

## **Beyond auto enrolment:**

Expanding long-term saving for those outside  
the traditional workforce

# Scope and scale of the challenge

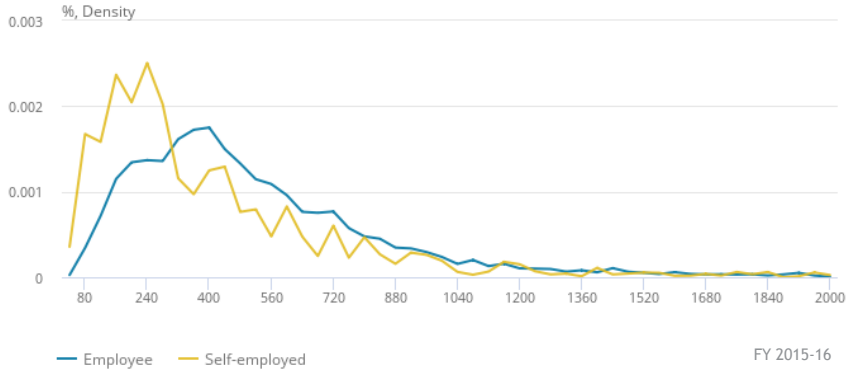
Cumulative change in employee and self-employed jobs



Significant proportion of overall employment growth driven by growth in the self employed sector

# Scope and scale of the challenge

Distribution of employee and self-employed income



Out of **5 million** in total...

