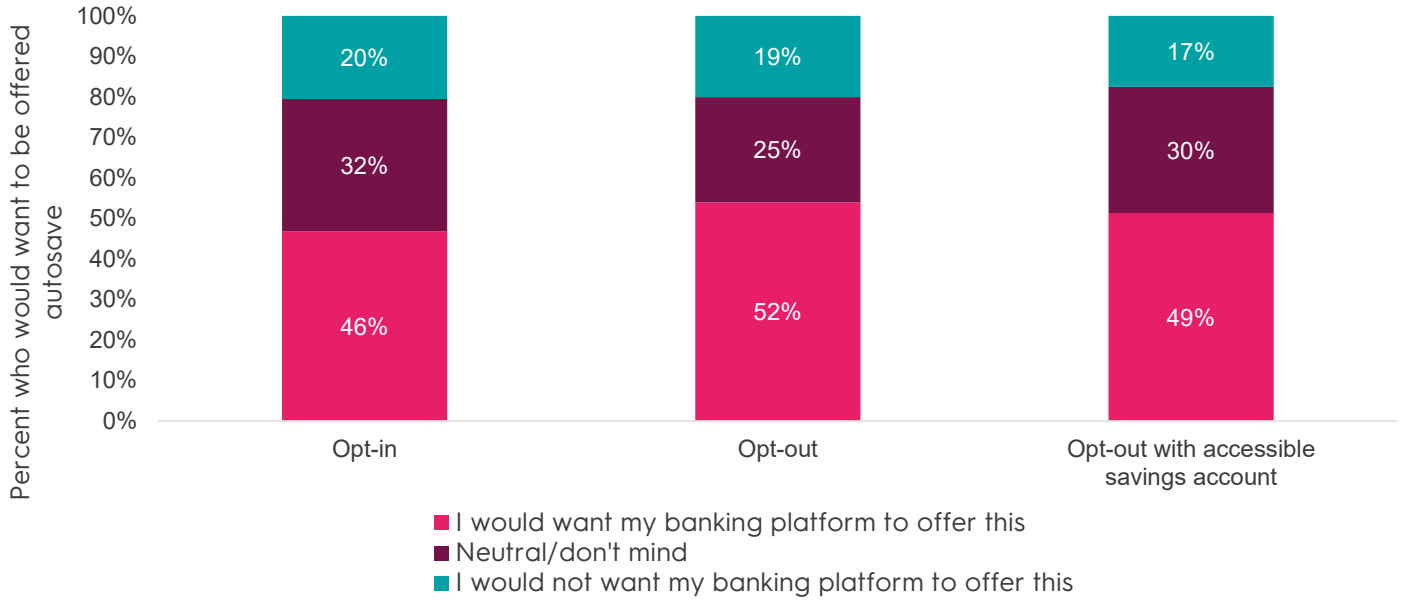
- Careful consideration would need to be given to the default options in an autosave journey, given that most people will stick with them. More research is needed to determine, for example, the default contribution rates that best suit different groups of people.
- The default choice of savings scheme will also likely be 'sticky'. Careful consideration will need to be given to which scheme or schemes are provided, and how new members are allocated to them.
- The impact of defaults may also interact with the preference for the two opt-out options. Higher defaults may result in a greater desire for flexibility through the opt-out with accessible saving model.

Perceptions of opt-out retirement saving

The results

Regardless of the retirement app journey that an individual went through, perceptions of autosave were generally favourable, with over 3 in 4 people (78%) saying that they would like to be offered it, or that they didn't mind (Figure 4.7).

Figure 4.7: Percentage of people who would like to be offered retirement autosave in each retirement saving group



Note: Responses were on a 5-point likert scale. 'Really want' and 'want' responses were combined as were 'Really wouldn't want' and 'wouldn't want'.

We also asked those who experienced the opt-out retirement saving and accessible savings account whether it was important to them that the money went into an accessible account before rolling into retirement. A third (32%) thought that it was extremely or very important. This is consistent with previous Nest Insight research,

[38] For example, 90% of people automatically enrolled into the Nest pension scheme stay in the fund they're put in first. See **What investment funds can I choose from and how can I change my fund?**

which suggested that 25% of self-employed people would like to see their savings role from an accessible account into a pension when a buffer is built.[39]

We also asked people to describe in their own words whether autosave could support their needs, and received positive responses from many:

Where people felt that it didn't suit them, low incomes and income volatility were frequently cited as reasons not to save. For these people, the hybrid option where the savings roll into accessible savings first may be the unlock to get them started with retirement savings. Indeed evidence from our survey suggests that those who agreed to the statement 'I am struggling to manage my finances' were slightly more likely to say they would like to be offered retirement saving with a hybrid element. Those who strongly disagreed (i.e. they were not struggling to manage their finances) were slightly more likely to say the hybrid account would not be useful to them. We know from other research that having an accessible saving buffer is a significant predictor of people feeling like they can save for retirement among young people.[40]

For others, their current pension or ISA set up was serving them well and so they didn't feel they needed retirement autosave. For these individuals, a simple – ideally one-step – opt-out process could work well, giving them the freedom to choose what to do with their money with little effort while allowing those with no current set up to easily get started.

Attitudes to autosave features

The qualitative research also helped us explore how people would like autosave to work for them. In particular, we heard about four desirable pieces of functionality that self-employed respondents would look for in an autosave solution. These are summarised in Box 4.1.

