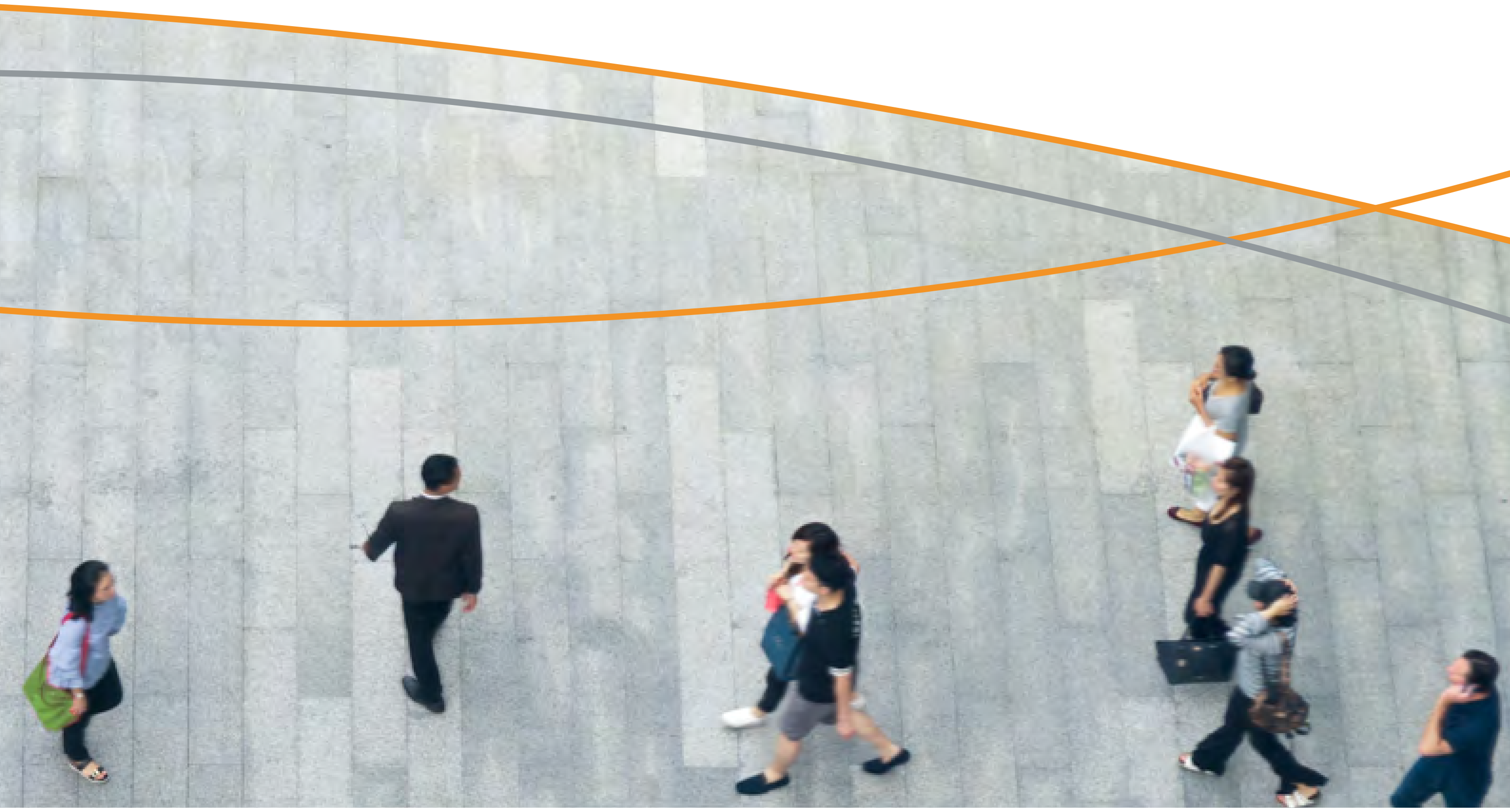
# Supporting self-employed people to save for retirement



Department for Work & Pensions

## Authored by

Matthew Blakstad, Greg Bowe, Jo Phillips, Madeline Quinlan, Will Sandbrook, Gareth Turner (2019) Nest Insight, London.

With thanks to the Department for Work and Pensions (DWP) whose support and sponsorship made this research possible, and to Dr Jia Liu of Sheffield Hallam University and Dr Daniel Houser of George Mason University for conducting the literature review, The Nursery for conducting the qualitative research and Quadrangle for conducting the quantitative research.

## About our project partner, the Department for Work and 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 collaborative research unit set up by Nest Corporation to help understand and address the challenges facing Nest members and other defined contribution savers. For more information visit **nestinsight.org.uk**

## About Nest Insight's strategic partners

### Invesco

Invesco is an independent investment management firm dedicated to delivering an investment experience that helps people get more out of life. Invesco became a major strategic partner in July 2019 to help shape Nest Insight's programme of work through sponsorship, the contribution of its deep industry expertise and insights, and by helping the programme to reach a wider audience. For more information visit **invesco.co.uk**

### Vanguard

Vanguard was founded with the purpose of taking a stand for all investors. In pursuit of this principle, Vanguard is proud to have been the first strategic partner of Nest Insight, in its effort to help the UK public achieve the best chance of investment success, and a comfortable retirement. For more information visit **vanguard.co.uk**

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A technical report with more details of the methodologies used in this research is available on the research project page on Nest Insight's website.

# Executive summary

## Introduction

Nest Insight is working with the UK Department for Work and Pensions (DWP) on a two-year programme of research to explore and test different approaches to enable increased long-term savings among self-employed people.

This report details the findings from the first exploratory stage of the programme, which aimed to:

- better understand the attitudes and behaviours of self-employed people around retirement saving
- identify potential ways of communicating with them about planning and saving for later life
- identify practical ways of enabling them to do so more easily.

The research conducted was in three parts:

- a literature review of published evidence on what works in prompting voluntary take-up of pensions and long-term savings
- qualitative research to develop a set of messaging concepts designed to encourage pension saving and explore ideas for mechanisms that could enable saving
- quantitative research to better understand self-employed people's savings behaviours and interactions with different online platforms and to further test the appetite for different mechanisms for facilitating retirement saving.

## Key findings and implications

Self-employed people are a diverse population and it will be difficult to find one communication style or intervention to reach them all. That said, a high proportion of self-employed people express willingness to save for retirement and are open to being helped to do so. Over half (55%) say they would welcome more guidance on how to best save for retirement.

Self-employed people can regard 'retirement' and 'pensions' in a conceptually different way to people in employment. They tend to save for 'the long-term' rather than a specific age or stage of life, using a wider range of savings vehicles including savings accounts, ISAs and property, as well as pensions. There is a need to present options and messages using language that reflects these considerations.

Variability and uncertainty of income can create barriers to retirement saving for self-employed people. Flexibility and control are therefore important and there is a preference for some liquidity in savings, including those intended for long-term and retirement purposes. According to findings from this quantitative research, only 24% of self-employed people are currently saving into a pension[1]. However, 50% save into an instant access savings account and 37% save into a cash ISA (not necessarily for retirement purposes).

1 This figure is broadly in line with other research, although there is some variation in different studies depending on definition and sample. Analysis of the DWP Family Resources Survey (FRS) shows there has been a decline in pension participation in the self-employed group, from 30% in 2007/08 to 15% in 2017. assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/806513/workplace-pension-participation-and-saving-trends-2008-2018.pdf

Research by IPSOS Mori for HMRC found that 32% of self-employed people were contributing to a pension. HMRC, The drivers of saving behaviour for retirement among the self-employed – HMRC Research Report 513, 2018: gov.uk/government/publications/drivers-of-savings-behaviour-for-retirement-among-the-self-employed

The Wealth and Assets Survey found that 28% of the self-employed were contributing to a private pension (2016-18): ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/wealthingreatbritainwave5/2014to2016

There is a latent opportunity to help self-employed people reactivate old pensions. A third (34%) say they already have a private or workplace pension but are not contributing to it currently.

Around half (49%) of self-employed people say they do not separate work and personal finances. It will be important to consider personal finance touchpoints and influences, as well as more 'professional' points of contact, when thinking about how to reach self-employed people.

The top five sources self-employed people report using for guidance related to business or personal financial decisions are:

- family or friends (52%)
- HMRC or gov.uk (50%)
- people like them / peers (32%)
- accountant (29%)
- main bank (20%).[2]

It is therefore important to consider the influence of social networks, as well as more official channels, when attempting to communicate with self-employed people about planning and saving for later life.

It is clear from the qualitative research that messages that are personalised and tailored to individual circumstances are likely to have most traction. Despite this, some key principles of effective communication that seemed to cut across the diverse range of self-employed people include:

- **Focusing on the here and now**: people are keen to know what they can do now, not what they should have done in the past or what might happen in the future.
- **Emphasising control**: people are highly sensitive to anything that feels like selling and want to make up their own minds.
- **Giving the facts**: simply providing clear information and addressing common myths with facts can be effective.

In the qualitative research, the following message themes had greatest appeal to self-employed people to encourage them to save for their retirement:

- **Palatable contributions**: describing contributions as a daily rather than a monthly amount can make saving for later life feel more manageable and in reach.
- **Pension flexibility**: people assume that pensions will be rigid and rule bound – emphasising that you can pay 'what you can when you can' reassures people.
- **Tax benefits**: tax relief was highly motivating. Although self-employed people don't get an employer contribution, the 'free money' message is still powerful for pension saving.

There is a relatively high level of interest in a range of different mechanisms to facilitate saving for retirement: over half (56%) like the idea of automatically diverting a proportion of their income to saving for retirement.

2 Please note 'Family', 'Friends', 'HMRC' and 'gov.uk' were asked as separate options in the survey and have been grouped together in our analysis. For more information please see the technical report.

## Next steps

The ideas developed in this exploratory stage of work are being tested in several field-based trials, the first of which are already underway.

The message themes which were found to have the most potential to encourage self-employed people to take action to save for their retirement are being tested in two randomised controlled email trials, with preliminary findings due to be reported early in 2020.

The first trial, which began in June 2019, is with members of The Association of Independent Professionals and the Self-Employed (IPSE) who are offered a Group Personal Pension provided by Aegon. The second trial, which began in September 2019, is with self-employed Nest pension members.

In each case four different email messages are being tested to understand which is most effective in driving engagement and propensity to save:

- **Palatable contributions** 'Could you save £2.50 a day?': describing contributions as a daily rather than a monthly amount.
- **Pension flexibility** 'Flexible pension options for the self-employed': emphasising that you can pay 'what you can when you can'.
- **Tax benefits** 'A tax-free way to save for your retirement': explaining tax relief on pension contributions.
- **Loss avoidance** 'Don't miss out on pension returns': framed in terms of what they might lose. In qualitative research people responded less well to this message. However, it has previously performed well in behavioural trials, leading us to believe there may be a gap in what people say they will respond to in this research, and what they actually will respond to in a real situation. For this reason this message frame is also being taken forward for trialling.

We are also now developing two or more technology-based trials in partnership with providers of platforms used by self-employed people to manage their money.

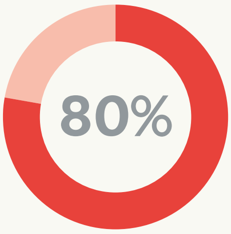
Representatives of providers of relevant services – including payment technology, accountancy and invoicing platforms, income smoothing and benefits providers, banks and industry bodies – attended a one-day innovation workshop facilitated by Mercer in March 2019. Building from the ideas generated on the day and the findings of the exploratory research reported, we are currently designing trials that will test the take-up and effectiveness of different mechanisms that allow for money to be regularly and automatically put aside for long-term saving by self-employed people. The trials will begin in early 2020 and preliminary findings will be reported by the end of next year.

# The UK self-employment context*

## Demographics

**47**

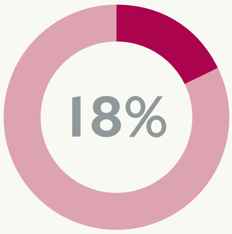
is the average age of those who are self-employed



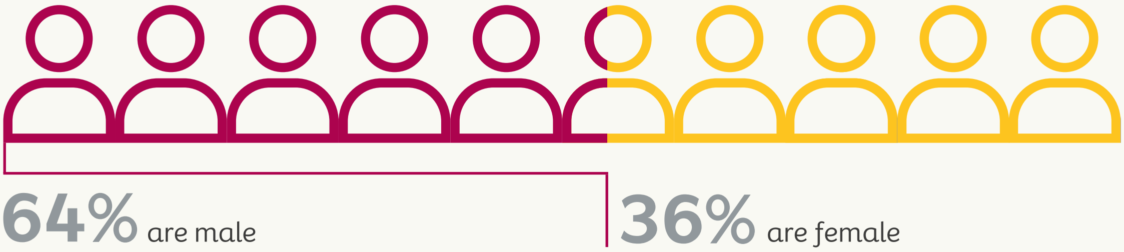

are over 35 years of age

**£24k**

is the median annual income of those who are self-employed




earn less than £10,000
(from all income sources)



**64%** are male

**36%** are female

## Work

**88%**
have been employed at some point in their working life

**84%**
say they chose to become self-employed

**1/5**
are affliated with a trade body or representative organisation

* All data in this quick read is taken from the quantitative research conducted as part of this programme of work, reported in detail from page 33 of this report.

