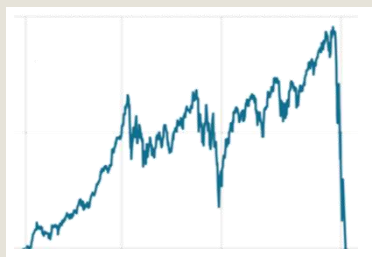
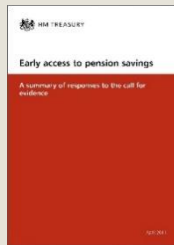
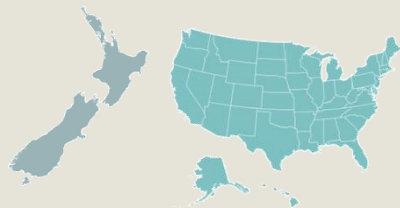




# **Saving for emergencies: the sidecar savings trial**

Matthew Blakstad, Jo Phillips - NEST Insight

# Liquidity in defined contribution pensions

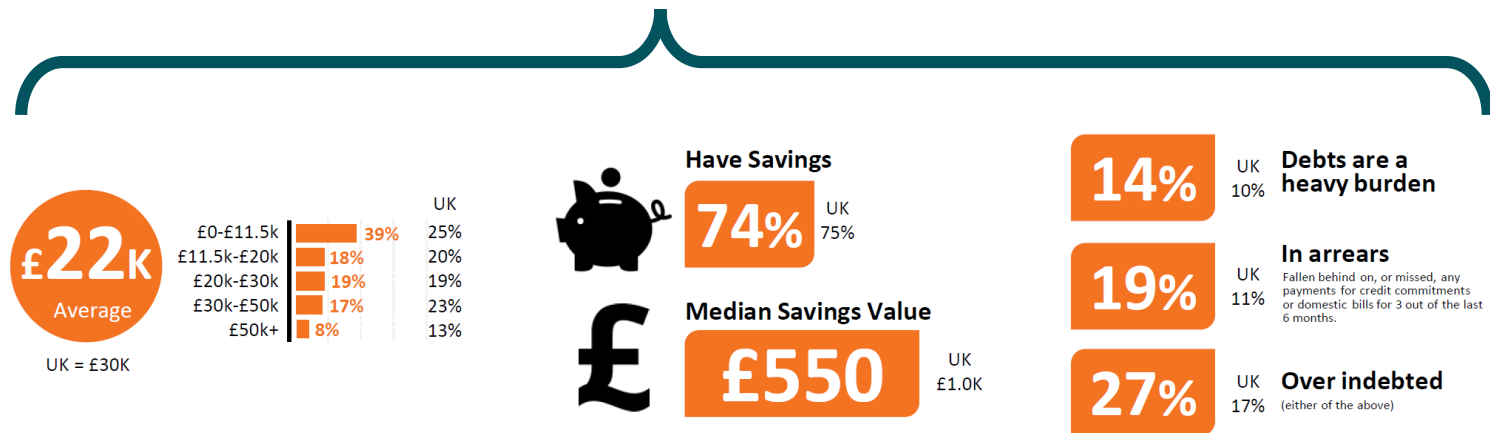


Nest has historically resisted proposals to make UK retirement accounts accessible, due to leakage, admin costs and limited evidence it increases participation

This has been thrown into focus by the covid-19 crisis, and the risk that people need to access pension savings at a time when asset prices are low

# The Nest population

	All squeezed	Squeezed younger adults	Squeezed younger families & couples	Older squeezed
% Nest	42.3%	14.5%	13.2%	14.5%
% UK	24.9%	7.1%	5.2%	12.6%