[39] Nest Insight. (2022). **Exploring retirement planning and saving nudges tailored to self-employed people.**

[40] Ellie Suh (2020). **Younger adults' retirement saving and wealth accumulation in Britain in quantitative investigation.**

Box 4.1: Four desirable autosave features

1 Integration with banking software

"Now everything's on our phones. It makes sense to have everything in the same place."

Liz, a sole trader - book designer

Participants shared a range of views on how retirement autosave should be designed to meet their needs. One key aspect they highlighted was integration with pre-existing banking software.

Some believed that seamlessly incorporating retirement saving features into the banking software that they already use, would make it easier for them to manage their finances and stay on top of their contributions. This integration would reduce the administrative burden and ensure that saving for retirement could become a natural part of their financial operations.

2 Accessible money in case of emergencies

"You can actually get the money when you want."

Gareth, a gig worker - delivery driver

Another important consideration for participants was the framing of the liquid account. They expressed a preference for having a portion of their retirement savings accessible in case of emergencies. This liquid account would provide them with a sense of security, knowing that they could access funds if needed without jeopardising their long-term retirement goals. The self-employed people we spoke to felt that this feature would make the opt-out retirement saving scheme more appealing and practical for their unique financial situations, and "cut out that middle man".

3 Help in calculating contributions

"That 5% might be quite drastically different from month to month."

Beata, a sole trader with contractors - tutor

When it came to calculating contributions, participants emphasised the need to be able to flexibly adjust their contributions in line with income fluctuations. This would help them feel more in control of their savings and ensure that the contributions were manageable and aligned with their ever-changing financial needs.[41]

4 Incentives to save

"Having that added incentive definitely makes me more likely to want to take it if I'm getting more value from using the platform."

Cerys, a sole trader - designer

Tax and incentives were also important factors for many participants. They expressed a desire for clear information on the tax benefits and incentives associated with the autosave scheme.

Understanding how their contributions would be taxed and what incentives they could receive would motivate them to participate in the scheme. Participants believed that transparent communication about these aspects would enhance their trust and confidence in the retirement saving plan. It is worth noting that in other research tax incentives are often not found to be particularly effective at changing behaviour, relative to their cost.

[41] Previous research has looked at encouraging ad hoc saving in 'good' periods to balance out the inability to save at other times. See Nest Insight (2020). **Talking with self-employed people about retirement saving** and Nest Insight (2022). **Exploring flexible saving mechanisms designed for self-employed people.**

The interpretation

Saving for retirement is not going to be right for every self-employed person. Autosave should be applied in a clear and transparent way to help people reach their goals while allowing people to have the ultimate control and autonomy to use their money as they wish.

The takeaway

- People are often positive about tools that help them reach their saving goals.
- It's important that where autosave is introduced, people always feel in control of their money. Opt-out mechanisms must be transparent.
- If applied in the right way, with features that suit self-employed users, autosave could be a powerful way to support self-employed people to reach their saving goals.

Section 5

Making autosave work for self-employed people

The evidence suggests that many self-employed people would welcome an autosave solution. But different self-employed people have different needs. For an autosave approach to succeed, it will need to take these differing needs into account.

The term 'self-employment' encompasses a diverse range of different categories of work, and self-employed people reflect a diversity of demographics, attitudes and incomes. Different versions of autosave may be more or less suitable for different self-employed individuals, who may also use different types of software and services to manage their business affairs. Some specific cases have been raised during our research:

- **Workers with low and volatile earnings** Many self-employed people are on low and volatile earnings. An autosave mechanism that includes a liquid 'feeder' account is likely to be especially valuable to these types of workers, as this would ensure that they always have some liquid funds on hand before money starts rolling over into a retirement account.
  - It might be that many workers with this kind of earnings profile would never build up sufficient savings in a 'feeder' account to enable them to start contributing to a retirement account; at least until their income increases. By trialling autosave in the field, we will confirm what savings patterns people on different levels of earnings actually exhibit.
  - Some participants would also prefer that the amounts they contributed responded to their volatile incomes. One person expressed a preference for contributions that are calculated using "a smaller percentage that varies based on patterns in your income".[42]
- **Business owners** Many self-employed people have set up limited companies or partnerships, and receive income through these. This is often true of higher-earning sole traders, for instance when they reach the VAT threshold. Their income is often paid via their companies, as salary or dividends. In this case, they might prefer to pay pension contributions through the business, too, rather than participating in autosave using gross earnings.
  - It's also likely, though, that these business owners will have the support of financial advisors or accountant, who should be able to ensure their clients save in the most advantageous ways.
- **Interactions with auto-enrolment** Some self-employed people that have set up limited companies will later go on to employ at least one worker. At this point, their businesses will become subject to workplace pensions regulations. Ideally, a sole trader who started saving through autosave would then be able to go on to use the same pension solution to auto-enrol any workers they subsequently employ, perhaps using the same business software.
  - Some self-employed people may also have previously been auto-enrolled through previous employment. For example, one participant from our autosave research suggested that "an ability to link to [their] own existing pension plan" would be desirable, keeping everything in one place.[43]

Given this diversity of needs, it's important to consider the types of savings mechanisms and products that might suit different subgroups of self-employed workers – and it may be that different products and settings are more suitable for some groups than for others. This will be an area where different platform providers, with different types of customers, would be able to tailor solutions to suit their users.