## Money management and financial wellbeing

Only **42%**
say they have a separate current account specifically for work/business

**49%**
say they manage their business and personal finances together

**39%** find it hard to keep up with the cost of living

**31%** are unsure of when they will have money

**28%** are not confident in dealing with their work finances

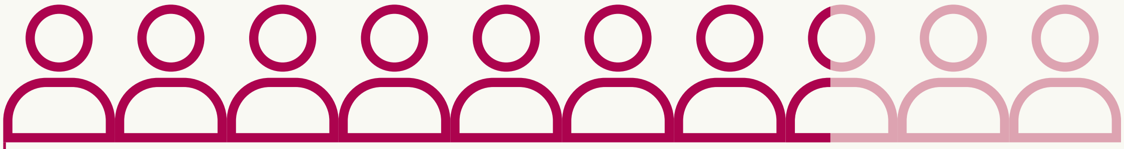
**24%**
hold no savings or investment products

**51%**
save for something every or most months

**27%**
save rarely or not at all

The quick read

# Planning and saving for later life



**74%** think it's important to put money aside for retirement

**2 in 3**
reported saving for the long term

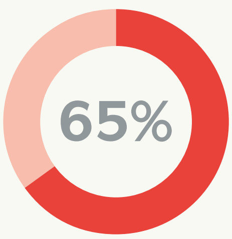
## But levels of confidence in planning for later life are quite low


**50%**
are not confident about how they will fund their retirement

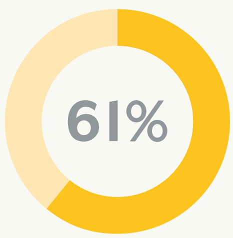
**35%**
are put off thinking about pensions because it makes them feel nervous

Only **24%**
say they currently contribute to a pension

## Perceived affordability and lack of flexibility are key barriers to pension saving




of those who don't have a pension scheme say they can't currently afford to save for retirement



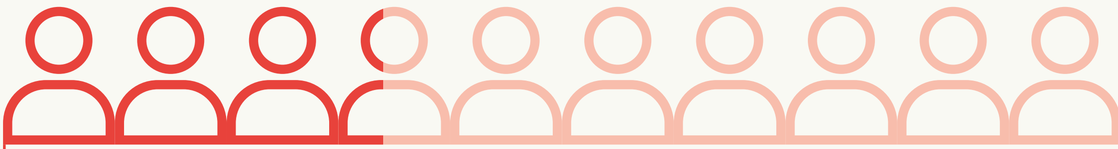

of those who don't have a pension say they're put off due to the lack of flexibility

## More liquid products are preferred to pensions:

**50%**
save into an instant access savings account (17% say they do so for retirement specifically)

**37%**
save into a cash ISA (18% say they do so for retirement specifically)

## There's an opportunity to reactivate existing pensions:



**34%** say they have a private or workplace pension but are not contributing to it currently

## A high proportion are open to help and guidance:

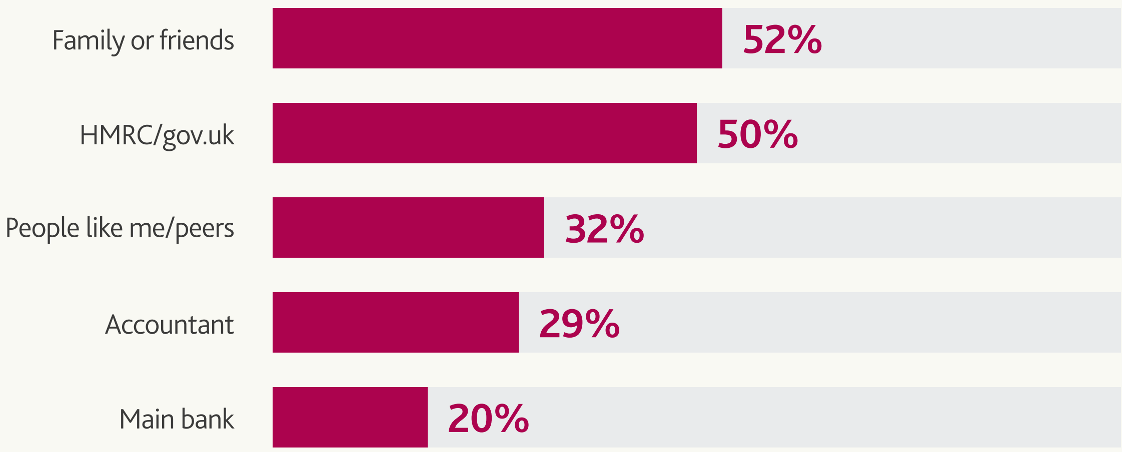
**55%**
would welcome more guidance on how to best save for retirement

**46%**
think they need encouragement to help them better plan their retirement

# Talking to self-employed people about saving for retirement

## Trusted sources

Social networks and government are most turned to about financial matters. The top five sources used for guidance related to business or personal financial decisions are:




## How to communicate

Key principles of effective communication with the diverse range of self-employed people include:

### Focus on the here and now

People are keen to know what they can do now, not what they should have done in the past or what might happen in the future

### Emphasise control

People are highly sensitive to anything that feels like selling and want to make up their own minds

### Give the facts

Simply providing clear information and addressing common myths with facts can be effective

## What to say

Messages with the potential to encourage savings behaviour include:

### Palatable contributions

**'Could you save £2.50 a day?'**

Describing contributions as a daily rather than monthly amount

### Pension flexibility

**'Flexible pension options for the self-employed'**

Emphasising that you can pay 'what you can when you can'

### Tax benefits

**'A tax free way to save for your retirement'**

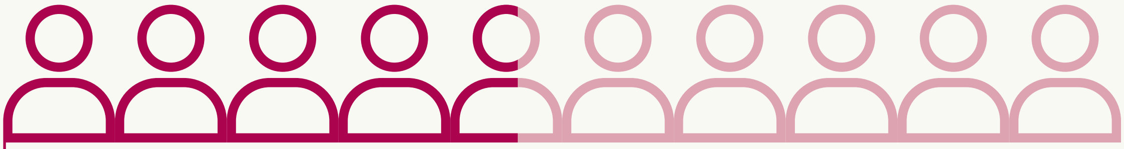
Explaining tax relief on pension contributions

### Loss frame

**'Don't miss out on pension returns'**

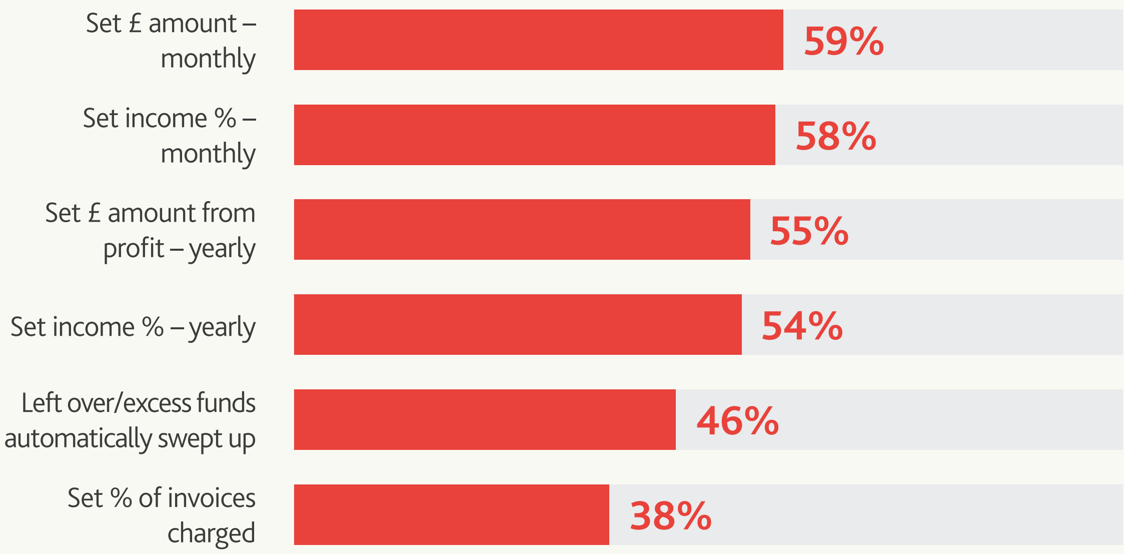
Talking about what you might lose out on by not saving in a pension

# Practical ways to help self-employed people to save



**56%** like the idea of automatically diverting a portion of their income to saving for retirement

**There were relatively high levels of interest in a range of different mechanisms to facilitate saving for retirement:**



## Points of contact: use of digital services and platforms by self-employed people

**60%**
of self-employed people say they use various digital platforms to process payments

**38%**
take cash payments

**4%**
only take cash

**27%**
use accounting and invoicing platforms. This landscape is evolving with the roll out of Making Tax Digital in the UK.

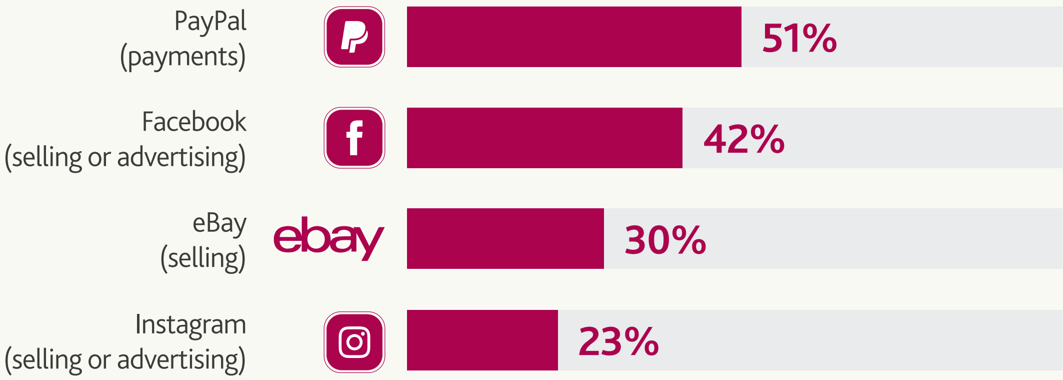
**50%**
use Excel

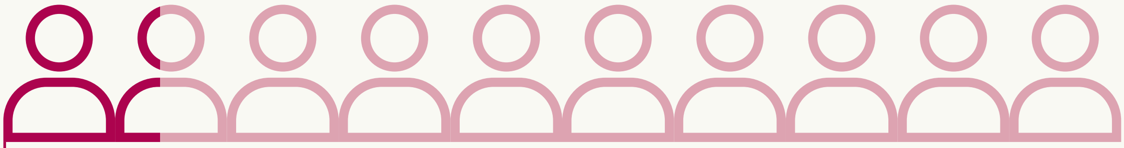
**43%**
use paper

**32%**
use an accountant

## The quick read

**Some individual platform providers have high coverage across the self-employed population:**





About **1/7** self-employed people don't currently use any platforms to:

- sell
- take payments
- advertise
- find work
- do accounting and invoicing

This group are more likely to be confident about saving for retirement and not open to guidance.

# Introduction

According to figures from the Office for National Statistics (ONS), nearly 5 million people are in some form of self-employment in the UK, out of a working population of over 32 million. To date, interventions to encourage retirement savings have tended to focus on those in formal employment. While around half of self-employed people say they have some pension wealth, only 15% are actively contributing to an occupational or personal pension compared to 73% of traditionally employed workers, and 87% of the auto enrolment-eligible population[3,4].

The 2017 Conservative Party manifesto contained a commitment to extend auto enrolment to self-employed people. The Department for Work and Pension's (DWP) Automatic Enrolment Review 2017 concluded that the current auto enrolment framework is not suitable for the self-employed as there is no employer to enrol them into a scheme. The Review recognised that due to the diversity of the self-employed population, one solution wouldn't necessarily fit all. The government committed to carry out trialling on a number of different approaches aimed at improving retirement savings for self-employed people, drawing on the learnings from the success of auto enrolment.

DWP is working with Nest Insight to develop a programme of trials to test different behavioural interventions to encourage increased long-term and retirement saving among self-employed people.

These trials are part of a broader programme of work outlined in the DWP paper 'Enabling retirement savings for self-employed people: pensions and long-term savings trials'.

This report provides a summary of the first exploratory stage of Nest Insight's programme of research into the savings attitudes and behaviours of self-employed people. The research was conducted in three parts:

1. A literature review of published evidence on what works in prompting voluntary take-up of pensions and long-term savings.
2. Qualitative exploration and development of a set of messaging concepts designed to encourage pensions saving and ideas for mechanisms that could enable saving.
3. Quantitative research to better understand the savings behaviours and interactions of self-employed people with different online platforms and to further test the appetite for different mechanisms for facilitating retirement saving.

The overarching aims of this stage of the research were to better understand the savings attitudes and behaviours of self-employed people and to identify potential ways of communicating and enabling them to save for later life. This provides a basis to refine the interventions that will be tested with self-employed people in field-based trials in later stages of the research programme.

3 This report uses 'auto enrolment' to refer to 'automatic enrolment policy' in line with the common abbreviation of the term.

4 DWP, Workplace Pension Participation and Savings Trends of Eligible Employees Official Statistics: 2008-2018. Available from: **assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/806513/workplace-pension-participation-and-saving-trends-2008-2018.pdf**. Accessed 12 September 2019

DWP, 'Pension participation at a record high but contributions cluster at minimum levels', May 2018. Available from: **ons.gov.uk/employmentandlabourmarket/peopleinwork/workplacepensions/articles/pensionparticipationatrecordhighbutcontributionsclusteratminimumlevels/2018-05-04**. Accessed 12 September 2019.

# Literature review of what works to increase pension and long-term saving

## Objectives

There is a significant body of research into what works to increase the voluntary uptake of pensions and long-term saving. Much of the existing research has not focussed on self-employed people explicitly. However, many studies are in the context of voluntary participation in pension and long-term saving, rather than auto enrolment through an employer or compulsion, and therefore offer a useful starting point for thinking about what may help to encourage self-employed people to save for retirement. The objective of the literature review phase was therefore to identify behavioural interventions to promote long-term savings among the self-employed population by addressing three key questions:

1. What has been tried?
2. What has been effective?
3. In light of the answers to the first two questions, what is likely to be effective in promoting savings among the UK self-employed?

## Methodology

The literature review was conducted in January and February 2019 by Doctor Jia Liu and Professor Daniel Houser. Existing evidence was collated, with a focus on studies which looked at demographic groups with similar challenges to saving as self-employed people. It looked at two means of increasing the voluntary uptake of pensions and long-term saving: messaging and commitment devices (mechanisms which commit people to increases in saving in the future or which facilitate saving by partitioning funds for specific purposes).

