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Workplace pensions and Automatic Enrolment: Employers' perspectives 2022

A technical report detailing the findings of a qualitative research project

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Executive summary

Overview

This report presents the findings from a qualitative research study conducted by the In-House Research Unit (IHRU) in the Department for Work and Pensions (DWP). The research consisted of 59 telephone interviews, conducted from January to March 2022.

Key Findings

- Most employers perceived Automatic Enrolment (AE) as a good policy, and were supportive of its objectives and aims. When considering potential AE changes (in line with 2017 Review Measures), many employers saw no issues with paying higher contributions.

- Key themes and considerations regarding AE duties included financial and administrative cost considerations, employee engagement and questions around responsibility.
- Employers mainly considered time and financial resource, the reputation and security of a scheme, value for members and advice or recommendations from outside bodies when making workplace pension decisions.
- There was variation across employers in their responses to most areas of the research. Where particular characteristics have been referenced (i.e. size, sector), the evidence showed there were common views shared within these groups.
- Employer pension engagement was often influenced by the amount of knowledge or resource they had. This engagement impacted on how invested (how much resource they allocated to pension provision) or involved (how engaged they were with their pension provision) employers appeared to be in their pension provision.
- Engaged employers took a more 'paternalistic' approach whereby employees are 'looked after', meaning they typically provided wider ranging support, and considered the impact of decisions on employees. These were often larger employers, or from more 'professional'[1] sectors.
- Such employers were distinct from less engaged employers who saw pension saving as the employee's responsibility. This meant they were less likely to

[1] For the purpose of this report, the term 'professional sector' refers to a broad grouping of sectors of which provide services of a professional nature i.e. financial and insurance activities, administrative and support services. For a breakdown of sectors that sit within this classification see section 1.3.

actively consider their options regarding workplace pensions, nor the impact of decisions on employees.

- Alternatively, some decisions were not made because of the employers’ attitude but because of a lack of employee engagement or appetite for their pension, or high employee turnover.
- Employers rarely switched their pension provider as they felt it was too difficult a process. The few who had, cited dissatisfaction with their provider’s customer service as the main reason. Most employers considered value for members to be a priority when considering switching schemes.
- Considerations regarding small pots consolidation options included concerns around who the administrative responsibility would fall on, i.e. themselves or the government, time costs and how consolidation may impact previous pots.
- Employers believed a lack of pension saving habits were influenced by affordability, short termism (the age of employees or distance from retirement) and employee lack of knowledge.
- When asked about Environmental, Social and Governance (ESG) investments, most employers said they’d offer ESG schemes as an optional scheme rather than the default, due to a concern about the risk that may come with poor investment returns.
- Most employers, when asked, were not aware of Collective Defined Contribution schemes (CDCs).
- The current economic recovery from the pandemic, rise in the cost of living and the latest National Insurance (NI) increase (reversed at time of publication) can present a challenge to pensions engagement and contributions. However, employers are still able to meet the requirements of AE and most were to do so even with greater pension costs.

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The authors

Authors

This report was written by Grace Moignard and Aalisha Green, both Research Officers belonging to DWP's IHRU. DWP's IHRU was established in 2021 in order to provide an effective in-house research service, delivering robust, timely and high-quality evidence to inform decision-making.

Co-authors

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Glossary

Term	Definition
Automatic enrolment (AE)	From 2012, under AE all employers must enrol their eligible jobholders into a workplace pension scheme if they are not already in one. In order to preserve individual responsibility for the decision to save, workers have the right to opt out of the scheme.
Additional voluntary contributions	These are additional voluntary contributions made by employees to their pension above their standard contribution.
AE minima	Once employers have enrolled eligible employees into a scheme, the employers must contribute to the employees' pension savings. On 6 April 2019, the contribution rate rose to a total of 8%, with at least 3% contributed by the employer.
AE duties	Automatic enrolment is a continuous responsibility for employers. Their duties include: Monitoring any employees changes in their age and earnings to see if they need to be put into your scheme. Every three years carrying out re-enrolment to put back in any employees who have left the scheme. Continue paying into employee's pension scheme, manage requests to join or leave the scheme and keep records.
Collective Defined Contribution (CDC) scheme	CDC schemes are a pension scheme in which the employer pays a fixed rate of contributions, similar to Defined Contribution schemes. However, in a CDC scheme the employees receive pensions with variable increases through cross funding within the scheme between members. The defined benefit is not guaranteed and there is no funding obligation to the employer.
Contractual enrolment	Contractual enrolment is an alternative to AE in which all employees agree to join the workplace pension scheme as part of the terms of their contract. This means employers don't need to determine which of