Incentive structures

Another major difference between the workplace pensions system, and the position for the self-employed, is the incentive structure. Employees not only receive tax relief, but also an employer contribution. It's unclear to what extent this matching acts as an incentive, especially given the power of the default within the workplace pensions system. However, the presence of the employer contribution – alongside schemes like salary sacrifice – does

[42] For more research on this, see Nest Insight (2022). **Exploring flexible saving mechanisms designed for self-employed people.**

[43] Verbatim quote from self-employed worker participating in the online research.

make the incentive structure of workplace pensions more generous than that of the private pensions used by the self-employed.

Given these differences, some stakeholders suggest that other savings vehicles e.g. LISAs, might be a better choice for self-employed people, compared to pensions – though there are some features of these products, for instance eligibility criteria, which would make them less suitable for some.[44]

Flexibility

As we've noted already, many self-employed people value a high level of liquidity. A related point is the need to ensure that they are able to opt-out of autosave if they want to, given that they have not actively chosen the savings and investment vehicles into which their contributions are paid. Pension savers are exposed to a range of financial risks, including investments, inflation and costs. Under workplace auto enrolment, the matching employer contributions mitigate the risk that their investments go down rather than up, but as we've noted, self-employed savers will not benefit from matching contributions.

Given this, it will be important to offer significant checks and balances, including proactive communications – and to ensure that the self-employed saver has every possible opportunity to opt-out of the autosave arrangement if they wish to.

This is a key benefit of the 'feeder' style of account, but it also demonstrates the importance of setting the threshold amounts on feeder accounts at suitable levels. Different self-employed people will have different needs for liquid savings, but in general the thresholds should not be set too low, in case money starts flowing into a pension before an individual has fully decided whether or not they wish to save. On the other hand, thresholds should not be set too high, as there is also a risk that a self-employed person might over-save in a liquid account that has a lower rate of return over time than the retirement account.

Ideally, then, thresholds would be set in a way that's sensitive to the financial position of the self-employed person and their business. Where this is not possible, a fixed threshold might offered to everyone, that's designed around average requirements for accessible savings – provided each individual saver could adjust it as their savings build up, to ensure they have the right amount of cash on hand. There may be scope for providers to innovate in this area, for instance using open banking integrations and machine learning to create more personalised savings defaults for each individual.

Default savings rates

It will also be important to make sure that each savings contribution is calculated in a way that's sensitive to the varying needs of the self-employed user. Ideally, the size of each contribution would vary in response to the individual's fluctuating income levels, to their wider financial situation and to factors like future tax liabilities.

On the other hand, our research suggests that some self-employed people may prefer the simplicity of contributing a fixed percentage, or a fixed nominal amount that they pay each month, set at a level they believe they could afford on a regular basis, but with the ability to adjust the contribution rate manually at times when they would prefer not to contribute. For example, Beata, a sole trader, said that "5% might be quite drastically different from month to month," and so the flexibility to adjust percentages in the face of a volatile income would be important.

We are continuing to test the appeal of different approaches to calculating contributions[45] and presenting information, and there will be scope for business and financial platforms to continue to innovate in this area, developing approaches that work for their particular users. Given this, it might be better to retain a degree of flexibility around what is the 'correct' approach to calculating contributions.

[44] For more information on the eligibility criteria of LISAs see, Gov.UK (2025) **Lifetime ISA**. For more information on the eligibility for personal pensions, see Gov. UK (2025). **Personal Pensions**.

[45] In our 2022 technology trials, we explored the use of alerts to notify self-employed savers how much money was going to be contributed each month on their behalf, to allow them to increase or decrease it. We hope to explore these kinds of options further in forthcoming trials.

Section 6

Bringing autosave to scale

Workplace automatic enrolment has given the vast majority of employed people access to pension savings. If autosave solutions are to reach a significant proportion of self-employed people, they will need to be adopted across a wide range of different software tools and services.

This is why, alongside our hands-on testing of these solutions, we also carried out a programme of foundational research, consulting a range of expert stakeholders[46], to find ways of scaling autosave solutions across the self-employed population. This work involved a series of 1-1 discussion and roundtables between April and December 2024. This section captures some of the key insights from this formative research. As explained in the next section, we now intend to build on these insights by running one or more real-world trials of autosave solutions, working with software and financial providers.

Making autosave work on business and financial platforms

In the autosave model, business software or financial platforms play a role analogous to that of the employer in workplace auto-enrolment. As noted in Section 2, our stakeholder discussions suggested broad agreement that business and finance platforms could provide a suitable venue – perhaps the most suitable venue – for replicating these roles.

It is also important to note that different types of platforms offer different strengths in relation to autosave:

- **accounting, tax and bookkeeping software** hold a significant amount of data on the financial status of a self-employed person's business. According to our quantitative research, 22% of self-employed people use software for accounting or invoicing purposes.[47] Fewer than 10% actively file their own tax returns through business software currently[48], although this is likely to increase for some groups of self-employed people as Making Tax Digital is implemented.
- **business banking platforms** also hold a great deal of transactional data, and some of them offer integrations of accounting and tax packages that can provide a further level of insight into the financial status of the self-employed business. Furthermore, banking providers already offer regulated financial products, and very often include savings accounts, ISAs and pensions within their product ranges. The penetration of banking services is very high, as it is difficult to run a business without holding a bank account. However, self-employed people do not necessarily use a business banking service – meaning it's also important to consider…
- **retail banking platforms** in our research, 49% of self-employed people told us they don't separate their business and personal finances.[49] It's reasonable to assume that this includes many lower-earning self-employed people. However, in this context, it would be important to find a way to identify self-employed people within a broader population of retail banking customers, to avoid offering autosave interventions to employees.