## Findings

### Messaging to provide reminders

- Reminders highlighting the financial incentive to save, the goal, and current balance can be effective in increasing pension and long-term saving[5].
- A study by Akbas et al (2016)[6] on the savings behaviour of low income self-employed people in Kenya, found that sending two reminders – a first at the beginning of the week to remind participants to make deposits, and a second at the end to inform participants of the amount saved and the current balance – more than doubled savings compared to those who did not receive a reminder.

5 Karlan, D., McConnell, M., Mullainathan, S., & Zinman, J. (2016). 'Getting to the Top of Mind: How Reminders Increase Saving'. ***Management Science***, 62(12), 3393–341.
Akbas, M., Weber, M., Ariely, D., & Robalino, D. (2016). How to help the poor save a bit: evidence from a field experiment in Kenya. IZA Discussion Paper No. 10024.
Soman, D., & Cheema, A. (2011). 'Earmarking and Partitioning: Increasing Saving by Low-Income Households'. ***Journal of Marketing Research***, 48(SPL), S14–S22. **doi.org/10.1509/jmkr.48.spl.s14**
Soman, D., & Zhao, M. (2011). 'The Fewer the Better: Number of Goals and Savings Behavior'. ***Journal of Marketing Research***, 48(6), 944–957. **doi.org/10.1509/jmr.10.0250**

6 Akbas, M., Weber, M., Ariely, D., & Robalino, D. (2016). How to help the poor save a bit.

- Other studies found that visual or physical reminders, such as a 'golden coin' or pictures of family can also be effective in increasing saving[7].
- Overall the review found that the empirical evidence on the effect of reminders on saving is limited, and that there is variation in its impact. However, strong reminder effects do exist where there is a prior preference to save.

## Messages to provide information

- The literature review found evidence that providing simple information about how to save had a positive effect on the voluntary take-up of pension saving amongst employed workers.
- A study by Goda, Manchester, & Sojourner (2014)[8] found that providing retirement income projections and simple enrolment guidance increases pension contributions amongst employed workers. Choi, Haisley, Kurkoski, & Massey (2017)[9] found that providing employed workers with short messages mentioning a savings anchor, saving threshold or savings goals also increase saving. Beshears, Choi, Laibson, & Madrian (2013)[10] found simplifying the process of saving, by for example providing pre-selected contribution rates, can also increase participation in pension saving.
- Providing information about the value of saving can also increase saving. In Clark, Maki, & Morrill's research (2014)[11], flyers which highlighted the value of making small but continuous contributions to a pension had a positive effect on pension saving amongst employed workers.

## Messaging to exert peer influence

- The review found that messages highlighting peers' savings level and progress towards goals can have a positive effective on saving.
- Kast, Meier & Pomeranz (2018)[12] explored the effects of peer influence on savings behaviour in a field trial of the low-income self-employed entrepreneurs in Chile. Participants in the trial were required to announce their savings goals publicly, which were then monitored in regular meetings. Announcing the savings goals had a positive effect both on the number of deposits and the savings balance of participants in the trial. This effect was maintained when text messages were used to exert peer influence rather than public meetings.

7 Soman, D., & Cheema, A. (2011). 'Earmarking and Partitioning

8 Goda, G. S., Manchester, C. F., & Sojourner, A. J. (2014). 'What will my account really be worth? Experimental evidence on how retirement income projections affect saving'. *Journal of Public Economics*, 119, 80–92.

9 Choi, J. J., Haisley, E., Kurkoski, J., & Massey, C. (2017). 'Small cues change savings choices'. *Journal of Economic Behavior and Organization*, 142, 378–395.

10 Beshears, J., Choi, J. J., Laibson, D., & Madrian, B. C. (2013). 'Simplification and saving'. *Journal of Economic Behavior and Organization*, 95, 130–145. **doi.org/10.1016/j.jebo.2012.03.007**

11 Clark, R. L., Maki, J. A., & Morrill, M. S. (2014). 'Can Simple Informational Nudges Increase Employee Participation in a 401(k) Plan?' *Southern Economic Journal*, 80(3), 677–701. Retrieved from **nber.org/papers/w19591**

12 Kast, F., Meier, S., & Pomeranz, D. (2018). 'Saving more in groups: Field experimental evidence from Chile'. *Journal of Development Economics*, 133(July), 275–294.

- Two further studies, by Goldin, Homonoff, & Tucker-Ray, 2017[13], and Beshears, Choi, Laibson, Madrian & Milkman, 2015[14], explored how employed workers respond to information about the pension contribution rates of their peers. They found that whilst messages emphasising peers' low rates encourage participation in pension saving, messages emphasising medium or high rates can have the opposite effect.
- This finding speaks to the potential negative effects of communicating peer information when the savings levels or goals of peers is perceived as unrealistic by those receiving the information.

## Messages to frame contributions in smaller and more frequent terms

- Hershfield, Shu, Benartzi (2019)[15] studied the effects of framing contributions in smaller and more palatable terms on behaviour.
- Among users of a savings technology app, they found that framing deposits in daily amounts as opposed to monthly amounts quadrupled the number of consumers who enrolled. Framing deposits in more granular terms reduced the participation gap between lower and higher income consumers: three times as many consumers in the highest rather than lowest income bracket participated in the program when it was framed as a $150 monthly deposit, but this difference in participation by income was eliminated when deposits were framed as $5 per day.

## Commitment devices

- Commitment devices, which commit people in advance to allocating a portion of their future salary increases towards retirement savings, can have a positive effect on savings levels.
- Thaler and Benartzi (2004)[16] tested the effects of enrolling workers into a programme called Save More Tomorrow which committed them to increasing pension contributions alongside salary increases. Their findings after four annual rises were that:
  - a high proportion of those offered the programme joined (78%)
  - the majority remained in it through the fourth pay rise (80%)
  - the average savings rate for participants increased from 3.5% to 13.6% over 40 months.
- Soft commitment devices – such as liquid savings accounts or partitioning funds – can also be useful tools for facilitating saving. Several studies show that simply providing access to savings accounts has a positive effect on savings levels for low income groups[17]. In a field trial Soman & Cheema (2011)[18] found that the process of partitioning money into two accounts – one for consumption, and another for savings – increases the sense of self-control that participants have over their finances and their ability to save, compared to when money is pooled in one account.

13 Goldin, J., Homonoff, T., & Tucker-Ray, W. (2017). 'Retirement Contribution Rate Nudges and Plan Participation: Evidence from a Field Experiment'. *American Economic Review*, 107(5), 456–61.

14 Beshears, J., Choi, J. J., Laibson, D., Madrian, B. C., & Milkman, K. L. (2015). 'The Effect of Providing Peer Information on Retirement Savings Decisions'. *The Journal of Finance*, 70(3), 1161–1201.

15 Hershfield, H. E., Shu, S., & Benartzi, S. (2019). Temporal Reframing and Participation in a Savings Program: A Field Experiment. Available at SSRN: Ssrn.Com/Abstract=3097468 or Dx.**Doi.Org/10.2139/Ssrn.3097468**.

16 Thaler, R. H., & Benartzi, S. (2004). 'Save More Tomorrow[TM]: Using Behavioral Economics to Increase Employee Saving'. *Journal of Political Economy*, 112(S1), S164–S187.

## Additional interventions

- There is also evidence in the literature that interventions such as building opt-out defaults into the tax return process or increasing financial knowledge and understanding, can increase pension and long-term savings participation[19].

## Summary and implications of the literature review

- Messages which provide reminders to make contributions to accounts and simple information about the financial benefits of saving can have a positive effect on saving. Therefore, it is important not to underestimate the importance of giving self-employed people good quality information at timely moments.
- Participation can also be increased by simplifying the process of saving, for example by providing pre-selected options for savings levels and frequency. Process simplification may be particularly relevant for self-employed people given the range of different tasks competing for their time.
- Messages which highlight peers' savings levels and progress towards goals can have a positive effect, providing that behaviour is perceived as realistic by participants.
- Messages which frame contributions as small amounts made more frequently, such as daily amounts, also had a positive effect on participation in saving.
- There is some evidence that commitment devices – such as auto escalation mechanisms – can increase saving. There is also evidence that soft commitments, such as devices which partition money for savings from other accounts, can increase saving. In the absence of the availability of payroll deductions for self-employed people, it is therefore key that the next stages of this research programme identify other touchpoints in the day-to-day lives of self-employed people where commitment devices could be built in.
- Interventions such as building opt-out defaults into the tax return process or increasing financial knowledge and understanding, can increase pension and long-term savings participation. Given the absence of an employer to automatically enrol self-employed people in pension saving, the tax return moment could provide an important opportunity to explore an alternative use of opt-out defaults for this group.

The message and intervention themes identified in this review were taken forward into qualitative exploration and development with self-employed people. This research is reported in the next chapter.

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# Qualitative exploration of messaging and other interventions

## Objectives

The literature review suggested a number of promising concepts which could increase long-term and pension savings amongst self-employed people. The purpose of this second stage qualitative research was to refine the messaging frames and other interventions which had been identified through the literature review and to identify which should be tested through the research trials in the field. We wanted to understand which messages would most strongly engage self-employed people with a range of different attitudes to savings and pensions, including those who did not already have preferences to save. In this context, the most promising interventions from the literature review were:

- providing simple information about the process and benefits of saving, including the benefit of tax relief
- exerting peer influence
- framing contributions in smaller and more frequent terms ('palatable contributions').

## Methodology

The qualitative research consisted of two phases:

- Phase One: four two-hour group discussions in London and Greater Manchester with twelve message examples and nine interventions as stimuli
- Phase Two: ten 30-minute telephone depth interviews with selected participants from Phase One. Three refined message examples were forwarded – as emails – in advance of the interviews to participants, in order to provide a more 'real world' impression of context and impact.

### The audience

All participants were all aged 26-49 and self-employed, earning between £10,000 and £30,000 a year. They were grouped according to their pension history and status: 'active' – paying in but only occasionally; 'lapsed' – had a pension but didn't pay in in 2018; or 'no pension' – had never had a pension.

Eight participants self-classified as of Black, Asian or Minority Ethnic origin, and the male:female split was 19:10.

In the follow-up interviews, six participants were lapsed pension contributors, two were active contributors and two had never had a pension.

| Group | Participants | Pension status | Age | Location |
|---|---|---|---|---|
| 1 | 7 | Lapsed | 26-35 | London |
| 2 | 7 | Active | 32-45 | London |
| 3 | 5 | No pension | 32-45 | Bolton |
| 4 | 6 | Lapsed | 36-49 | Bolton |

## Potential savings message frames

In addition to the themes highlighted in the literature review, we identified four further treatments we wished to explore, as outlined below:

1. Self-employed people tend to have more variable incomes than employed people. By opting to set up on their own, they have also to some extent expressed a preference for greater independence in their working lives. We wanted to understand whether they would respond positively to messages highlighting flexibility and control over contributions, specifically to messages which framed the contribution process as saving 'what you can, when you can'.

2. Given the effects observed elsewhere in behavioural science literature, we wanted to understand whether loss avoidance frames would increase engagement with pensions. This kind of frame would highlight the act of not saving into a pension as an opportunity cost. This could be done in two ways. The vast majority of self-employed people have at some point been employed and may well have been saving into a pension. The cost of not saving into a pension could therefore be presented against the high numbers of employed workers saving into a pension through auto enrolment, harnessing the effects of social norming. Alternatively, the opportunity cost could be described in terms of missed asset growth. This could be a fruitful approach given that over half of self-employed people have long-term savings in products such as cash ISAs, which have yielded lower returns than pensions over the last decade[20].

3. A commonly cited behavioural barrier to long-term and pension saving is the cognitive distance between the present and future self. The present self is deprived of consumption by the act of saving, while the future self will benefit from the accumulated assets only later in life. This distance, and the inability of individuals to identify with the future self, causes people to experience saving as akin to a loss. This can prevent saving, or limit it to lower levels than might be rationally expected. In a trial with low income households in rural India, Soman & Cheema (2011)[21] found that this cognitive distance can be reduced by presenting participants with a picture of their children, in whose interest they were saving. Different cultural norms apply to family relationships in the UK, but the underlying approach could still be valid in this context. By reducing cognitive distance, it may be possible to increase saving. The third theme we wished to explore was therefore whether we could reduce cognitive distance to engage self-employed people in pension saving, by describing what their financial future may be like.

20 HMRC, The drivers of saving behaviour for retirement among the self-employed.

21 Soman, D., & Cheema, A. (2011). Earmarking and Partitioning.

4. Finally, some pension schemes, including Nest, offer a single pot for life. Members continue to save in the same pot regardless of which employer is paying in. They can also continue to use it when they are self-employed. As many self-employed people may have pension assets from periods of employment, we wanted to explore whether highlighting the simplicity of re-starting old pension pots could increase engagement.