	their employees are eligible for AE.
Defined Benefit (DB) pension	DB schemes are pensions schemes where how much you get depends on your pension scheme's rules, not on investments or how much the employee paid in. Workplace DB schemes are usually based on a number of factors, for example the employee's salary and how long they have worked for the employer.
Defined Contribution (DC) pension	A pension scheme that provides benefits based on the contributions invested, and the returns received on that investment (minus any charges incurred).
Emergency saving payroll-based scheme	Emergency saving payroll-based schemes allow employees to make savings into a dedicated instant access savings fund directly from their pay, on top of their pension contributions.
Eligible employees	An employee is eligible for AE if they are earning over £10,000 and are aged between 22 and SPa, and so must be enrolled.
Employer Size	Employer size is determined by the number of employees. The Pensions Regulator categorised employer size based on number of employees as follows: Micro = 1 to 4 employees Small = 5 to 49 employees Medium = 50 to 249 employees Large = 250+ employees
Financial Conduct Authority (FCA)	The FCA is the conduct regulator for around 51,000 financial services firms and financial markets in the UK.
Government Offices for the Regions (GOR)	GOR, now 'The Regions' are the highest tier of sub-national division in England, established in 1994.
Industry	Industry refers to a group of employers that are related based on their primary business activities.
Job churn	Job-to-job movement created by employees moving jobs frequently.
Lower Earning Limit (LEL)	Under automatic enrolment individuals and their employers must contribute above a certain minimum

	amount. That minimum amount is based on a band of earnings – between the Lower Earnings Limit (LEL) and the Upper Earnings Limit (UEL). Where an individual earns over the trigger of £10,000 and they are aged between 22 and State Pension age (SPa), they will automatically be enrolled into a pension and pay contributions on at least this band of earnings. This is reviewed annually, for 2021-2022 (when this research was conducted) the LEL was £6,240.
Net pay arrangements (NPA)	NPA is when pension contributions are taken from the employee's salary before tax and therefore the employee is not required to pay tax on their contributions. Consequently, the employee 'saves' tax at the rate of their taxation.
Opt-out	Where an employee has been automatically enrolled, they can choose to 'opt-out' of a pension scheme, meaning they cease active membership. It can only happen within a specific time period, known as the 'opt-out period'.
Opt-out period	A jobholder who becomes an active member of a pension scheme under automatic enrolment has a period of time during which they can opt out and get a full refund of any contributions made. This 'opt-out period' starts from whichever date is the later of the date active membership was achieved or the date they received a letter from their employer with their enrolment information. After this opt-out period a jobholder can still choose to leave the scheme at any time, but will not usually get a refund of contributions. These will instead be held in their pension until they retire. A jobholder cannot opt out before the opt-out period starts (i.e. they cannot opt out before they have been automatically enrolled).
Pension provider	An organisation, often a life assurance or asset management company, that offers financial products and services relating to retirement income.
Qualifying earnings	In the context of the workplace pension reforms this refers to the part of an individuals' earnings on which contributions into a qualifying pension scheme will be made. A worker's earnings below the lower level and above the upper level are not taken into account when working out pension contributions.