The elements of autosave

In this section, we consider the different elements of an autosave solution that would need be implemented within a business or finance platform. Rather than being prescriptive about how these might be implemented in any given platform, we have tried to set out the practical steps that a provider would need to take to put autosave in place for self-employed users. Different types of provider will face different practical, regulatory and commercial requirements to delivering autosave, and each may seek to innovate in different ways to provide the best possible product and service to their customers. Given this, we've aimed to set out the underlying elements that any implementation of autosave will share.

[46] See the Appendix for a list of organisations represented in our advisory group, and in 1-1 expert interviews.

[47] Nest Insight (December 2020). **The impact of Covid-19 on self-employed peoples saving outlook.**

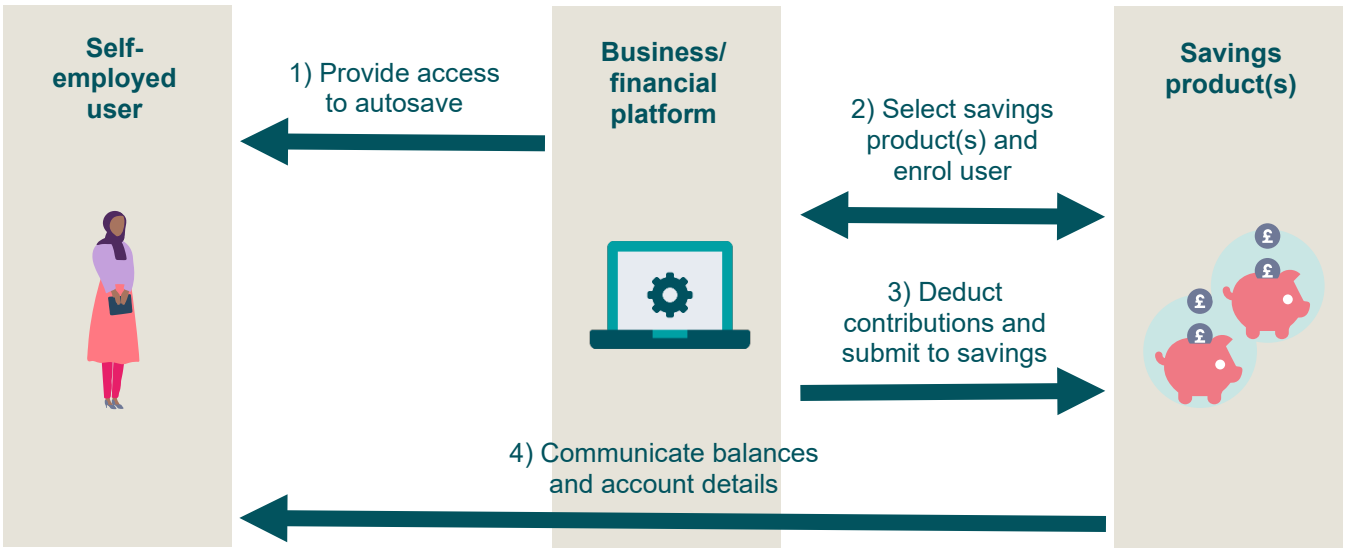
[48] Figure is from Nest Insight conducted stakeholder round tables (8th July 2024, 10th December 2024).

[49] Nest Insight (December 2020). **The impact of Covid-19 on self-employed peoples saving outlook**.

In the following section, we consider how these kinds of solutions might be facilitated at scale across multiple platforms, to ensure the highest possible level of coverage among self-employed people using different tools and services.

Any autosave implementation would need to include at least four broad stages:

Figure 6.1: four stages of an autosave mechanism



These stages work as follows:

1. **Providing access**
   Before any money can be saved on behalf of the self-employed person, the platform provider first needs to set up the autosave solution for them. Unless the provider already supplies the relevant types of savings accounts themselves, this puts them in an intermediary position between the self-employed person and one or more providers of regulated financial products.
2. **Enrolment**
   In an autosave setup, the individual doesn't select the savings account(s), so this needs to be done on their behalf. Ideally, of course, these products would be tailored to their needs and circumstances; but they would not make this selection for themselves unless they chose to switch from the default offering to some alternative that's offered to them.
3. **Submitting contributions**
   Following enrolment, the business software would need to facilitate the flow of contributions into the autosave mechanism. This will also determine how much will be contributed, and how frequently, and how these contributions will be allocated across different types of savings accounts. Again, the individual may have the option to change these defaults, but if they don't take action, this will be decided for them
4. **Communications and ongoing administration**
   The autosave system would need to let the saver keep track of their savings and make changes when they wish to.

Each of these stages presents its own set of challenges that would need to be overcome for autosave to work on these platforms. These challenges are summarised in Table 6.1. This includes some of the regulatory requirements that providers would need to meet to deliver each element of autosave. Any provider of autosave will need to ensure that they meet a number of consumer protection requirements, to ensure that self-employed workers are protected against inappropriate uses of their money. As with workplace auto enrolment, it's especially important to consider these consumer protections, because autosave is introduced automatically, without the individual's express consent, placing a greater weight on ensuring they get good value from the options they are defaulted into.