# Short and long-term financial wellbeing

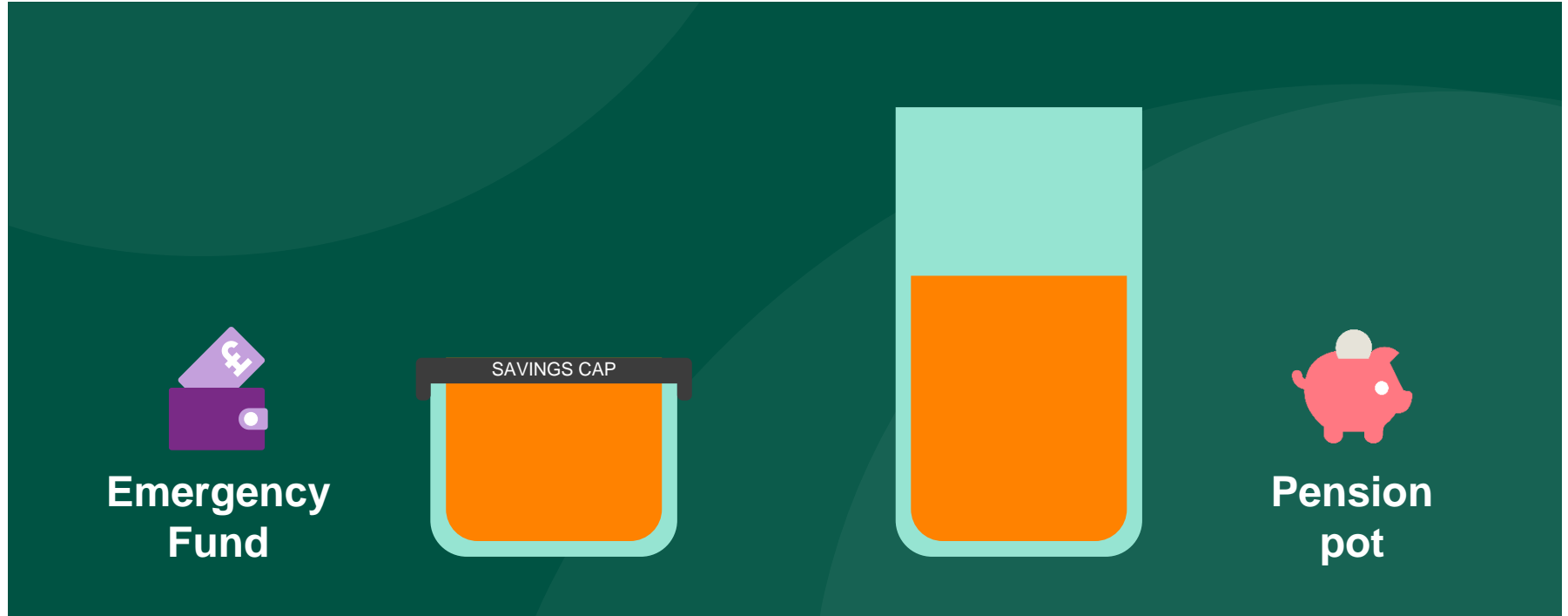
UK pensions are illiquid, but there are strong connections with short-term financial needs

Mental  
accounting –  
how are  
contributions  
funded?

Ceasing  
contributions  
to service debt

Retirement  
income as a  
function of  
working age  
income

# How does the sidecar model work?



# Where are we now?

# Nest Insight's sidecar savings trial

Does creating a link between liquid and illiquid savings create an appropriate balance of overall liquidity, and enhance the financial wellbeing of savers?



How many workers  
sign up? Who signs up?



How do workers  
use the emergency account?  
How much do they save?



Has sidecar had a positive  
impact on financial resilience  
and wellbeing?



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**SALARY  
FINANCE**

# Jars will be offered to over 75 000 employees

“The University of Glasgow is extremely supportive of staff financial wellbeing and the idea that a sidecar savings scheme could assist people to save a little extra for their retirement and still have a ‘rainy day fund’ for immediate emergency access was very appealing”.

Retail	Education	Telecomms	Logistics	Media	Charity
5000 employees	1500 employees	67,000 employees	1500 employees	2800 employees	1500 employees
Launch: Q3 2019	Launch: Q4 2019	Launch: Q1 2020	Launch: TBC	Launch: TBC	Launch: TBC

# We will measure the outcomes for two years

Theory of change + research questions

Data collection

Analysis and reporting

Randomised control trial around initial contribution rates

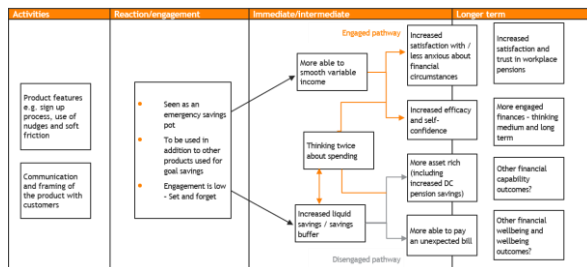
Interim reports and roundtables

Baseline, year 1 and year 2 surveys with each employee population + a control group

Final impact evaluation and work to disseminate findings widely

Qualitative research interviews and groups

Academic journal publication



# And where next?

# What next?

**Complete employer implementations and first stage research**

**Responding to the covid-19 crisis**

**Exploring regulatory easements to enable auto enrolment trial with at least one employer**

**Exploring sidecar-like structures as part of our DWP-funded work on the self-employed**

**Provisional discussions about financial incentive component in a future wave**

# Potential impact

**Advice and guidance about implementation and scalability – supporting take-up in the industry**

**Potential public policy applications:**

Regulation to make it easier (e.g. AE)

As a component of debate about increasing minimum contributions