Thematic Analysis	Thematic analysis is a broad term for a type of qualitative analysis used to identify themes within data.
Re-enrolment	Every three years, employees who were automatically enrolled but opted-out of or left the scheme, must be automatically re-enrolled into the scheme. Again, they have the choice to opt out. This is intended to prompt them to revisit their initial decision to opt out.
Relief at source (RAS)	RAS is tax relief added when an employee's contribution is taken from their salary after tax. It is paid at the basic rate of income tax, and those who are higher rate taxpayers can apply for the additional tax relief they are entitled to.
Sector	A sector is an area of the economy in which employers share the same or related business activity, product, or service.
Small Pension Pots	Due to AE being extended to lower earners and people who move jobs frequently, there has been a rise in the number of deferred pension pots (i.e. pots that are no longer being paid into). These pots often only contain a small amount of money and so are referred to as 'small pension pots'.
State Pension age (SPa)	The earliest age at which an individual can claim their State Pension.
Theory of Change (ToC)	ToC is a structured process used to develop and describe the logical sequence of a change from inputs to outcomes. Running a ToC involves bringing different stakeholders together and exploring their views and assumptions about a policy change.
The Pensions Regulator (TPR)	Referred to as 'the regulator' and is the UK regulator of workplace pension schemes, including limited aspects of workplace personal pensions. It is responsible for ensuring employers are aware of their duties relating to automatic enrolment, how to comply with them and enforcing compliance.
Upper Earning Limit (UEL)	Under automatic enrolment individuals and their employers must make contributions above a certain minimum amount. That minimum amount is based on a band of earnings – between the Lower Earnings Limit (LEL) and the Upper Earnings Limit (UEL). Where an individual earns over the trigger of £10,000 and they are aged between 22 and State Pension age

	(SPa), they will automatically be enrolled into a pension and pay contributions on this band of earnings. This is reviewed annually, for 2021-2022 (when this research was conducted) the UEL was £50,270 annually.
Workplace pension	Any pension scheme provided as part of an arrangement made for the employees of a particular employer.
2017 AE Review Measures	The 2017 Review of Automatic Enrolment set the ambition to remove the lower earnings limit and lower the age limit to 18 (from 22) in the mid-2020s, subject to finding ways to make these changes affordable mindful of economic conditions.

List of abbreviations

AE	Automatic Enrolment
B2B	Business To Business
CDCs	Collective Defined Contribution scheme
DB	Defined Benefit
DC	Defined Contribution
DWP	Department for Work and Pensions
ESG	Environmental, Social, Governance
FCA	Financial Conduct Authority
GDPR	General Data Protection Regulation
GOR	Government Offices for the Regions
IHRU	In-House Research Unit
LEL	Lower Earning Limit
NI	National Insurance
NPA	Net Pay Arrangement
ONS	Office for National Statistics
RAS	Relief at source
SIC	Standardised Industrial Classification
SPa	State Pension age
ToC	Theory of Change
TPR	The Pensions Regulator
UEL	Upper Earning Limit

Summary

Research aims

Automatic enrolment (AE) was introduced under the Pensions Act 2008, stipulating every employer in the UK must put certain employees, currently those aged between 22 and State Pension age, and earning over £10,000 a year, into a workplace pension scheme and contribute towards it. The primary objectives of this research was to understand employer's views and behaviours regarding AE, in order to explore the role employers play in supporting their employees to save into their pension, to understand how employers view pensions within their overall benefits package and why they may be going above the AE minima. As well as these specific research aims, the research was used as an opportunity to further explore the factors that influence whether and how employers choose their pension scheme, how the consideration of costs and value for members come into this, to explore employer's awareness of Environmental, Social and Governance (ESG) investing and Collective Defined Contribution schemes (CDCs), and employer's views on consolidation options for small pension pots. The research was also commissioned to better understand employer's views and experiences of AE, and their pension choices and behaviours following the pandemic. More information on the policy background, research aims and research questions can be found in chapter 1.

Research methodology

This qualitative research was conducted by the In-House Research Unit (IHRU) at DWP. Data collection was undertaken between January and March 2022, and consisted of 59 in-depth telephone interviews with employers across a range of sizes, sectors and regions in Great Britain (GB). Employers contact details were provided by The Pension Regulator (TPR). Employers were subsequently contacted via email, and asked if they would like to take part in the research. Employers that volunteered were scheduled for a telephone interview. The notes from these interviews underwent a process of thematic analysis, further discussed in the research methodology (section 1.3). The themes identified during this process determined the findings in this report. The research methodology chapter also provides more detail on how employers were contacted, how the research was conducted and the process of analysis utilised in order to identify the results found in this report.