Drawing from the literature review and the four themes highlighted above we developed 13 messages to test in qualitative research with self-employed people. These are described in the table below (please see the accompanying technical report for the full text of the messages).

| Message title | Message content | Message theme |
|---|---|---|
| 1. **Pension flexibility for self-employed people** | Highlighting that self-employed people need not make regular contributions to a pension: contributions can be made as and when they are affordable | Flexibility and control |
| 2. **Your self-employed pension: contribute what you can.** | Highlighting that pension contributions can be made when they suit self-employed people, and do not have to be made at fixed time points | Flexibility and control |
| 3. **Future security for a cup of coffee** | Framing contributions in small amounts of £2.50 made daily, and showing how these could contribute to a retirement pot over a longer period | Framing contributions in small and frequent terms |
| 4. **Tax relief on pension contributions for self-employed people** | Highlighting the tax-efficiency of pension saving, providing a simple example | Information: tax incentives to save |
| 5. **Busting some pensions myths for self-employed people** | Addressing some common misconceptions about the process and benefits of saving into a pension | Information: myth-busting misconceptions |
| 6. **Don't get left behind (1/2)** | Framing not contributing to a pension as a significant opportunity cost, contrasting that to the majority of employed workers who are saving for retirement, and framing contributions in small daily amounts of £2.50 | Loss avoidance/social norming/palatable contributions |
| 7. **Don't get left behind (2/2)** | Framing not contributing as an opportunity cost, describing the process as easy, and framing contributions in small daily amounts of £2.50 | Loss avoidance/ palatable contributions |
| 8. **Don't keep missing out** | Framing not contributing as an opportunity cost, by showing the investment growth of a £1,000 pension pot since 2012 | Loss avoidance |
| 9. **Pensions – don't miss out on market leading returns** | Framing not contributing as an opportunity cost, and comparing historic investment performance of a cash ISA against historic pensions performance | Loss avoidance |
| 10. **How can you keep up your earnings in later life?** | Describing what the financial future may be like for a self-employed person when they stop working, to reduce the psychological distance between the present and the future | Reducing cognitive distance between present and future self |
| 11. **Are you saving enough for your retirement?** | Describing how someone might like to enjoy their life when they stop working, to reduce the psychological distance between the present and the future | Reducing cognitive distance between present and future self |
| 12. **Pensions for self-employed people: the door is open** | Highlighting that pension contributions do not have to cease when people transition from employment to self-employment, and that with Nest, savers have a single pot-for-life | One pot-for-life |
| 13. **Your retirement fund: the time is now** | Highlighting that it is not too late to start saving for a pension, that the majority of the self-employed are not saving, and that it is possible to build a pot with a contribution of £5 a day | Social norming/ palatable contributions |

## Findings

### Message tone, language and voice

**Messages need to cut through both work and personal information overload**

The self-employed people we interviewed did not usually have separate work and personal emails and were often balancing competing demands for their attention. For anything that did not feel immediately relevant, the standard response was to defer and/or delete. This meant that for messages to engage and cut through, they had to quickly demonstrate relevance and interest. 'Salesy' language tended to disengage, as did content that could not be easily viewed on a mobile device.

Although responses to tone, language and voice do vary according to individual preference, some common themes emerged:

- **Referencing pensions for self-employed people is a good start**

  Opening up and tailoring the conversation – 'pensions for self-employed people' – was a good start for many. It suggested something personalised and focused rather than something generic, which would be more likely to be relevant for employed people. For those who had had a pension previously but didn't pay in in 2018 (grouped as 'Lapsers' for the purpose of this element of the research), it introduces a topic that may have been of keen interest but possibly had not been prioritised. This was also true of some that have never had a pension.

- **Suspicion of the unsolicited can be diluted with an official voice**

  Fears of pension scams or mis-selling were reasonably prevalent amongst the group and distrust in unsolicited messages about pensions was quite high. The self-employed people we interviewed were more likely to take notice of something that comes from an official source, especially if from a government or an affiliated agency (several mentioned .gov.uk in this context).

- **A belief that saving for retirement is probably a good thing provides a foundation to build from**

  Most people did not need much convincing that retirement saving is something they should be doing. There was general recognition about the need to think about retirement plans, and that saving for retirement is becoming a societal norm. It is possible that a reminder of the benefits of a pension may be useful in messaging, but the responses we received suggest that it need not be too involved.

- **Information about contributions was more salient than information on returns**

  Of main concern was the ability to make contributions and retain control, with flexibility built into the system and without obligation to make a consistent contribution month-in, month-out. It was also important to make saving feel accessible. The concept of contributing £2.50 a day worked well as the amount was considered manageable and engaging by the group. Solutions which provided easy ways to set up or reactivate a pension were also well received.

  Messages which communicated potential investment returns were not found to be as appealing as they are caveated and potentially complex. However, a simple comparison with returns on ISAs did act as a reminder of the financial benefits of a pension.

- **High sensitivity to anything that feels like selling**

  There was a high degree of sensitivity to marketing language in the messages we tested. Language that gave a sense that it was selling the idea of retirement saving had the potential to be considered patronising or disengaging.

- **Tailoring tone and language to an individual's context increases engagement**

  We observed a difference in preferences for the tone of messages, depending on familiarity with pension saving. Those more distant from pensions tended to respond best to direct language, from a source that they felt they could trust. They tended to reject messages that felt like sales, and preferred concise messages containing factual information. People actively contributing to a pension, and those that had lapsed but were familiar with retirement savings, placed a higher premium on warmth of tone and mature peer-to-peer delivery as long as it didn't slip too far towards friendly conversation. There was significant push-back against overt selling, but openness to being nudged and pointed in the right direction. This range of preferences suggests messages should ideally be tailored to different audiences depending on level of experience and behavioural context.

## Messaging content

Some principles for message content emerged consistently and across all audiences:

**1. Focus on the here and now**

A clear preference in the framing of messaging was focusing on what could be done today – not what they should have done in the past or what might happen in the future. This was felt by some to fit with a self-employed mindset of dealing with day-to-day issues. There was thought to be little value in focusing on what has been missed out on, especially if there was a feeling of financial inability to have saved in the past. Focus on future benefits was felt by many to be too heavily caveated with qualifiers to be meaningful.

**2. Emphasise control**

Risks and possible negative outcomes weighed heavily. Self-employed people needed to be reassured that they can contribute flexibly, and they assume that this is not possible with a pension.

**3. Give the facts**

Providing clear information about pension saving and myth-busting commonly held misconceptions was well received and helped to address some of the concerns some had around pension saving. A matter-of-fact tone was preferred in the delivery of all information.

The following message themes had greatest appeal to self-employed people to prompt them to consider saving for their retirement:

- **Palatable contributions:** describing contributions as a daily rather than a monthly amount can make saving for later life feel more accessible. The idea of a £2.50 daily contribution felt manageable and engaging, and made saving feel more in reach to some who had previously felt it was not for them.

- **Pension flexibility:** people assume that pensions will be rigid and rule-bound; emphasising that you can pay 'what you can when you can' reassures people.
- **Tax benefits:** tax relief was highly motivating and giving an example of what this means in practice, framed around a £100 sum, was easily understood and engaging. Tax relief had high resonance – perhaps higher than it would with an employed audience given a possibly greater general awareness of tax and tax relief amongst self-employed people. In the absence of employer contributions, the 'free money' from tax relief is still a powerful benefit of saving, and some respondents felt 'getting something back from government' was additionally motivating.

In contrast, the less preferred messages were those that:

- framed the act of not saving into a pension as an opportunity cost
- presented pensions against other savings vehicles like cash ISAs
- emphasised missed investment returns over an historic period.

Most people stated that they were turned off by the negativity of any message around what you have missed out on (the loss frames). However, the negative responses to the loss frame messages suggest that it could have high salience – people may not like the message, but it could attract their attention and potentially still drive them to act.

## Potential savings mechanisms

In addition to message frames, we explored other types of intervention to enable saving that were highlighted in the literature review and in previous work. We identified nine savings mechanism ideas to qualitatively explore with self-employed people. These were presented along with a short description of how the intervention could work in practice, as outlined in the table on the next page. Please see the accompanying technical report for the full descriptions of the mechanisms presented to the group.

| Intervention | Description of intervention |
|---|---|
| 1. 'Set and forget' mechanisms | You can set up a regular pension contribution though your payment provider or invoicing or accounting software. Once you've set it up, money will go into your pension whenever you are paid without you having to think about it (and you have the peace of mind that you won't be paying in when the money isn't coming in). |
| 2. Saving when you know your income for the year | When you do an annual tax return there is a prompt asking if you would like to make a contribution to a pension pot for this financial year. The return calculates the additional tax relief you get on your contribution and adds this for you. It allows you to enter and save your pension account details so that you can make a payment to your pension again easily next year if you want to. |
| 3. Combining short-term and pension saving with a sidecar account | You can choose to use a savings product that has three jars:<br>1. An emergency savings jar (an instant access savings account)<br>2. A higher interest savings jar (an account in which your money grows more but is locked away for e.g. 2 years)<br>3. A retirement jar (a pension pot which you can access when you are 55 or later).<br>You set up a regular contribution payment into your jars. At first you fill up your emergency jar until you reach a cap you have set (e.g. £500). Next you start to fill up your higher interest savings jar. Then, as that jar gets to a target amount you have set, some of your money also starts going into your retirement jar. If you need to use the money from your emergency jar then your contributions start to go back into that jar until it is filled up again. |
| 4. Piggy backing on monthly payments: adding an extra bit to existing direct debits | At the time when you first set up a monthly payment (for example for insurance, a vehicle service plan or a co-working space) you are given the choice of adding a little on top each month which would go into a pension pot nominated by you. |
| 5. Auto-payments from your bank account | Your bank account helps you automatically put aside small amounts of money on a regular basis into your pension pot. For example:<br>• Whenever you make a purchase, your bank rounds the amount up to the nearest pound and automatically adds the difference to your nominated pension pot (like putting your 'small change' in a retirement jar).<br>• You can also choose to make a 'rollover' payment into your pension pot when your balance goes over a certain amount – this might mean that you decide to put £50 in your pension every time your balance goes over £2000. |
| 6. Autosave from every job you do | If you use a platform to find work or get jobs, that platform would automatically sign you up to start saving. For example, this might mean that an Uber driver would automatically contribute 5p from every £1 in fares they take into their savings. |
| 7. Use what you have already: continue saving into your own pension pot | If you have previously been employed and have a workplace pension scheme set up, you can take your pot with you when you start working for yourself. And, there is a 'find a pension' service to help you track down any past pensions you've lost track of. |
| 8. Bringing it together: saving from all your sources of income | If you are both self-employed and employed at the same time, or if you have multiple jobs, you can contribute to your pension pot from your different sources of earnings. |
| 9. The set-up work is done for you: a pension scheme ready and waiting for you, chosen by an organisation that knows your needs | You are invited to join a pension scheme that has already been chosen and set up by the organisation that represents you.<br>This could be your trade body (e.g. the National Hairdressers Federation or the Association of Plumbing and Heating Contractors), your union (e.g. Community, the union for freelancers and self-employed people, or Equity, the union for creative practitioners), or your local business network. |

The mechanisms that had the greatest appeal were as follows:

- **'Set and forget' mechanisms:** these captured the idea of saving little and often, but with greater flexibility to irregular and unpredictable incomes than is currently possible in retirement saving for most self-employed people. The fact that contributions would only be made in proportion to money coming in, rather than at a fixed, regular amount, had high appeal.
- **Saving at the point when income was known for the year:** The group liked the simplicity of only having to consider retirement saving once a year. However, a number questioned whether they would be likely to actually get around to contributing in this context or have the funds available at that point when they were also completing their annual tax return.
- **Combining short-term, more liquid savings with retirement saving:** This was positively received, although it was perceived as potentially complex. Care would have to be taken presenting this approach to self-employed people.

In addition, ideas that were felt to make things easier and remove some of the friction to getting started or resuming saving for later life were well received. Finding, reactivating and using an existing pension pot, the option to make contributions from all income from different sources into one pot and having the set-up work done for you by a trusted body were all positively received.

Interventions such as 'Piggy backing on monthly payments' and 'Auto payments from your bank account' tended to be viewed less positively because they were seen to take away control. Concerns were also articulated about any intervention which was felt to:

- mean making too many decisions, too often
- create more paperwork, be disjointed or hard to track, or require input from an accountant
- be too complicated or difficult to understand.

## Summary and implications of the qualitative research

- Messages that are personalised and tailored to individual circumstances are likely to have most traction, given the variety of different starting points in this audience.
- Some key principles of effective communication cut across the diverse range of self-employed people:
  - **Focusing on the here and now:** people are keen to know what they can do now, not what they should have done in the past or what might happen in the future.
  - **Emphasising control:** people are highly sensitive to anything that feels like selling and want to make up their own minds.
  - **Giving the facts:** simply providing clear information and addressing common myths with facts can be effective.
- The following message themes had greatest appeal to self-employed people to encourage them to save for their retirement:
  - **Palatable contributions:** describing contributions as a daily rather than a monthly amount can make saving for later life feel more manageable and in reach.
  - **Pension flexibility:** people assume that pensions will be rigid and rule-bound; emphasising that you can pay 'what you can when you can' reassures people.

- **Tax benefits:** tax relief was highly motivating. Although self-employed people don't get an employer contribution, the 'free money' message is still powerful for pension saving.

In addition, although messages framing what you could be losing out on by not saving (loss avoidance frames) provoke a negative reaction, the strength of this reaction suggests that it would also be worth exploring the effectiveness of this kind of message in a real-life setting to see whether that strength of feeling could drive behavioural change. The three message themes that tested well, plus a loss avoidance frame, will therefore be taken forward for further testing in email-based messaging trials with self-employed people in the next stage of this research programme.

- Timely provision of salient information is important, but it is clearly not the only component in the mix of interventions that could encourage higher retirement savings participation amongst self-employed people. Behavioural barriers to saving were more dominant than attitudinal barriers, suggesting that without supporting interventions that make it structurally easier for self-employed people to save, even the most effectively-delivered messages will struggle to drive changes in behaviour.

- The behavioural interventions which seem to have most potential coming out of this phase of qualitative research are those that facilitate saving regularly in a way that is responsive to the irregular and uncertain income experienced by many self-employed people. It is important that any intervention to facilitate saving gives flexibility and control whilst also making it easy for self-employed people to 'set and forget' retirement saving contributions. The current options open to self-employed people are therefore not suited to their context – making a regular fixed monthly contribution doesn't allow for income uncertainty, and making ad hoc one-off contributions creates an inhibiting cognitive and administrative burden.

- The most promising interventions emerging from this phase of research are therefore:

  - **'Set and forget' mechanisms** where contributions are only made in proportion to money coming in, rather than at a fixed, regular amount, potentially administered through a payment provider or invoicing or accountancy software.

  - **Saving at the point when income is known,** potentially annually in line with the tax return process.

  - **Combining short-term, more liquid savings with retirement saving** so that some money remains accessible in the shorter term.

# Quantitative research into the savings behaviours and service platform interactions of self-employed people

## Objectives

The aim of the quantitative research was to better understand self-employed people's savings behaviours and interactions with different online platforms and to further test the appetite for different mechanisms for facilitating retirement saving. We wanted to understand:

1. The platforms, services and information sources that self-employed people use for different purposes such as taking payments for the goods or services they sell.
2. The financial products, services and channels used to manage finances.
3. How usage of products, services and channels varies by different segments of self-employed people.
4. How open self-employed people are to different mechanisms for saving.