Table 6.1: challenges to autosave implementation

1 Providing access	**Regulatory controls around products**	If a software provider selects and provides one or more savings products on behalf of a user, they are entering into regulated activities
	Identifying self-employed people	Only certain kinds of platforms will have data on the self-employed status of their users. Others would need some additional form of external validation of this status before offering an autosave product.
	Commercial viability to platforms	The autosave approach would carry with it a high degree of novelty. Providers would need evidence that these solutions are commercially viable.
	Data processing and transfers	Autosave will involve processing and transferring the saver's personal data without their direct consent. Both providers will need a lawful basis for processing these data.
	HMRC reporting	Self-employed people are required to declare any private pension scheme into which they're paying contributions. It is not clear that they would necessarily do this if they have been enrolled automatically through a default mechanism. Thought would need to be given as to how to ensure this registration takes place, potentially through an automated channel.
2 Enrolment	**Ensuring scheme quality**	Software providers are unlikely to be able to determine what type of savings vehicle would best suit each of their individual users. At a minimum, schemes would need to meet suitable quality standards.
	Contractual relationships	It will be important to consider what the contractual set-up would be in an autosave set-up. It's not clear that a platform provider could establish a contract between a user and a pension provider.
	Scheme supply	It's not immediately clear that account providers' acquisition costs would be fully covered by the revenues that autosave could generate.
	Existing schemes and small pots	Where a self-employed user has an existing pension pot, a new autosave pension account would exacerbate the proliferation of small pension pots. Also, the existing scheme might offer better value than a default autosave option.
3 Submitting contributions	**Regulatory controls around transfers**	It is not generally permissible for any third party to deduct money from an individual's bank account and pay it into a financial product.
	Automated payments	There is not currently a single standard or system that would enable a range of different software platforms to submit automated contributions to a range of different pension schemes.
	Calculating contribution amounts	It's not clear what default formula could be used to calculate contribution rates for this diverse population. Many platforms will also find it difficult to identify which flows of money should be included when calculating savings deductions – for instance not all money paid into a business bank account may be income from work.

	Thresholds for accessible accounts	Similarly, different self-employed individuals will have very different liquidity needs. It's not clear how the thresholds on accessible savings accounts could be set to suit the financial position of each self-employed user.
4 Communications and ongoing administration	**Viewing and managing accounts through the autosave platform**	Self-employed savers who are enrolled through their business or finance platform will want to use this platform to check on and manage their savings. This would require a significant degree of integration between the platform and the savings providers.

The remainder of this section looks at each of these stages in more detail, and sets out potential ways in which some of these challenges might be met.

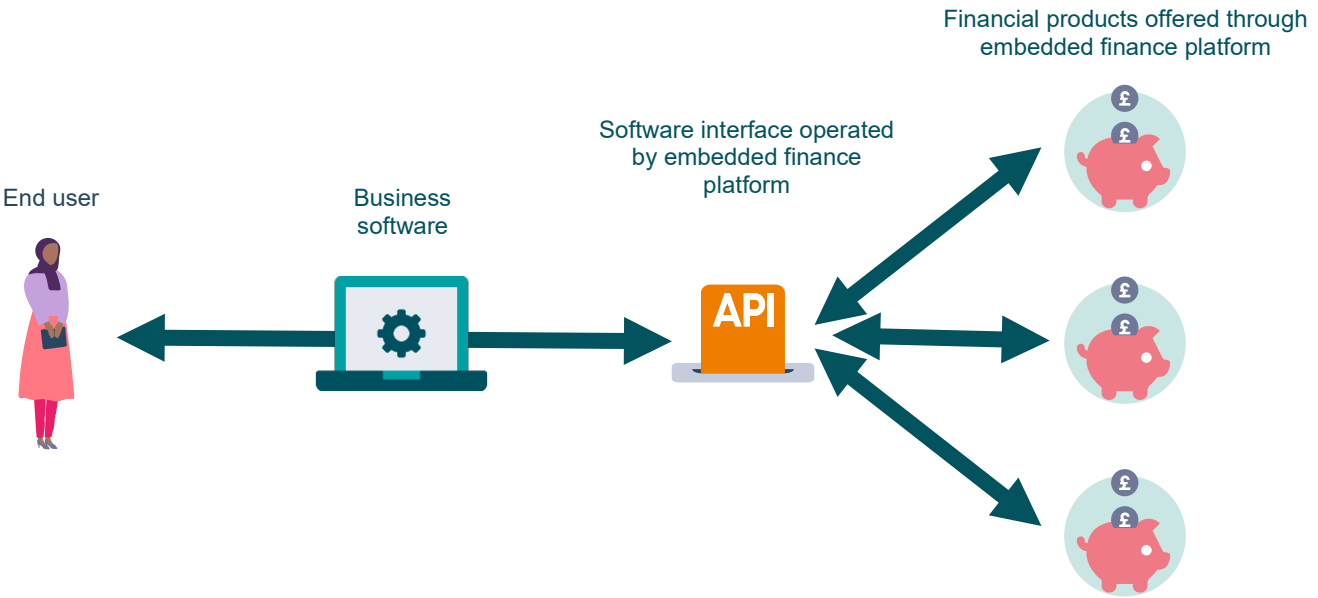
1 Providing access to autosave

Alternatives to regulated activities

If a software provider selects and provides savings products on behalf of a user, they are entering into regulated activities. Different regulatory frameworks can apply, depending on the type of product, but this will generally be subject to the financial promotion regime. Not all platform providers will be suitably regulated. Ideally, an unregulated provider would be able to offer autosave accounts without straying into regulated activities.