Main findings

Employers' contribution amounts

In order to understand employers' attitudes, views and behaviours regarding AE and their pension provision, the research sought to capture employers' current pension structures and set up, and the reasons behind them. Across the employers in this research, many employers contributed the minimum requirement of 3%. For those who contributed more, there was a whole host of different pension structures and models, for some or all of their employees. For those at the minima, this was often driven by doing the minimum to meet AE legislation. As well as compliance, high staff turnover and perceived lack of employee appetite for pensions (explored in section 3.2) were factors which meant some employers did not see the value of contributing more than the minima, as employees were likely to leave or opt-out. Finances were often referenced as the reason employers could not or would not contribute more than the minima. Employers that did contribute more than the AE minima saw this as a benefit in aiding recruitment and retention. This is covered in more detail in section 2.1.

Employers on matching additional voluntary contributions
Additional voluntary contributions are additional payments made by employees to their pension above their standard contribution. Most employers in this research did not offer matching on additional voluntary contributions made by employees. The primary reason for this was, again, financial constraints. Employee's perceived lack of appetite for their pensions was also a considerable factor for employers when considering matching contributions. For the employers that did offer matching on additional voluntary contributions, the primary motivation was that it was a positive way to incentivise employees to save for their future, as well as to aid recruitment and retention. This is covered further in section 2.2.

Employers on automatic enrolment
As well as contribution structures and amounts, this research looked at how employees were enrolled onto pension schemes under AE, and how employers made enrolment decisions. Enrolment of employees onto workplace pensions schemes was usually processed automatically by payroll software, and so it was seen as straightforward as it is ordinarily an automated process. This research found who employers enrolled under AE varied. Due to the automatic nature of enrolment, most employers only automatically enrolled employees who met the AE eligibility criteria[2]. Although incorrect, some stated that it was their understanding that they had to offer the scheme to all employees, whilst others did so as they believed it to be fair or a good thing to give employees the option. Some employers only enrolled those they were required to in order to keep costs down. This is further explored in section 2.3.1.

Employers on contractual enrolment
Contractual enrolment is an alternative to AE in which all employees agree to join the pension scheme as part of the terms of their contract. Most employers in this research had little awareness of contractual enrolment. Section 2.3.2 outlines how, for those who did implement it, or had in the past, there were issues in relation to administrative difficulties or employee dissatisfaction.

[2] Currently those aged between 22 and State Pension Age, and earning over £10,000 a year.

Employers' views of AE and pensions
As well as employers' current structures and enrolment decisions, the research investigated employers' wider views of AE as well as other saving methods. Views of AE differed across employers. When it came to the objectives of AE, most employers perceived AE as a good policy and were supportive of AE's objectives. Some employers were less concerned with AE as a policy, and were more concerned with how easy they found meeting the requirements of AE as an employer. Section 3.1 further explores the array of employer views on AE, on workplace pensions and on pensions as a benefit to the employee.

Employers on employee engagement
With regards to employees' pension engagement, employers believed this tended to vary according to employee's characteristics (e.g., age, role). However, overall employee engagement was perceived as fairly low by many employers. This is explored further in section 3.2.

Employers on raising awareness of pension saving
When it came to promoting pensions, those employers who viewed pensions as a benefit were the ones who actively promoted pension saving and employee pension engagement. Proactive engagement was contrasted with reactive engagement, whereby employers did not actively promote pension saving but would have conversations about pensions if approached by employees. This is further explored in section 3.3.

Employers on increasing employees' pension contributions
Although some employers promoted the benefits of pension saving and were keen to increase employee engagement, when it came to employees increasing contribution amounts, this was viewed as a personal choice. Raising awareness of the benefits was deemed enough for employees to then make their own decisions. This is explored more in section 3.4.

Employers on emergency saving payroll-based schemes'
As well as their pension provision, employers were asked for their views on 'emergency saving payroll-based schemes'. Emergency saving payroll-based schemes allow employees to make savings into a dedicated instant access savings fund directly from their pay, on top of their pension contributions. Most employers in this research did not offer emergency saving payroll-based schemes. However, some did offer alternative saving or investment opportunities to employees (e.g. ISAs, shares) or said they would help employees in times of hardship (e.g. salary advances). These findings are outlined in section 3.5.

Employers on the costs and burdens associated with AE
This research was conducted with the view of informing any future changes to AE, including the implementation of the review measures following the 2017 AE Review. To do so, employers were asked about any costs or burdens associated with AE, and the impact potential higher costs of pensions could have on them as an employer. Financial costs and administrative costs, such as time and resource, were the main costs associated with providing a pension. Many employers, primarily large in size, only conceptualised financial and admin costs when they initially set their schemes

up, and then saw their pensions provision as straightforward and just a standard running cost. For mainly smaller employers, pensions were seen as costly in time and/or resource. These were often influenced by the employer's knowledge of the pensions or the associated processes, and the complexity of what needed to be done. See more on this in see section 4.1.