## Methodology

The research was undertaken through an online self-completed survey of individuals who consider themselves to be self-employed. 2,013 self-employed people were surveyed during May and June 2019. Data was weighted across variables including full/part-time employment, gender, age, and whether the respondent was freelance or employs others, to ensure a representative spread of responses[22].

Alongside the online survey, a face-to-face nationally representative survey ran in parallel with a shorter set of questions to measure usage of platforms and information sources among the general public (with a focus on self-employed people). Ipsos MORI interviewed a sample of 817 self-employed adults using their Capibus face-to-face omnibus in May and June 2019.

This allowed us to check for any digital skew in the platform usage reported in the online survey. Where relevant in this report we compare the online results with the face-to-face results.

A broader definition of self-employment was used to understand how the savings attitudes and behaviours of segments within the self-employed population differed depending on working patterns. The survey defined self-employed people as those who:

- Consider themselves to be one or more of 'self-employed', 'run their own business' or 'work for themselves'.
- May be employed at the same time, but must earn less than £50,000 per annum from this employment before any deductions.
- Have an income from self-employment that accounts for at least 10% of their total personal annual income before deductions.

Of those surveyed:

- Most (86%) consider themselves 'self-employed'.
- One in five (18%) said they run their own business while 12% work for themselves, and 7% described themselves as a contractor/freelancer.

22 Data were weighted to a nationally representative profile of the UK self-employed workforce. This profile was determined using the Labour Force Survey and IPSE analysis of the sector. See technical report for more details.

- On average, income from self-employment accounted for around 82 % of their total personal annual income before any deductions.

For more detail on the methodology and the survey questionnaire please see the technical report.

## Findings

### The demographic profile of self-employed people

The overall demographic profile of self-employed people within the survey was similar to that reported by other research, with a slight skew towards higher levels of higher education.

- Two thirds were male and a third female, similar to research by HMRC[23] and the ONS Wealth and Assets Survey[24], where 67% of the self-employed were male.
- The average age was 47 years old, as was reported by DWP[25]. Around one fifth were under 35.
- The median annual income was £24,000. 18% earn less than £10,000 (from all sources of income).
- 37% had a higher education degree, slightly higher than the quarter of people in research by HMRC[26] and the third reported in the ONS Wealth and Assets Survey[27].

### Self-employment context

Most self-employed people (88%) have previously been employed. This means increasingly self-employed people will have been automatically enrolled into a workplace pension at some point in their working lives.

The majority (80%) are satisfied with their work and most (84%) chose to become self-employed.

Just under two-thirds (63%) are self-employed full-time (more than 29 hours per week), with 37% self-employed part-time.

Only 19% are affiliated with a trade body or a representative organisation. Those who are members are similar demographically to non-members, however, they are attitudinally and behaviourally more confident when it comes to pensions. This suggests they are less in need of guidance when it comes to saving for retirement.

### Financial outlook and savings

Self-employed people tend to feel in control of their financial future, with 86% reporting that they feel they can influence their financial situation and over two thirds already using financial products to save for the long-term.

There was significant overlap between the products that self-employed people use to manage work and personal finances in the survey. 49% manage the finances related to their personal lives and self-employed work together. Those with lower incomes are less likely to separate work and personal finances.

Around three quarters (76%) of self-employed people have some form of savings or investments, and 68% are using them to save money for the long-term. This points to a conceptual difference in the way self-employed people regard pensions and retirement compared to employed people. They tend to save for the long-term rather than a specific age or period of life, using a wide range of savings vehicles.

23 HMRC, The drivers of saving behaviour for retirement among the self-employed (2018).

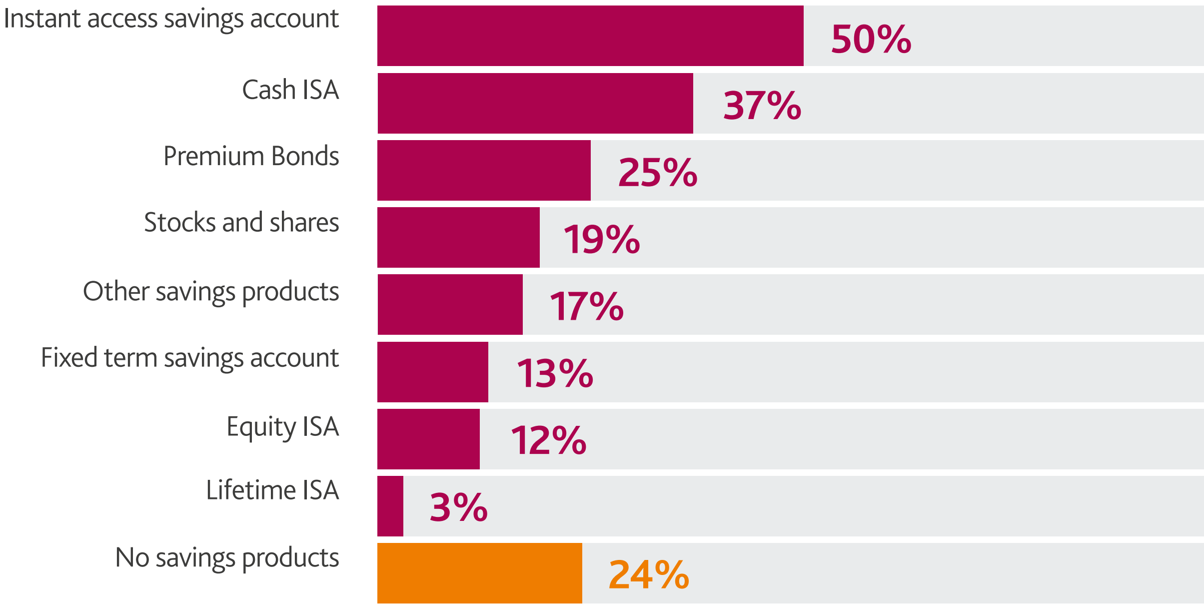
24 ONS, Wealth and Assets Survey Wave 4 2012-2014. Available from: **gov.uk/government/statistics/wealth-in-great-britain-wave-4-2012-to-2014**. Accessed 12 September 2019.

25 DWP, Workplace Pension Participation and Savings Trends of Eligible Employees Official Statistics: 2008-2018.

26 HMRC, The drivers of saving behaviour for retirement among the self-employed (2018).

27 ONS, Wealth and Assets Survey Wave 4 2012-2014.

Savings and investment products currently held:




QB6. Which, if any, of the following types of savings or investments do you have? Base: All respondents (2013)

Around half of self-employed people (51%) save every or most months, with 21% saving some months but not others. Only 28% save rarely, never, or are not sure how often they save.

## Current retirement saving attitudes and behaviours

A majority of self-employed people (74%) think that it is important to save for retirement. However, variability and uncertainty of income and affordability create barriers to saving:

**48%**

are put off pensions because they feel they would not be able to easily access their savings if they needed to

**49%**

say that they cannot afford to save for retirement, rising to 65% amongst those who do not hold a pension

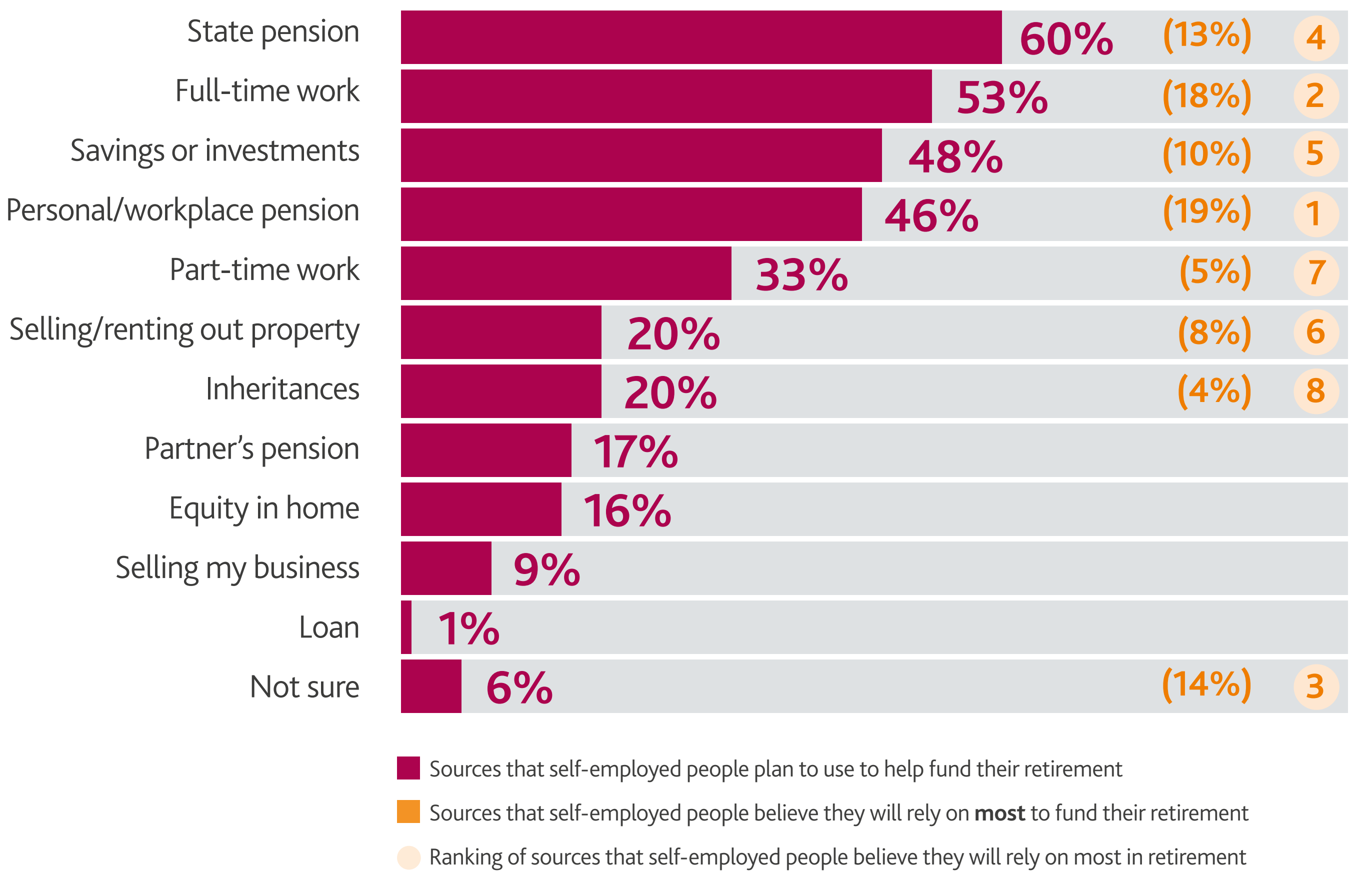
Half of self-employed people are fairly confident about how they will fund their retirement. The other half who were less confident are also less likely to hold retirement savings products. They are more likely to work in the arts and retail sectors, to be under 35, female and have an income of under £20,000 a year.

A lack of confidence in retirement plans can, in itself, be a barrier to saving. 35% reported being put off thinking about pensions because it makes them feel nervous.

## Planned sources of retirement funding

When asked what sources they will use to fund their retirement, the State Pension is the most cited source by 60% of self-employed people. 53% say they will continue to work full-time to fund their retirement (slightly higher among those who hold pensions) with a further 33% saying they will work at least part-time. Savings and investments and a personal or workplace pension were cited by similar proportions of people (at 48% and 46%).

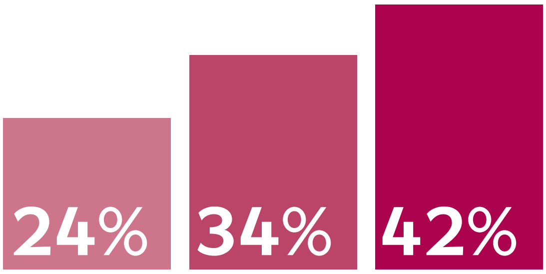
Given that around half of self-employed people mix personal and business finances, and are likely to save for the long-term rather than retirement specifically, it is possible that competing priorities mean that the aspiration to use savings or investments to finance retirement may not be born out. The high proportion of self-employed people who are planning to continue working to fund their retirement may also be a cause for concern in some, but not all cases.




QC8. Looking ahead, which, if any of these, do you plan to use to help fund your retirement? QC9b. And which one will you be most reliant on / which one will contribute the most of your retirement income? Base: All respondents (2013)

## Pensions currently held

58% of self-employed people reported holding a pension, but only 24% said they were currently contributing.




Have a private/ workplace pension and contributing | Have a private/ workplace pension but not contributing | Don't have a private/ workplace pension

QC5. Do you currently hold either of the following types of pension, regardless of whether you are paying into them or not?
QC6. And are you currently contributing / paying into...? Base: All respondents (2013)

There may be an opportunity to support the 34% who hold a pension but are not currently contributing, to reactivate existing pensions as a means for saving for retirement (though it will be important to understand why they have stopped contributing to know the true viability of this). However, this group is more financially confident and confident in their retirement plans than those who don't have any pension – see table below. Helping people who don't have any pension in place at all to get started with pension saving is therefore potentially also both a greater challenge and opportunity.

### Comparison of those who have a pension but are not currently contributing with those who don't have a pension

| Have a private/workplace pension but not contributing | Don't have a private/workplace pension |
|---|---|
| More likely to be men | More likely to be women |
| 55 years old or older | Under 44 years old |
| Professional services, banking | Arts, construction, hair and beauty, retail |
| Pension/property endorsers | Irregular earners |
| Median income: £25,000 pa | Median income: £18,600 pa |
| Confident in dealing with business finances and manage them separately from personal finances | Less confident in dealing with business finances and manage them together with personal finances |
| Generally quite financially savvy | Need more help, 28% need help understanding official forms |
| How they plan to fund their retirement:<br>• Continue working: 52%<br>• State pension: 74%<br>• Savings and investments: 52%<br>• Private/workplace pension: 68%<br>59% are confident about how they will provide for themselves in retirement | • Continue working: 57%<br>• State pension: 45%<br>• Savings and investments: 37%<br>• Private/workplace pension: 10%<br>31% are confident about how they will provide for themselves in retirement |

## Openness to saving for retirement

Over half (55%) of self-employed people would like more guidance on how best to save for retirement. Amongst these people:

- Significantly fewer are confident about how they will fund their retirement compared to the average (46% vs 55% on average).
- More agree that they need encouragement to save (70% vs 16% on average).
- 27% report that they need help understanding official forms, compared to 15% of self-employed people on average.
- Higher levels report finding it hard to keep up with the cost of living (45% compared to 32% on average).