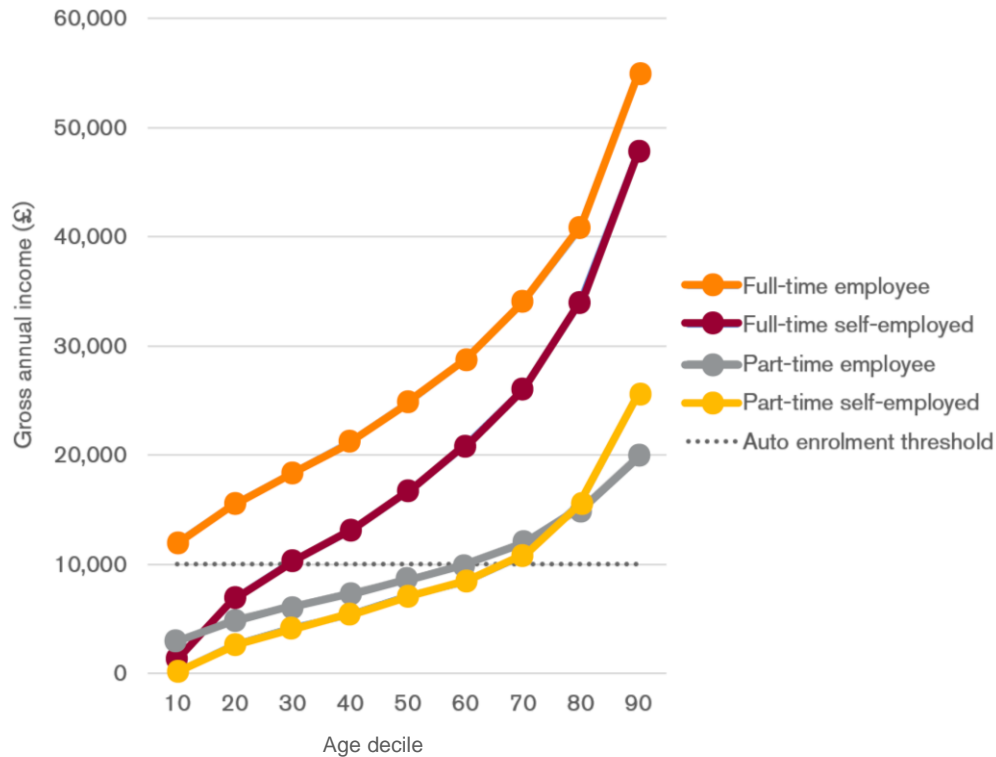


only **55%** have pensions assets



and **less than 20%** saving today

# Scope and scale of the challenge

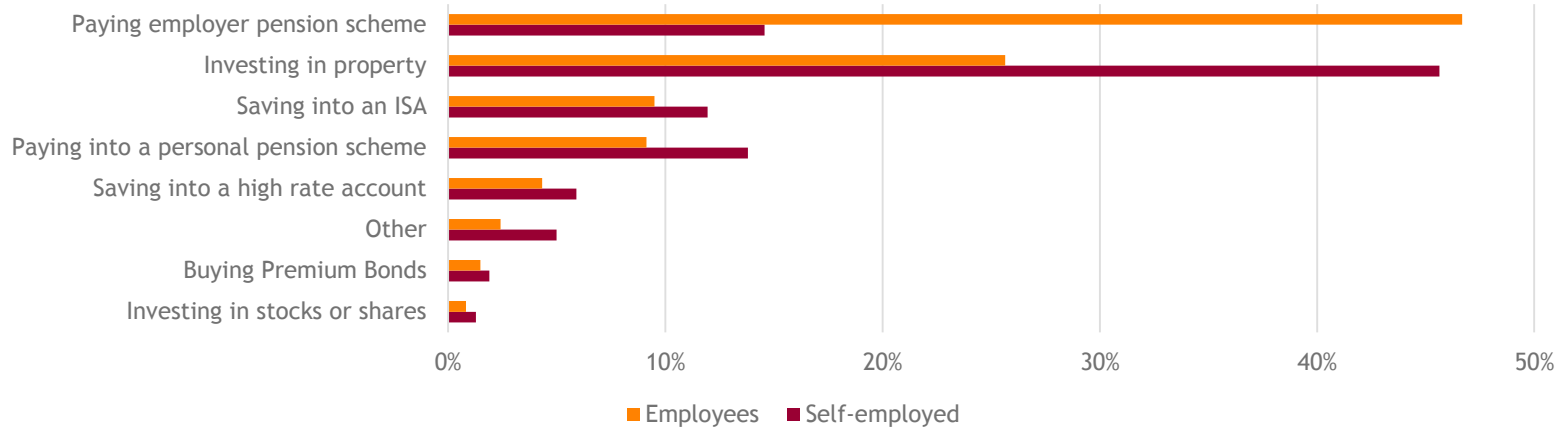


Many self-employed professionals are in the top quartile for household wealth but incomes are generally low and age is a significant factor

# Scope and scale of the challenge

- Data suggests a preference for liquidity in savings
- ...and for property as a source of long-term wealth

Safest way to save for retirement?



# ‘Auto enrolment for the self-employed’

- True auto enrolment is based on inertia and procrastination
  - Something ‘done unto you’ (by an employer)
  - Automaticity is about regular payroll deduction, not just joining event
- Proposals centred around self-assessment:
  - Still require a somewhat active choice by the saver
  - Roll a year’s worth of contributions into one - increase the salience of loss
  - But pre-commitment mechanisms may prove more promising

# Preliminary segmentation

| Type of saver         | Life and career  | Retirement saving   |
|-----------------------|--|---|
| Confident savers      | Older, with a good hold on their finances.                                       | Have done their research and started saving for retirement.     |
| Worried strugglers    | Have reached the point where they know they should start saving.                 | Feel unable to save. Plan to keep working as long as they can.  |
| Accepting questioners | Flexible work suits them for the moment. Starting to feel they should be saving. | Uncertain about their ability to save, or what the options are. |
| Happy present-livers  | Young, value the freedom their work gives them.                                  | Living for the moment - pensions don't seem relevant.           |

- Perception/use of income
- Business costs
- Views on saving
- Responsibilities
- Income volatility