There are precedents for financial products being provided through unregulated business software applications, by using 'embedded finance' solutions – for instance Weavr and Unit. With these solutions, access to regulated financial products is managed by the embedded finance company, who offer software interfaces allowing the business software provider to 'embed' access to these financial products within their solutions, without taking on a regulated role – as shown in Figure 6.2.

Figure 6.2 the embedded finance model



Enabling data processing

As in workplace auto enrolment, an autosave system would involve processing and transferring a saver's personal data without them directly choosing this option at the time they are enrolled. Both software and financial providers will need a lawful basis for processing these data. In an auto enrolment context, employers rely on the

grounds that processing is necessary to comply with their legal obligations. This type of lawful basis would not be available in the context of autosave for the self-employed, although a case for legitimate interest may be possible.

Given this, software providers may need to obtain consent from individuals. If so, this would need to take place pre-emptively, before the autosave mechanism begins, for instance as part of an 'accept terms and conditions' step during the set-up of the product or as part of a routine software update. Alternatively, other legal frameworks could be explored that would provide a similar safe harbour for platforms to carry out this processing, as is the case for employers acting under the workplace pensions duties.

Commercial considerations

Software providers we have spoken to during our research have responded positively to the autosave approach, especially those who serve more financially vulnerable customers, and support the idea of helping them with their short- and long-term savings needs. However, providers will need evidence that these solutions would be commercially viable, especially if they do not already provide banking and savings solutions to customers. There would inevitably be direct costs, opportunity costs and risks involved in introducing a novel solution into their products, and the benefits of providing it would need to outweigh these.

Nest Insight has encountered a similar set of commercial questions in the parallel context of payroll emergency savings. Historically, there has not been a high level of demand for savings accounts offered through payroll. As a result, the commercial benefits of offering these products have been low. However, our workplace savings trials have provided strong evidence that when an employer introduces a form of automatic or opt-out savings, take-up volumes multiply by an order of magnitude. Based on our soundings of savings providers, this creates a significantly higher level of commercial interest in offering these solutions.

Similarly, it will be important to provide evidence that the self-employed autosave approach can achieve meaningful volumes of opted-in users. One aim of our current programme of research is to provide evidence that there would be a sufficient level of demand for, and participation in, autosave solutions. This is a key reason why we now intend to progress to a large-scale field trial of the approach, to quantify the level of participation that providers can expect from it.

2 Scheme selection and enrolment

Selecting suitable products

In autosave, individuals don't need to make active selections of savings vehicles – they are chosen for them. Following the model of workplace auto enrolment, the natural implication is that the provider of the business or financial platform would need to make these selections for them – though alternatively, this could be done by a provider of an embedded finance solution offered through the provider (see above). Either way, the system will need to be set up to ensure that suitable products are being selected on behalf of their self-employed users.

Protections already exist within the pensions system to ensure that any scheme offered to a saver within the workplace pension system meets key quality standards. This includes a charge cap and other value-for-money requirements. As a minimum, schemes being offered through an autosave mechanism would need to meet these kinds of standards. This would also assure software providers about the quality of the solutions that they were providing to their users.

Avoiding the proliferation of small pots

A significant minority of self-employed people already have at least one dormant pension pot they've previously saved in. In our 2019 study, 34% of self-employed people told us they had a private or workplace pension but were not currently contributing to it.[50] If one of these individuals was enrolled into a new pension account via autosave, this could exacerbate the proliferation of small pots that is already a cause for concern in the DC system. They might benefit from having autosave contributions diverted into their existing accounts instead.

However, this would depend on the system managing autosave being able to find each individual's existing pension(s). This might become more feasible following the introduction of pensions dashboards and/or the implementation of a multiple default consolidator approach for small pots, as proposed in the DWP's consultation

[50] Nest Insight (October 2019). **Supporting self-employed people to save for retirement.**

outcome paper, **Ending the proliferation of deferred small pots**. Both these measures involve automated systems for identifying existing pension holdings of different kinds, and the 'multiple default consolidator' approach would help reduce the build-up of additional small pots for individuals.

3 Deducting and submitting contributions

It is not generally permissible for a third party to deduct money from an individual's bank account and pay it into a financial product.[51] This suggests that autosave might work best in situations where these kinds of transfers are not required. For instance, if the self-employed person is using a finance platform to receive income, and some proportion of this income is paid into an autosave account, while the rest is paid into the current or business account, no additional transfer would take place.

Alternatively, where autosave is provided through a banking provider, the set-up of new accounts, and the management of transactions between accounts, will be part of existing functionality for these providers. Many banking providers already offer the option of apportioning funds to different 'pots' within a single bank account – which could remove the need for an additional liquid savings account. Some also offer pension products, which would facilitate autosave into pensions, provided these products are designed to be open to ad-hoc contributions from self-employed savers.