With over half of self-employed people expressing a willingness to receive guidance to support them to save for retirement, we wanted to understand their need for support and to consider how best to target interventions amongst different segments of the self-employed population in future stages of the research programme.

We cross-referenced openness to guidance against confidence in financing retirement, to develop four typologies of the self-employed people. These were as follows:

1. **Not confident and open:** a key target for messaging, communications and mechanisms to support them to save for retirement.
2. **Confident and open:** given higher confidence levels, potentially a good group for trialling new solutions with as they may be more open to new retirement saving ideas.
3. **Confident and not open:** potentially a lower priority group but important to understand who they are and their actual (rather than stated) needs in terms of retirement saving.
4. **Not confident and not open:** require help but don't think they need to think about retirement just yet. Turn to friends and family for financial advice.

These four typologies have different profiles, as described by the following table.

**These four typologies have different profiles, as described by the following table.**

| Not confident and open (31%) | Confident and open (24%) |
|---|---|
| • The youngest segment: half are between 25-44 years old<br>• Equal gender split<br>• More likely to work in arts, retail<br>• Less likely to work in professional services<br>• Worry about the future<br>• Want to grow their business<br>• Cashflow is an issue for them<br>• Most risk averse of the four segments<br>• 56% don't have a private/workplace pension<br>• Most likely to say they will continue to work to fund their retirement<br>• 72% feel they cannot afford to save for retirement<br>• 59% put off thinking about it because they are nervous | • Half are between 35-54 years old<br>• Representative gender profile<br>• More likely to work in automotive<br>• Higher proportions work in professional services, arts, educations (though on par with average)<br>• Very financially savvy<br>• Keep business and personal finance separate<br>• Have growth plans for their business<br>• Less aversion to risk and keen on innovative ways to manage their money and business<br>• 70% have a private/workplace pension and 40% overall are contributing<br>• Most likely to rely on their private/workplace pension as well as savings and investments to fund their retirement |
| **Not confident and not open (20%)** | **Confident and not open (26%)** |
| • Spread of age groups with a slight skew towards the middle age groups (35-54)<br>• Representative gender profile<br>• Likely to work in retail or arts<br>• Feel confident about managing their business finances<br>• Cashflow is a bit of a problem for them<br>• But they're more likely to say they prefer to spend rather than save money<br>• 58% don't have a private/workplace pension<br>• Most likely to be unsure about how they will fund their retirement – most likely because they haven't thought about it<br>• 68% feel they cannot afford to save for retirement | • The closest to retirement age: half are over 55 years old<br>• Male skew<br>• More likely to work in professional services<br>• Less likely to work in arts or retail<br>• Financially savvy<br>• Totally in control of their business and the work they do<br>• Appear to be set in their ways (less keen on innovation), but not averse to risk<br>• 77% have a private/workplace pension and 27% overall are contributing (50% overall are not)<br>• Most likely to rely on their private/workplace pension and the state pension to fund their retirement |

These typologies can help us to better understand the landscape into which interventions to facilitate retirement saving might be introduced. Nearly a third of self-employed people are not confident in their retirement plans and are at the same time open to help. There is a further fifth of self-employed people who are not confident but not open to help – this group will clearly be harder to reach. Affordability is a key barrier for both groups. A further quarter of self-employed people are already confident in their plans but still open to help.

## Channels and sources of information

53% of self-employed people use desktop or laptop computers and 40% use mobile apps (e.g. on smartphones or tablets) to manage their business finances. This compares to 60% using desktop or laptop computers to manage their personal finances, and 51% using mobile apps. Relatively high usage of digital channels suggest that this is likely to be an important way of reaching and interacting with the self-employed.

Usage of information sources varied according to age and experience. Younger people tend to choose trusted informal sources of information such as people that they know, whilst older, more experienced self-employed people choose more official sources of information such as HMRC or the government website.

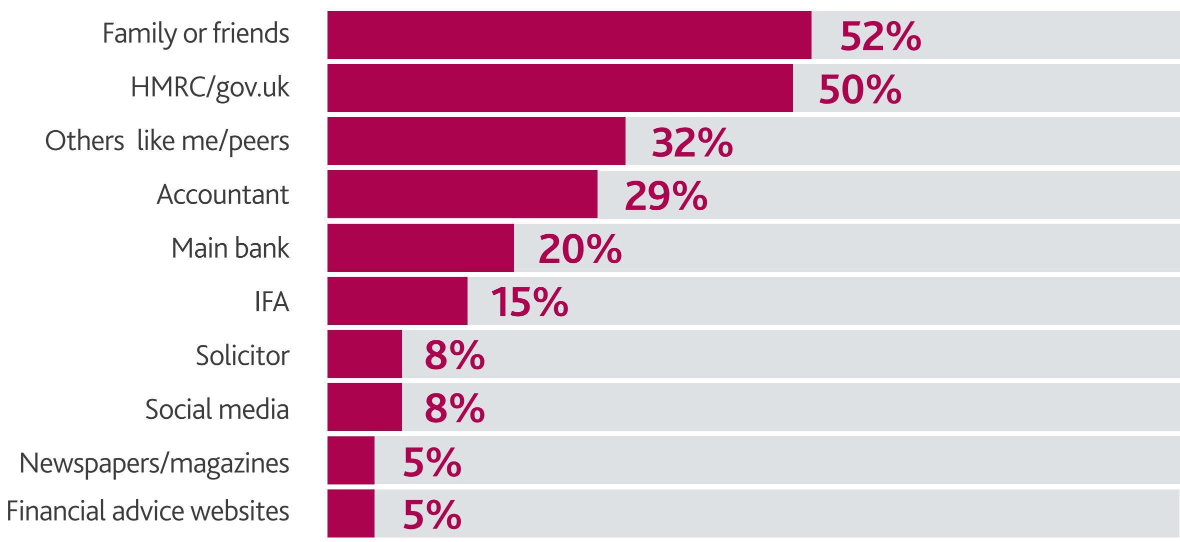
- For those under 35, family and friends were the first port of call for information (73% of self-employed people under 35)
- HMRC or the government website were the most used amongst those aged 55 and over (43%).

The top 10 sources of information are displayed below.

Given that there are high numbers of self-employed people who manage their personal and business finances together, it is likely that channelling information to sources which are used for both purposes will be important in providing retirement guidance.

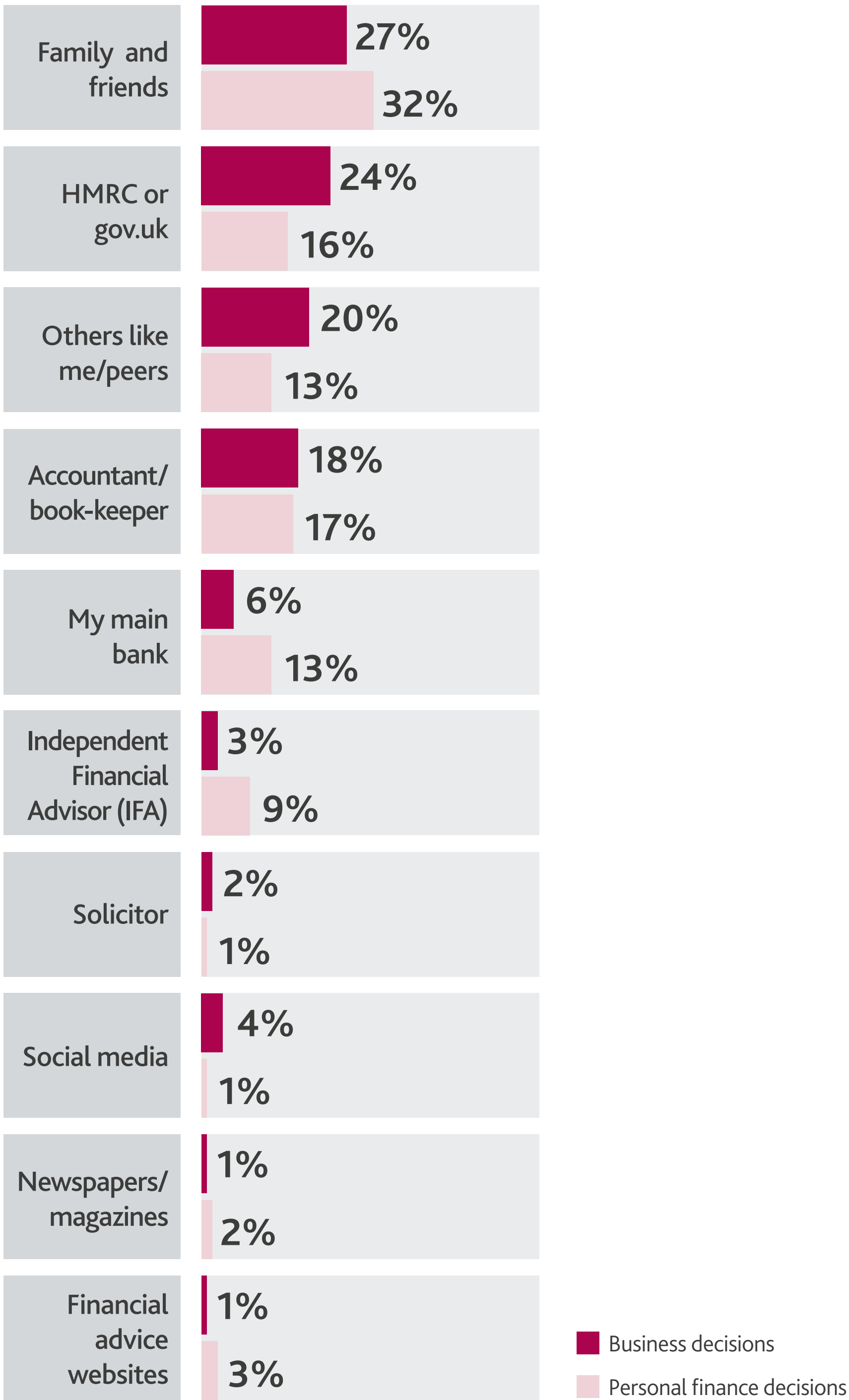
The sources that are more likely to be used to support personal financial decision making may be effective in helping to get people thinking about their financial future, whilst sources used for business decision making could help support the self-employed to think about how their working setup could be used to help them save for their retirement.

**Top 10 sources of information used for guidance related to business or personal finance decisions**



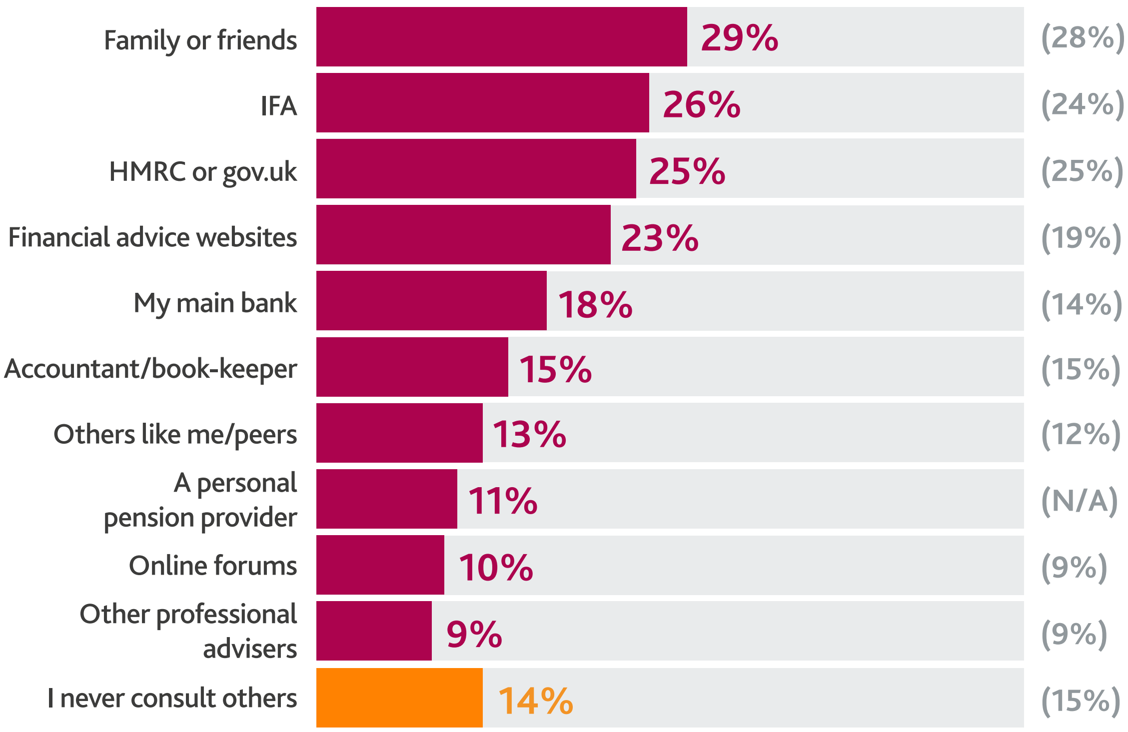

QA1. Thinking about any decisions you make about work or money, which of the following have you ever looked to for information or guidance? Base: All respondents (2013)

### Sources of guidance and information for business or personal financial decisions




QA2a. And which of these do you look to most when it comes to running your business / being self-employed? QA2b. And which of these do you look to most when it comes to your personal finances? Base: All respondents (2013)

**Sources most likely to be used to access information about retirement by self-employed people (with results from the face-to-face omnibus survey in brackets)**




QC10. Which, if any, of the following would you be most likely to go to in order to obtain information on how to best save for your retirement? Base: All respondents (2013). Omnibus (817)

The importance of family and friends is also reflected in the sources of information that self-employed people state they would use to access information about retirement specifically (rather than personal or business finance matters more generally) – see the above graph. The bars denote responses from the online survey, whilst the percentage figures in brackets are the responses received from the face-to-face omnibus survey.