# Consistent characteristics and themes

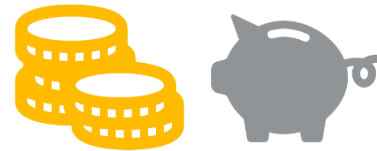
## Values

- Control & flexibility
- Here & now
- Accessibility
- No nonsense



## Relevant mechanisms

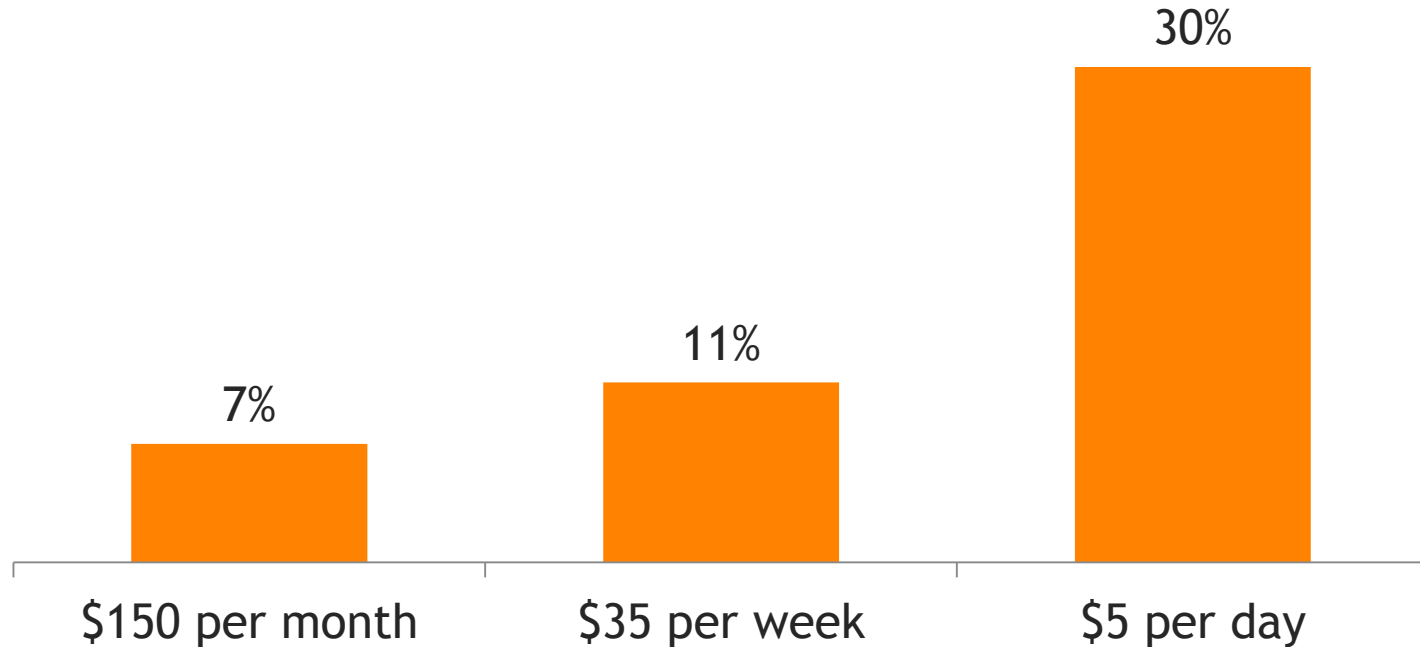
- Using what you have
- Bringing it together
- Simple, simple, simple