4 Communicating and displaying savings data

One other function of the autosave system will be to provide the saver with a way of keeping track of their savings, and making changes when they wish to. Assuming they were enrolled into the solution via their banking app, it's likely that they would turn to this product to check on their savings, meaning these should be available through standard dashboards. Our qualitative testing of a mocked-up autosave solution seems to confirm this user preference.

Where autosave is being offered through business software such as an accounting package, there would need to be a standardised interface or API that enables the user to link to their account information via the software. For instance this could be done using the embedded finance model described earlier in this section.

[51] e.g. under the Payment Services Regulations of 2017.

Section 7

Potential enablers of autosave solutions

Our research into the autosave approach suggests it would be an effective way to increase retirement savings rates among self-employed people. Our discussions with stakeholders have also helped us understand what it might take to enable autosave solutions to be delivered at scale by a range of private sector providers.

This final section provides a brief overview of interventions that could help enable a large-scale roll-out of autosave. We do not attempt to go into detail on these measures, at this relatively early stage in our work on the evidence base for autosave. The aim here is to set out the parameters for potential change. In order of scale, these are:

1. legislative and regulatory easements
2. central autosave provider(s)
3. quasi-automatic savings mechanisms
4. savings allocations and earmarking

1 Clarifying the legal and regulatory position

Our stakeholder discussions have identified certain regulatory constraints that would need to be addressed for a provider to offer autosave. These apply to key activities including scheme selection, management of payments, and data processing. Should there be sufficient evidence for the benefits and effectiveness of autosave, there could be a case for a single package of measures that provide regulatory cover for these activities while also ensuring consumer protections are in place. This would be akin to the 'safe harbour' created by the employer duties in workplace pensions law.

Such changes would create a permission structure, but not a mandate (as is the case for employers under workplace pensions regulations). Consideration should, therefore, also be given to measures to make it as easy and low-cost as possible for software providers to offer autosave.

2 Central autosave provider(s)

The previous section introduced the notion of an 'embedded finance' approach that would allow individual platform providers to offer these solutions through their own software. This would help minimise the operational and regulatory impact of offering autosave. One or more central autosave providers that offered simple terms and conditions, and universal APIs, could allow standard autosave offers to be adopted by a wide range of providers.

A central provider could potentially provide:

- access to **a panel of pre-selected savings products from different providers** that meet relevant standards for quality and automated administration, and will accept ad hoc and small contributions via autosave
- **an automated mechanism for selecting savings products** from a panel, including, if possible, a facility to use an existing scheme where the new enrolee is already a member of one of them
- **software interfaces** allowing sign-up of new participants, potentially including validation of their self-employed status, and ongoing processes including communications of account data and the flow of contributions between accessible savings and pension pots

A number of stakeholders have raised the potential to provide this kind of solution by building on work already under way to deliver multiple default consolidator approach for small pots. The role and function of these proposed consolidator schemes is different to the one set out here for central autosave providers. However, there are a number of overlaps in purpose and function – including the facility to identify where an individual is already a member of a consolidator scheme. This might make it worthwhile exploring whether a centralised panel could be developed on the back of the small pots solution.

3 Quasi-automatic savings mechanisms

It might be possible to get close to a full autosave approach without needing to address some of these regulatory constraints, by greatly simplifying the steps required for self-employed people to sign up to a savings mechanism and agree to the default options on offer. In this model, self-employed users would need to acknowledge and accept the autosave process before deposits were made into their nominated account. This step would need to include suitable communications to ensure the individual understood what they were agreeing to. However, the friction created by this step would be reduced if it was introduced within an existing administrative process, for instance when a user first installs a piece of software or upgrades it, where this involves acceptance of a set of terms and conditions.

As a parallel, a similar approach was taken in some of our payroll emergency savings pilots, where new employees were taken through a consent step as part of an online process they were required to complete on the firm's HR system. However, evidence from other fields shows that this kind of 'simplified choice' mechanism always creates *some* measure of friction, albeit at a significantly lower level than a traditional opt-in approach. It is therefore unlikely to achieve the same level of participation as a true opt-out approach such as autosave. Also, there would be no single clear mechanism that all providers could implement in a consistent fashion.

4 Savings allocations and earmarking

There may also be ways of creating softer versions of autosave that avoid moving money between different accounts – at least not until the self-employed person provides their consent for this to happen.

This could involve 'allocations' or 'earmarking' of funds within the bank accounts where they are held. This approach is increasingly common in banking solutions. It uses the behavioural economic concept of mental accounting, whereby people mentally assign specific purposes to 'pots' of money, when these are labelled in line with these purposes. This approach could immediately be applied to the liquid savings element of a hybrid autosave solution, though this would not deliver the tax benefits and investment growth of a pension.

Using this earmarking approach, an 'emergency pot' and a 'retirement pot' could be set up, perhaps alongside a 'tax bill pot' and a 'business expenses pot'. When the retirement pot reached a suitably high threshold, the saver could be encouraged to move these existing savings, and future retirement contributions, into a pension or another long-term savings account. From a user experience point of view, the presentation of their 'retirement pot' within the platform could remain similar following this step, but they would now have unlocked the benefits of a truly hybrid account structure.

Clearly, this approach still requires an opt-in from the user, but it's possible that this would be easier to obtain when they have built up a sufficiently large 'retirement pot', which would immediately attract tax relief if they agreed to this step. And if they did not immediately do this, the platform could continue to prompt them to do so over time, using a range of messages and nudges.