Employers on greater pension costs
When employers considered how they would react to higher pension costs, practical responses included increasing prices and rebalancing other employee benefits. Most employers conceptualised higher pensions costs as higher employer contribution percentages, and responded that they would comply, some with no issues, some with difficulty. See more on this in section 4.2

Employers on factors that influence choosing or switching
Factors that influenced choosing or switching pension providers included time and financial costs; the reputation and security of the scheme; value for members; and the advice or recommendations from intermediaries. Financial costs, though important, were often considered to be less important than time costs for employers. However, time costs were often balanced with other factors such as value for members, as seen in section 5.1.1.

Few employers had switched as they perceived switching to be difficult and would only do so if dissatisfied with the scheme's customer service, their flexibility or poor investment performance. When an employer had switched, their positive experience was influenced significantly by good customer service. This was often linked to reduced time costs as employers highly rated the new pension provider handling the admin burden. This is explored further in section 5.1.2.

Employers on value for members
Value for members was considered to include investment performance, customer service and flexibility from the pension provider. Section 5.2 outlines how most employers considered value for members to be a priority and would highlight this through their actions and attitudes. Some employers prioritised time and financial costs, but balanced these factors with value for members where they could. Very few employers did not consider value for members to be a priority, indicating that time and financial costs were to be considered above value.

Employers on tax relief
This research asked whether tax relief was a factor that employers considered when choosing or switching their pension schemes. Overall, the majority of large, medium and small employers said they had, or would, consider the method of tax relief that a scheme operates when they were choosing, or if they were to consider switching pension providers. Micro employers were predominately unsure about whether they had considered it or not. This is outlined further in section 5.3.

Employers on alternative funds or providers
Employers are required to continue paying into an alternate fund a member may choose (e.g. green fund) if it is offered by the same provider, but do not have to continue paying their contributions if the employee chooses to move providers. Most

micro, small and medium employers said they would continue to pay into an alternative fund or provider as they believed it was the employee's personal choice. However, predominately large employers would not pay into an alternative provider because they believed their provider to be optimised for the best employee benefits. Most employers also considered administrative burdens as a barrier for paying into an alternative provider. This is explored more in section 5.4.

Employers on small pot consolidation options
Due to AE being extended to lower earners and people who move jobs frequently, there has been a rise in the number of deferred pension pots (i.e. pots that are no longer being paid into). These pots often only contain a small amount of money and so are referred to as 'small pension pots'. Employers were asked their views on two consolidation options for small deferred pots:

1) deferred pots are automatically brought together by a large, government-approved scheme/pension provider
2) the pots follow the employee to their new employer and are added to that pension scheme.

Concerns around both consolidation options included where the administrative responsibility would fall on (i.e., themselves or the government), time costs and how consolidation may impact previous pots. Benefits included ease of access for employee pensions, and increased visibility. Section 6.1 explores employers' views on both options.

Employers on small pots and new joiners
Most employers did not ask new joiners whether they had deferred pots that the employee may want to transfer into as they felt it was the employee's responsibility to transfer it themselves. Smaller employers often felt they lacked the knowledge to support their employees through the process or incorrectly believed they could not legally offer advice on pension matters. The few employers who did, asked via their onboarding literature, however take-up rates were generally considered to be low. This is further explored in section 6.2.

Employers on small pot creation habits
Section 6.3.1 looked at the creation of small pots, including the role of missing opt-out periods. Employers who believed small pots were created regularly due to employees missing the one month opt-out period said that it was generally because of the job churn. On a localised basis (within specific companies) employers said it was because their employees lacked knowledge on pensions, or due to short-stay workers. Employers who did not believe small pots were created regularly, acknowledged that while it did happen generally (within the working world) it did not occur in their companies as their employees had support and a good understanding of the opt-out process.

Employers on employee saving habits
Section 6.3.2 looked at employees saving habits. Employers perceived affordability, (e.g. the economic impacts of the pandemic, the cost of living), as a prominent reason for why employees stopped saving into their pensions after a short period.