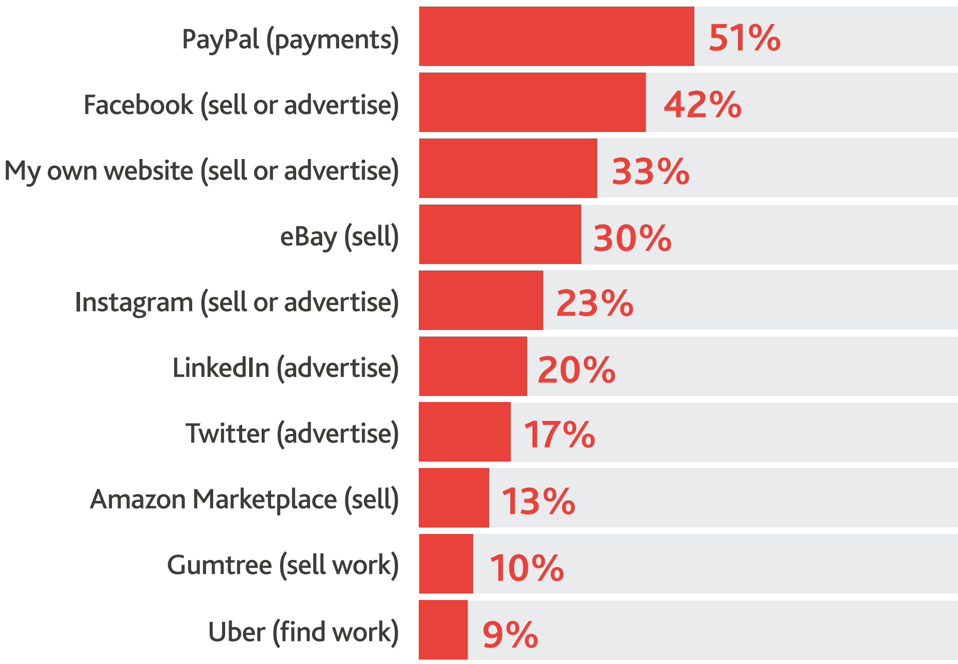
The sources of information most likely to be used to access information about retirement saving are broadly consistent with those used to support personal financial decision making, but with financial advice websites (such as Money Saving Expert) coming through more strongly. This suggests that messages about retirement saving may have to be framed in the context of the personal benefits of saving for retirement, rather than as part of business financial decision-making.

Although the main survey was conducted online and therefore we could have seen a bias towards those more likely to use online channels for information, the findings from the face-to-face omnibus were similar here, providing reassurance that this is not the case.

## The services and platforms used by self-employed people

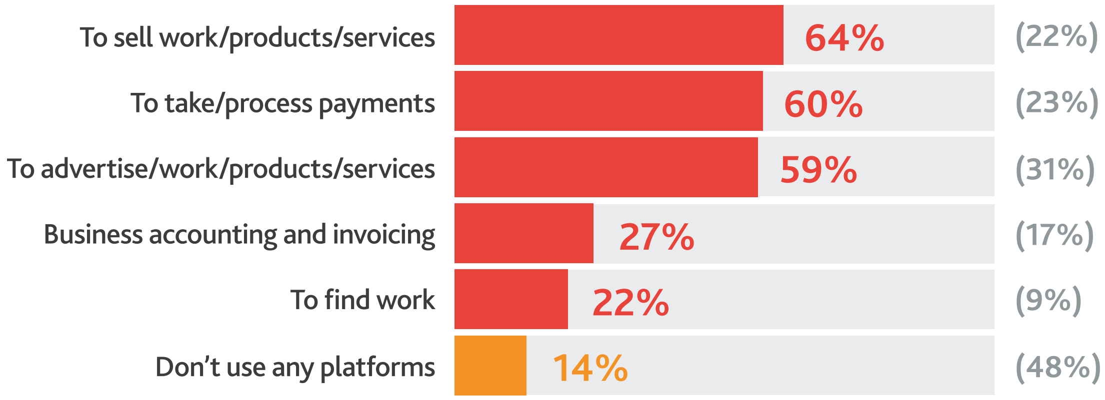
Self-employed people are a diverse population in their working patterns and how they run their businesses. However, a high proportion (60%) say they use platforms for taking/processing payments (particularly PayPal), which suggests that this is a potentially fruitful route for delivering new retirement saving mechanisms to self-employed people.

### Top 10 digital services and platforms currently used by self-employed people




QB8. Do you use any of the following apps / websites / platforms to find work? QB9. Do you use any of the following to take / process payments? QB10. Do you use any of the following apps / websites / platforms to help sell your work / products / services? QB11. Do you use any of the following to advertise your business / work as self-employed? Base: All respondents (2013)

**Platform types used by self-employed people currently (with results from the face-to-face omnibus survey in brackets)**




Online survey: QB7. Do you use any of the following to manage your business accounting / invoicing? QB8. Do you use any of the following apps / websites / platforms to find work? QB9. Do you use any of the following to take / process payments? QB10. Do you use any of the following apps / websites / platforms to help sell your work / products / services? QB11. Do you use any of the following to advertise your business / work as self-employed? Base: All respondents (2013). Omnibus (817)

Omnibus survey: Q2. Do you use any of the following apps, websites or platforms in your self-employed work? Respondents were presented with a list of platform types rather than named platforms as in the online survey.

A high proportion of self-employed people (six out of seven) say they use some sort of digital platform, suggesting that using platforms in some way to facilitate saving has high potential. However, it is worth noting that platform usage amongst the face-to-face omnibus respondents was significantly lower, with only 22% of omnibus respondents saying they use platforms to sell work, products or services versus 64% of online survey respondents for example (please see chart above for a full comparison). This may partly be explained by differences in the question wording.

Within the online survey research, approximately 14% of self-employed people were not reachable through any digital platform (compared to 47% according to the face-to-face survey). Interestingly, their profile aligns most with the 'confident and not open' typology and they appear less vulnerable when it comes to saving for retirement – many of them already have a pension, though most aren't currently contributing. These people tend to be older and have more confidence in how they will fund their retirement. Within the group who don't use platforms 19% work in professional services, 10% in arts or creative roles, 10% in construction, 8% in medical, health or fitness, 7% in property and 7% in teaching and education. Those who work in retail were least likely to say they don't currently use platforms at all (2%).

Amongst non-platform users:

- 45% are 55 years old or more
- 49% manage business and personal finances separately
- 69% are confident in dealing with their business finances
- 55% know when they will have money
- 72% have instant access savings or cash ISAs
- 43% have a private pension but are not contributing to it.

For those who do not use digital platforms, more traditional channels such as accountants, banks and official channels such as HMRC or the gov.uk website still need to be considered as part of any mix of interventions to facilitate saving for retirement.

We also looked at how platforms could be combined to maximise reach in the self-employed population based on their usage (by reaching the widest pool of unique users), both as a whole and within the four typologies identified earlier. This showed that a combination of just four platforms – PayPal, eBay, Uber and QuickBooks – could be used to reach a significant proportion of self-employed people (60% overall). The cumulative percentages of self-employed people reached by combining different platforms for the whole self-employed group and for the four typologies are displayed in the table on the next page.

## Optimal touchpoint combinations to maximise reach

% numbers shown are the cumulative % that would be reached through platforms in the corresponding and above row(s)

| Total | NOT Confident & Open<br>• Younger<br>• More female<br>• Cashflow is an issue<br>• Worry about the future<br>• Risk averse | Confident & Open<br>• Middle age groups<br>• Financially savvy<br>• Keep business and personal finance separate<br>• Least risk averse | Confident & NOT Open<br>• Closest to retirement<br>• More male<br>• Financially savvy<br>• Business and personal finance separate<br>• Set in their ways | NOT Confident & NOT Open<br>• Confident in managing business finances<br>• Cashflow is an issue<br>• Not thinking about retirement |
|---|---|---|---|---|
| 51% PayPal | 56% PayPal | 54% Paypal | 40% PayPal | 55% PayPal |
| 56% + eBay | 60% + eBay | 59% + eBay | 44% + Quickbooks | 61% + eBay |
| 58% + Uber | 63% + Uber | 62% + Uber | 47% + Sage | 63% + ApplePay |
| 60% + Quickbooks | 66% + Quickbooks | 64% + Quickbooks | 50% + eBay | 64% + Uber |
| 62% + Sage | 67% + Deliveroo | 66% + Xero | 51% + Xero | 66% + WorldPay |
| 63% + Xero | 68% + Xero | 68% + Sage | 53% + Uber | 67% + Sage |
| 64% + ApplePay | 68% + Sage | 69% + Amazon Mrktpl. | 54% + WorldPay | 68% + Freelancer |

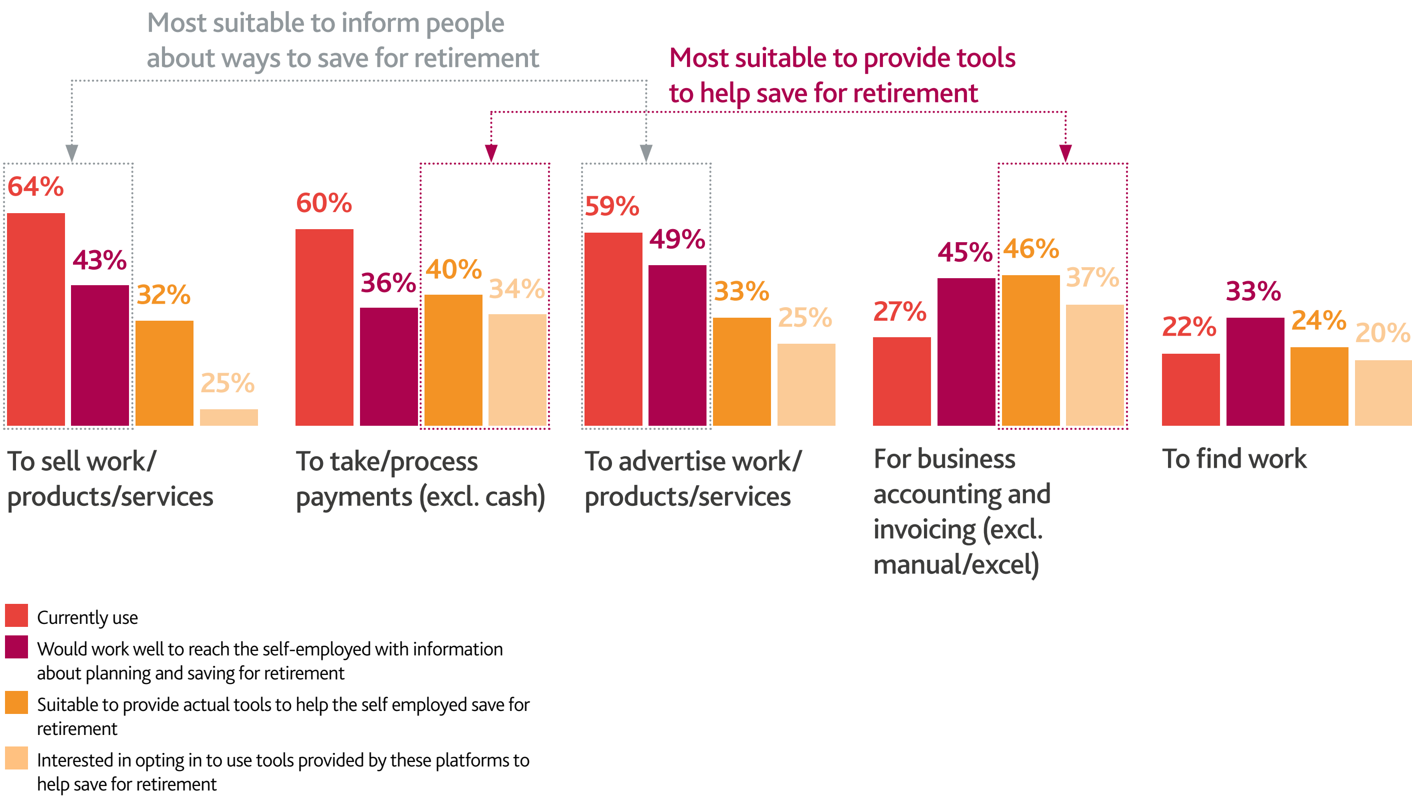
QB7. Do you use any of the following to manage your business accounting / invoicing? QB8. Do you use any of the following apps / websites / platforms to find work? QB9. Do you use any of the following to take / process payments? QB10. Do you use any of the following apps / websites / platforms to help sell your work / products / services? QB11. Do you use any of the following to advertise your business / work as self-employed? Base: All respondents (2013), NOT confident & Open (604), Confident & Open (479), Confident & NOT Open (559), NOT Confident & NOT Open (371). Excluded from this analysis: My own website, Facebook (used to sell or advertise), Instagram (used to sell or advertise)

## Mechanisms to facilitate saving

Self-employed people demonstrated relatively high interest in the idea of using work platforms to communicate about or deliver retirement savings mechanisms. It is worth noting that it is quite difficult to respond to this question in the abstract in a survey environment without a working example in place, and therefore behavioural responses in a real setting could differ from the stated responses reported here.

- Platforms used to either advertise or sell work/products/services were thought to be the most effective for informing people about ways to save for retirement.
- Platforms to take/process payments or those used for business accounting and invoicing were thought to be best to deliver practical ways to save for retirement.

