

The Automatic Enrolment Experience for Savers in the UK

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Automatic Enrolment in the UK

- Phased roll-out from 2012, starting with largest firms
- Staggered contribution levels reaching total of 8% in April 2019 (including 1% tax relief)
- Criteria
 - Aged between 22 and state pension age
 - Earning over £10,000 from a single employment
 - Qualifying earnings band between £6240 and £50,270 per year
- Resulted in increased participation in workplace saving and low levels of opt outs

Enduring exclusions

- Up to 10m workers are excluded from automatic enrolment
 - Women in particular are more likely to be excluded (Foster et al, 2020)
- Minimum age and earnings criteria have been reviewed but overall kept the same
- Pilots on participation of self-employed (4.3 million workers) through NEST

Beyond nudge

- Lack of active choice after enrolment
 - People sticking to minimums/defaults – importance of design
 - Re-enforcing habits of not engaging?
 - Confusion at the point of retirement (Overton and Smith, 2022)

Context shapes engagement

- Young people delay engagement with pension saving (Suh and James, forthcoming)
- Workplace culture influences saving (James, 2017; Robertson Rose, 2019)

References

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