Employers also considered short termism (a perceived short-sighted outlook on the employees' future) to particularly impact younger employees; employers suggested young employees wanting their net pay immediately or not being used to having to pay into a pension led to them stopping saving.

Employers also considered employee lack of knowledge to be a reason, believing that some employees (mainly short stay and migrant workers) were not aware they were in a pension until the opt-out period was over, and would then stop saving once they had realised.

Employers on Environmental, Social and Governance investing
Environmental, Social and Governance (ESG) investing is an investment approach that considers how companies impact the environment and society, as well as how they are governed. Most employers said they would offer ESG as an option rather than the default, as employers felt investment choice should be given to the employees, and it was not their right to impose their beliefs on the employees. Employers also responded with a concern about taking responsibility for risk that could come with investment options with poor returns. Employers who said they would make ESG the default typically aligned their ethos with their pension provider, and stated they were concerned about their social responsibility. ESG views are further explored in chapter 7.

Employers on Collective Defined Contribution schemes
Collective Defined Contribution (CDC) schemes are a pension scheme in which the employer pays a fixed rate of contributions, like Defined Contribution schemes. However, in a CDC scheme the employees receive pensions with variable increases through cross funding within the scheme between members. The defined benefit is not guaranteed and there is no funding obligation to the employer. Awareness of CDC schemes was low amongst all employers. The few employers who were aware had often only heard of the schemes 'in passing', and felt they were unlikely to consider using CDC schemes due to a variety of reasons including time, costs, the security of the scheme or the suitability of the scheme. CDC views are further explored in chapter 8.

Conclusions

This research indicates that there are a wide range of employer views and behaviours associated with AE and workplace pensions to consider when considering policy changes. This is seen in their approach to contribution amounts, matching contributions and enrolment decisions. For example, some employers contributed only the minimum and did not promote the benefits of pension saving to their employees. Alternatively, other employers match contributions to incentivise employees to save and organise numerous promotional activities to raise awareness. These examples allude to the contrast between proactive employers (often larger in size) who view and use their workplace pensions as a benefit, and are more likely to raise awareness about pensions savings, compared to those employers who see pensions as an obligation to fulfil. This is evident in their approaches to employee engagement, but also contribution and enrolment decisions.

Aside from attitudinal or cultural factors, employers' decisions regarding their workplace pensions were primarily influenced by:

- Resource burden (administrative/time costs and financial costs)
- Value for members
- Risk (to the employees' pension or to the employer)

When making decisions, for example the choice of pension schemes, employers considered the resource burden on their company. Though financial costs were important, employers were more concerned with the time cost burdens associated with administrative tasks. This meant that larger employers, who had more resources to administer pensions, tended to have more positive views of AE, in comparison to smaller employers who felt the costs (financial and administrative) more heavily.

Following this, the pension scheme's value for members was the second most considered factor in their decision-making process. Employers considered value in a number of ways, including investment returns, ease of communication and support from the pension provider, i.e., customer support, and the scheme's flexibility.

Responses to new or unfamiliar initiatives (i.e., small pots consolidation options, alternative funds, ESG investments and CDCs), were often that the employee should be given the choice. This attitude, typically seen in smaller and micro employers, often stemmed from:

- A lack of knowledge on the initiative or its process, or
- Risk aversion for the employer

This research has covered a number of topics, and brings a together wide array of employer views and experiences across them. Overall, it illustrates that employer and employee attitudes towards pensions, considerations of costs (administrative/time and financial), views of responsibility, consideration of value for their members and avoiding risk are all considerable factors impacting employers' decisions regarding their workplace pensions and AE duties.

1. Introduction

This report presents the findings from a qualitative research study conducted by DWP with employers across Great Britain (GB). It investigates the experiences of employers when implementing and administrating a workplace pension under automatic enrolment (AE). It explores attitudes, behaviours and decision-making processes in relation to: employer contribution levels; employer and employee pension engagement; enrolment decisions; emergency saving payroll-based schemes; choosing and switching workplace pension schemes; Environmental Social and Governance (ESG) investing; Collective Defined Contribution schemes (CDCs); and small pension pots.

This chapter explains the background of this research, the objectives, and the methodological approach taken.