### Current usage and potential suitability of platforms to deliver information and facilitate retirement savings

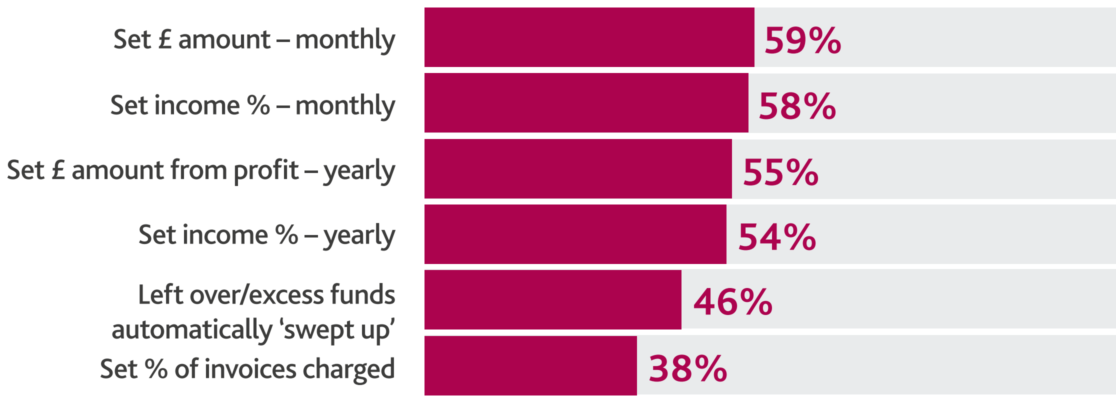



QB7 - QQB11 for Usage – see previous chart for details. QC11a. In future, it could be possible for the government to partner with various organisations, apps, websites or platforms to reach the self-employed with communications and information about planning and saving for retirement. Overall, how well do you think each of these would work as a way of reaching you or other self-employed people with this information? QC11b. How suitable would the following types of organisations be for providing this type of retirement savings tool? QC12. How interested, if at all, would you be in opting in for this if it was offered by the following types of platforms / organisations?

Base: All respondents (2013)

There is most interest in mechanisms for saving when a predictable amount will be saved at regular intervals, either a set amount or a percentage of income each month or year. There was less interest in interventions which would facilitate saving on a more ad hoc basis, for example by contributing a proportion of excess funds to a retirement product. It is likely that greater uncertainty associated with ad hoc saving puts people off, as found in the qualitative research reported in the previous chapter.

**The appeal of mechanisms to facilitate saving for retirement (% interested)**




QC14. Thinking again about saving for retirement, here are a few further descriptions of how people who are in similar circumstances to yours/ are self-employed / work for themselves, could, in theory, automatically save funds for retirement. Please indicate the extent to which the following sound interesting to you, if at all, in principle

Base: All respondents (2013)

## Summary and implications of the quantitative research

- A high proportion of self-employed people express willingness to save for retirement. However, variability and uncertainty of income and perceived affordability create barriers to retirement saving. Flexibility and control are therefore important and there is a preference for some liquidity in savings.
- Over half (55%) say they would welcome more guidance on how to best save for retirement.
- There is also a relatively high level of interest in a range of different mechanisms to facilitate saving for retirement: over half (56%) like the idea of automatically diverting a proportion of their income to saving for retirement.
- These findings present a strong case for developing interventions that would make saving for retirement easier for self-employed people by addressing some of the key barriers they face.
- There is a latent opportunity to help self-employed people reactivate old pensions. A third (34%) say they already have a private or workplace pension but are not contributing to it currently.
- Around half (49%) of self-employed people do not separate work and personal finances. It will be important to consider personal finance touchpoints and influences when thinking about how to reach self-employed people most effectively on the subject of retirement saving.
- The top five sources used by self-employed people for guidance related to business or personal financial decisions are family or friends (52%), HMRC/gov.uk (50%), people like me / peers (32%), accountant (29%) and main bank (20%). It is therefore important to consider the influence of social networks, as well as more official channels, when attempting to communicate with self-employed people about planning and saving for later life. Savings providers and Independent Financial Advisors (IFAs) are also important points of contact to consider, given the high proportions of self-employed people who say they have some form of savings and the fact that IFAs are an important source of information on retirement saving specifically.
- Platforms which are used to either advertise or sell work/products/services are thought to be the most effective for informing people about ways to save for retirement. Platforms to take or process payments or those used for business accounting and invoicing were thought to be best to deliver practical ways to save for retirement.
- A high proportion of self-employed people say they use some sort of digital platform for business, suggesting that using platforms in some way to facilitate saving has potential. For those who do not use these digital platforms, and also more widely, more traditional channels such as accountants or IFA, banks (including their mobile apps and online banking) and official channels such as HMRC or the gov.uk website still need to be considered as part of any mix of interventions to facilitate saving for retirement.

- These findings are informing the development of two or more technical trials which will look to explore in practice how effective a platform-based retirement saving mechanism is for self-employed people and how such a mechanism could best be designed to encourage saving participation and persistency. Platforms to take or process payments or those used for business accounting and invoicing were considered in this research to be best to deliver practical solutions to save for retirement. Therefore at least one of these trials is likely to involve partnering with such a provider to explore different ways of automatically diverting a proportion of income to saving for retirement. Given the preference for greater liquidity found here, we will also be looking to explore what impact having some or total access to retirement savings has on savings behaviours versus saving into a traditional pension product.

# Conclusions

Workplace pension saving has become normalised since auto enrolment, with most employed people now making regular contributions into a pension for retirement. In line with other research our work has shown this is not the case for self-employed people: only 24% say they are actively contributing into a pension even though 74% think that it is important to save for retirement.

Self-employed people face several barriers that go some way to explaining this gap between attitudes and behaviours:

- **Affordability:** some self-employed people told us that with competing demands on their money, and often with irregular or uncertain income, saving for retirement did not feel affordable to them – 65% of those who don't have a pension said they can't currently afford to save for retirement.
- **Inflexibility of pensions:** due to the uncertainty of future income, self-employed people are likely to value flexibility and control over their money and express a preference for liquidity. 48% say they are put off pensions because they feel they would not be able to easily access their savings if they needed to. Whilst 24% are currently saving into a pension, higher numbers are saving into more flexible financial products: 50% are using instant access savings accounts, and 37% hold cash ISAs.
- **Difficulty of getting started:** only one fifth of self-employed people belong to a trade body or representative organisation where they might have access to a pension, or at least be reminded to think about retirement saving by a potentially trusted voice. Key to the success of auto enrolment is that all the work of choosing and setting up a pension scheme has been done by the employer and that employees are automatically enrolled rather than having to opt in. To some self-employed people, setting up a pension themselves (in the absence of an employer to do so) is a daunting task, with 35% saying they are put off thinking about pensions because it makes them feel nervous. To others, the same behavioural biases that previously stopped employed people saving in an opt-in UK pension context are barriers: inertia and present bias may simply make it difficult to get around to doing the research and administration to start saving for retirement.
- **Difficulty of making regular contributions:** most self-employed people don't have access to the payroll deduction mechanism that underpins workplace auto enrolment. They may be reluctant to set up automatic monthly contributions if they are uncertain of future income. But they also told us that it is difficult to remember to make a one-off contribution when they do get to a point when they have the money to do so.

Whilst much is already known about self-employed people's saving behaviours and attitudes and the barriers to saving, this research has focused on identifying practical solutions by mapping the points of contact that self-employed people have in their everyday lives that could be used to help them save for retirement and understanding what messages and mechanisms could be relevant to their lives.

We found a strong case for offering more retirement saving support to self-employed people, with 55% saying that they would like more guidance on saving for retirement and 56% saying that they like the idea of automatically diverting a portion of their income to saving for retirement. When offering solutions to help self-employed people to save for retirement it will be important to ensure that these tools are easy and quick to set up and use and, at the same time, give control and flexibility to the individual. There were high levels of openness to tools being offered by third parties such as platform providers.

There is a significant overlap between the management of personal and business finances amongst self-employed people, with 49% reporting that they do not separate work and personal finances. It will therefore be important to consider personal finance points of contact as well as those that are more 'business' focused in developing a strategy to reach and support self-employed people.

We also found that a relatively high proportion of self-employed people can be reached through digital platforms. 60% use bank transfers or digital platforms to process payments (38% take cash payments, but only 4% take just cash). Just over a quarter use accounting and invoicing platforms, with 50% using Excel to do their accounting, 43% using paper, and 32% using their accountant. This is a quickly evolving landscape considering the roll-out of Making Tax Digital which is likely to drive higher uptake of accounting platforms in the near future, as well as more general digital adoption trends.

Whilst self-employed people are a diverse population and one solution is unlikely to meet all their needs, there are individual platform providers that have high coverage amongst the self-employed population. 51% of the self-employed people surveyed say they use PayPal to make payments, whilst combining just four channels – PayPal, eBay, Uber and QuickBooks – could in theory reach 60% of self-employed people.

Approximately one in seven self-employed people don't currently use any platforms to sell, take payments, advertise, find work or for accounting and invoicing. However, interestingly this group are more likely to be confident about saving for retirement and not open to guidance. Within the group who don't use platforms 19% work in professional services, 10% in arts or creative roles, 10% in construction, 8% in medical, health or fitness, 7% in property and 7% in teaching and education. Those who work in retail were least likely to say they don't currently use platforms at all (2%).

It's also important to note that a high proportion (34%) of self-employed people have old private or workplace pensions that they are not currently contributing to, and this proportion is likely to rise with auto enrolment now fully implemented in the UK. Engaging self-employed people to reactivate existing pension arrangements may be a latent opportunity to support them to save for their retirement. This would require pension providers to allow and facilitate contributions from self-employed people once they have left employment, ideally in a flexible and easily accessible way relevant to their lives.

Many self-employed people use social networks as well as more official channels to access information about either personal or business financial decisions. The top five sources used by self-employed people for guidance related to business or personal financial decisions are:

- family or friends (52%)
- HMRC/gov.uk (50%)
- people like them / peers (32%)
- accountant (29%)
- main bank (20%).

This shows the importance of thinking about the communication channels used by self-employed people in a holistic sense when attempting to communicate with them about planning and saving for later life.

Whilst communications to engage self-employed people in retirement saving clearly cannot work in isolation to overcome barriers to retirement saving they face, relevant and motivating messages do have a role to play in building salience and attracting attention to any solutions they are offered. As is the case more generally, personal and tailored communications are most likely to gain traction with self-employed people.

We also identified three principles of effective communication which cut through across the diverse range of people working in self-employment:

1. **Focusing on the here and now:** people are keen to know what they can do now, not what they should have done in the past or what might happen in the future.
2. **Emphasising control:** people are highly sensitive to anything that feels like selling and want to make up their own minds.
3. **Giving the facts:** simply providing clear information and addressing common myths with facts can be effective.

After testing these principles with self-employed people, we found that three themes had greatest appeal:

1. **Palatable contributions:** describing contributions as a daily rather than a monthly amount can make saving for later life feel more manageable and in reach.
2. **Pension flexibility:** people assume that pensions will be rigid and rule bound – emphasising that you can pay 'what you can when you can' reassures people.
3. **Tax benefits:** tax relief was highly motivating. Although self-employed people don't get an employer contribution, the 'free money' message is still powerful for pension saving.

In conclusion, the barriers to saving for retirement faced by the diverse self-employed population are multiple, and there is evidence that many would welcome support to make it easier to save and be confident of greater financial security in later life. In developing any intervention to enable retirement saving for self-employed people it will be important to think holistically about the message, the mechanism and the vehicle for saving, ensuring these are designed to meet self-employed people's need for flexibility and desire for control and that steps are taken to make retirement saving seem to be both affordable and accessible.

# Next steps

In the first phase of this research we explored potential points of contact and retirement saving messages and mechanisms. The next stage of the research is to test the most promising of the ideas for helping self-employed people to save for retirement in practice, in several field-based trials, the first of which are already underway.

## Messaging trials

The message themes which were found to have the most potential to encourage self-employed people to take action to save for their retirement are being tested in two randomised controlled email trials.

The first trial, which began in June 2019, is with members of The Association of Independent Professionals and the Self-Employed (IPSE) who are offered a Group Personal Pension provided by Aegon. The second trial, which began in September 2019, is with self-employed Nest pension members (to include both those who have signed up for a Nest pension as a self-employed person and those who we have reason to believe may have become self-employed since joining the scheme through auto-enrolment).

In each case four different email messages, prioritised through this first phase of exploratory research, are being tested to understand which is most effective in driving engagement and propensity to save:

- **Palatable contributions 'Could you save £2.50 a day?':** describing contributions as a daily rather than a monthly amount.
- **Pension flexibility 'Flexible pension options for the self-employed':** emphasising that you can pay 'what you can when you can'.
- **Tax benefits 'A tax-free way to save for your retirement':** explaining tax relief on pension contributions.

- **Loss avoidance 'Don't miss out on pension returns':** In qualitative research people responded less well to this message, which is framed in terms of what they might lose. However, it has previously performed well in behavioural trials, and elicited a strong emotional reaction in the qualitative research, albeit negative. This has led us to the conclusion that loss avoidance messaging should be further explored in the messaging trials.

The preliminary findings of these trials will be reported early in 2020.

## Technology-based trials

We are also now developing two or more technology-based trials in partnership with providers of platforms used by self-employed people to manage their money.

Representatives of providers of relevant services, including payment technology, accountancy and invoicing platforms, income smoothing and benefits providers, banks and industry bodies, attended a one-day innovation workshop facilitated by Mercer in March 2019. Building from the ideas generated on the day and the findings of the exploratory research reported here, we are currently designing trials that will test the take-up and effectiveness of different mechanisms that allow for money to be regularly and automatically put aside for long-term saving by self-employed people.

Platforms to take or process payments or those used for business accounting and invoicing were considered in this research to be best to deliver ways to save for retirement. Therefore, at least one of these trials is likely to involve partnering with such a provider to explore different ways of automatically diverting a proportion of income to saving for retirement. Given the preference for greater liquidity found here, we will also be looking to explore what impact having some or total access to retirement savings has on savings behaviours versus saving into a traditional pension product.

The trials will focus on two research questions, prioritised through this first phase of research:

1. Do 'set and forget' interventions that mimic features of auto-deduction from payroll increase persistency/contributions into longer-term/retirement savings for self-employed people?
2. Does the product into which self-employed are invited to save matter? In particular, does liquidity of access increase propensity to participate?

The trials will begin in early 2020 and preliminary findings will be reported by the end of next year.

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