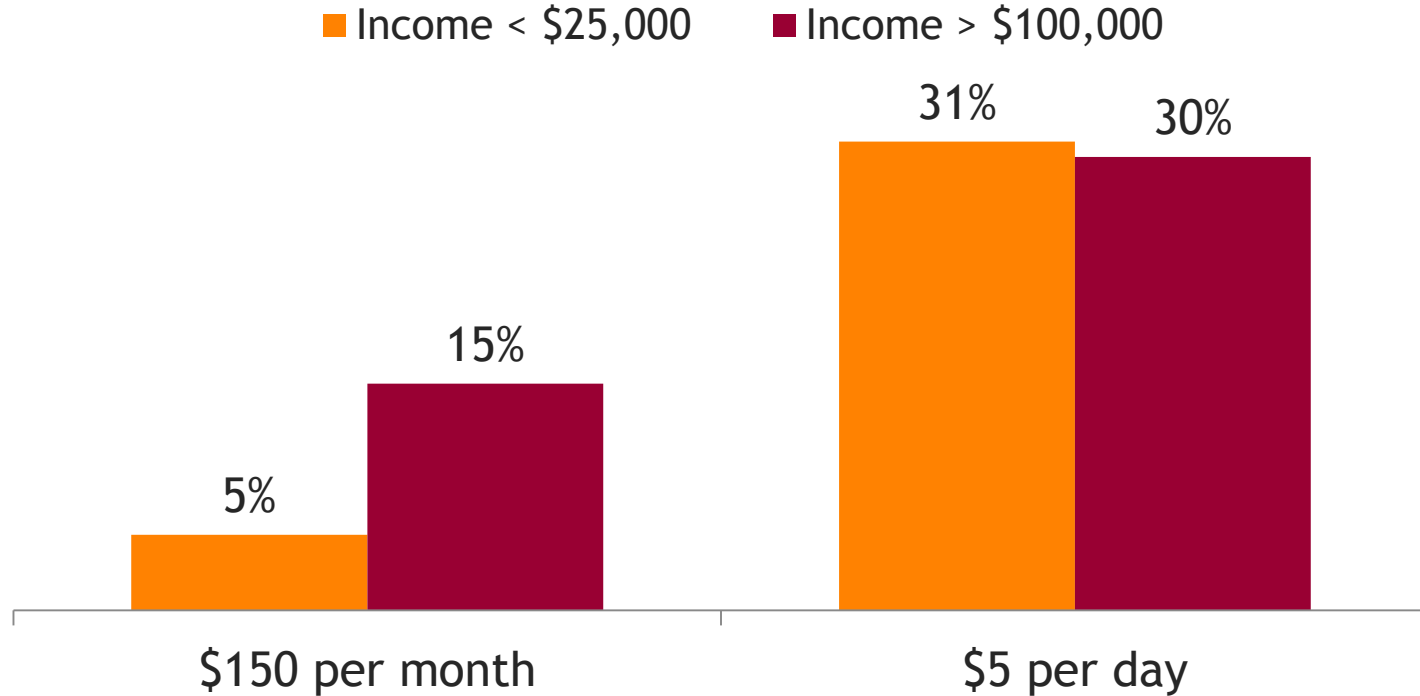
# Example: Temporal reframing

1) percentage of all users signing up for recurring deposits



# Example: Temporal reframing

## 2) Percentage of users signing up by income

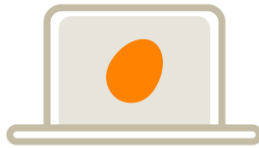


# Importantly...

- We know that what people *say* they value and what their *behaviour* indicates is often inconsistent
- That is why we are trialling behaviourally-informed interventions to quantitatively measure what works
  - looking for mechanisms we believe will resonate based on research
  - discovering what are both possible and practical to develop by engaging with partners to participate in creating and delivering these mechanisms

# Potential solutions

- Find alternative aggregators
  - Unions, membership organisations
  - Contracting organisations
  - Service providers
- Understand the psychology
- Test alternative product design



Sign  
up



Make regular  
contributions



Keep  
saving



# Research questions and objectives

- What messages are more or less successful in triggering engagement/increased contributions among the self-employed?
- Do 'set and forget' interventions that mimic features of auto-deduction from payroll increase persistency/contributions?
- Does the product into which SE are asked to save matter? In particular, does liquidity of access increase propensity to participate?



'Playbook' of mechanisms to increase saving among the self-employed within the current regulatory framework



**Thank you**