We are actively considering this 'softer' option, because it could present a viable way of running field trials of self-employed autosave without raising regulatory challenges in the short-term. Even though we would not be testing full-fledged opt-out savings, this could allow us to test self-employed people's readiness to have money autosaved on their behalf into a 'retirement pot', within current rules. It could also allow us to see how many people ultimately follow through and move the money into actual retirement saving accounts, allowing us to estimate whether the 'softer' workaround could be a viable solution in and of itself.

Section 8

Conclusions and next steps

We believe that the findings presented in this report provide a strong evidence base for the potential positive impact of the autosave approach for self-employed people. However, more evidence is needed of how it would work in practice, and of the take-up rates and savings levels that it could deliver.

Autosave shows huge promise as a tool to support self-employed people to start saving for retirement without reducing choice or autonomy. The online lab-based research suggests that it could result in a step-change in saving, far beyond the impact previously seen through education and framing interventions. However, the research also highlights the need to think carefully about the design of autosave, particularly around the use of hybrid savings, including feeder and sidecar designs, and the role of defaults which may be crucial to its success.

Our stakeholder discussions also support the idea that there could be an appetite among providers for introducing autosave within their platforms – subject to suitable enablers being put in place. In particular, there is interest in working with both accountancy/tax packages, and banking providers. There could be a case for rolling out autosave across either or both of these categories of platforms. However, for there to be a robust business case for introducing autosave into a live product environment, the providers of these platforms would need solid evidence of the likely take-up rates of autosave amongst their customers. They would also need to be confident that these solutions would be popular across a wide range of self-employed customers.

Given these findings, the next steps in our research are to:

- work with a retail banking provider to design and test an autosave solution within their existing platform
- roll out a field trial of an autosave – or quasi-autosave – solution with one or more providers.

Designing autosave within a retail banking platform

We have been collaborating with Lloyds Banking Group to design a self-employed autosave product as it might appear within their existing customer apps. This involved close working with product and customer specialists to develop a mocked-up design of this solution, in an iterative process involving multiple stages of testing with self-employed customers.

This has enabled us to address a range of outstanding research questions:

- How well does the autosave model fit within existing functionality, product features and regulatory requirements of the bank?
- How do customers respond to being automatically opted in to the autosave solution?
  - What contribution rates/amounts do customers want to put aside into either a cash savings pot and/or a retirement pot?
  - What kinds of information do they want about how their money is being saved, and what level of control and checks do they want over each contribution?
  - How do they respond when they're shown what their savings balances will look like after participating in autosave for a period of time?
- What types of savings products work best for different customers within the autosave structure – e.g. pension, cash ISA and/or Stocks & Shares ISA?

The findings from this work are available in a separate report, **Designing self-employed autosave**, and are being used to inform the requirements for live field trials.

Plans for autosave field trials

To date, our testing of the autosave approach has been carried out in simulated settings, where we have given self-employed people the chance to experience a mocked-up version of how the approach would work in a

business or financial platform. We now intend to move forward with live trials, working with one or more platform providers.

Subject to what is technically and legally feasible for the provider, the solutions testing in these trials may be full autosave as described in Section 2 of this report, or a 'quasi-autosave' approach as outlined in Section 7.

The goals of these trials will be to:

- demonstrate the viability of autosave (or quasi-autosave) approaches in a live product environment
- provide robust empirical evidence of the impact of the solution on participation rates in retirement savings
- quantify the levels at which different people save in, and withdraw from, their savings over time, and the different patterns of these behaviours
- understand how self-employed people feel about being automatically enrolled unless they say they opt out, and to the experience of saving in this way (for those who do not opt out).

We hope that the results from these trial(s) will provide the robust evidence needed to determine whether government and industry should pursue autosave solutions as a route to increasing retirement savings rates among self-employed people.

Annex

Organisations consulted for this report

This report would not have been possible without the generous support of a range of organisations who sat on our project advisory group, and/or contributed to our review through expert interviews and specialist subgroup meetings.

We are also grateful to colleagues at Travers Smith LLP, for providing expert input on the legal framework and potential risks associated with the autosave concept.

Organisations represented on the advisory group were:

- The Pensions and Lifetime Savings Association, who also generously helped convene and host the first meeting of the group
- Bright
- Capium
- Ceridian
- Creative UK
- GoSimpleTax
- Hargreaves Lansdown
- Intuit
- Mettle
- Nest
- NOW Pensions
- People's Partnership
- Quality Management Software
- Scottish Widows
- Standard Life
- The Association of British Insurers
- The Association of Independent Professionals and the Self-Employed
- The Business Application Software Developers Association
- The Federation of Small Businesses
- The Investing and Saving Alliance
- The Tradesman App
- Untied

Organisations that provided input in direct 1-1 interviews were:

- Bright
- Capium
- Creative UK
- Financial Conduct Authority
- GoSimpleTax
- Hargreaves Lansdown
- Mettle
- Monzo
- PayPal
- Penfold
- Quality Management Software
- Scottish Widows
- Standard Life
- The Association of British Insurers
- The Association of Independent Professionals and the Self-Employed
- The Business Application Software Developers Association
- The Federation of Small Businesses
- The Pension Regulator
- The Tradesman App
- Untied

Contact us:

insight@nestcorporation.org.uk

To find out more, visit our website:
nestinsight.org.uk

Image credits

Front cover: bernardbodo / Adobe Stock

June 2025