1.1 Policy background

AE was introduced under the Pensions Act 2008, stipulating every employer in the UK must automatically enrol certain employees, currently those aged between 22 and State Pension age (SPa) and earning over £10,000 a year, into a workplace pension scheme and contribute towards it. Employees then have the option to leave the scheme (opt-out) within the month-long 'opt-out period' that follows their enrolment and can choose to stop saving at any point.

Once they have enrolled eligible employees into a scheme, the employers must contribute to the employees' pension savings. Until 5 April 2018, the minimum contribution rate (AE minima) was set at 2% of the qualifying earnings[3] of each employee who is automatically enrolled, with at least 1% provided by the employer. It then rose to a total of 5% in April 2018, with at least 2% contributed by the employer. On 6 April 2019, the contribution rate rose for a second time to a total of 8%, with at least 3% contributed by the employer.

1.2 Research aims and objectives

The primary objectives of this research was to understand employers' views and behaviours regarding AE, in order to explore the role employers play in supporting their employees to save into their pension, to understand how employers view pensions within their overall benefits package and why they may be contributing above the AE minima. As well as these specific research aims, the research was used as an opportunity to further explore the factors that influence whether and how employers choose their pension scheme, how the consideration of costs and value

[3] Qualifying earnings are the minimum basis for calculating AE contributions for employees. They are all the earnings between a lower (LEL) and upper limit (UEL) that is set by the government and reviewed each year.

for members come into this, explore employers' awareness of Environmental, Social and Governance (ESG) investing and Collective Defined Contribution schemes (CDCs), and employers' views on consolidation options for small pension pots. The research was also commissioned to enable an understanding of employers' views and experiences of AE, and their pension choices and behaviours following the Covid-19 pandemic.

In terms of policy decisions, this research will be used to help inform decisions regarding current contribution rates and the coverage of AE, understanding how employers decide which pension scheme to enrol their employees in and employer considerations when switching pension providers. This supports the value for money framework across DWP, The Pensions Regulator (TPR), and Financial Conduct Authority (FCA). This research was also conducted to improve DWPs evidence base on employee pension engagement, small pension pots consolidation, value for members and the expansion of CDCs.

Other policy activities this research was conducted to inform include:

- The implementation strategy for the 2017 AE Review Measures
- The annual statutory review of AE Thresholds[4]

Research questions

Research questions were devised and developed in conjunction with Pension and Later Life Analysis Division (PALLA) and policy colleagues, through a range of engagements, including through a Steering Group and Theory of Change (ToC)[5] workshops. These research questions were developed in order to address the current evidence gaps and inform policy developments in the aforementioned areas.

The questions this research sought to answer are:

- How do employers view pensions within their overall benefits package?
- What are the factors that influence employers' decisions to enrol ineligible employees?
- What are the costs and burdens employers associate with going above the AE minima?
- How do the costs and burdens of the current AE framework vary by employer size?
- How can we help employers to contribute more?
- What role do employers have in increasing pension or emergency savings and engagement for employees?
- What are the factors that influence whether and how employers choose or switch their pension scheme?

[4] Every year DWP reviews the earnings thresholds for automatic enrolment. This includes the LEL, UEL and earnings trigger.

[5] ToC is a structured process used to develop and describe the logical sequence of a change from inputs to outcomes. Running a ToC involves bringing different stakeholders together and exploring their views and assumptions about a policy change.

- How do costs come into play and how do employers view and use value for members in these decisions?
- Have employers heard of Collective Defined Contribution schemes (CDCs)? If so, have they considered a CDC for their employees?
- In terms of small pension pots, what are the costs and benefits of the two different consolidation options?

1.3 Research methodology

This research was conducted by DWP's in-house research team. It consisted of 59 in-depth telephone interviews with employers across a range of sizes, sectors and regions in GB. Using an in-depth interview approach allowed the research team to collect qualitative data, in order to understand the employers' circumstances, views and experiences. The notes from these interviews underwent a process of thematic analysis, further discussed in this section. The themes identified during this process determined the findings in this report. This section provides further detail on how employers were contacted, how the research was conducted, and the process of analysis utilised in order to identify the results found in this report.

Contacting employers

This research set out to interview an even distribution of micro, small, medium, and large employers, across a range of sectors and regions in GB, aiming to interview 60 employers in total. To do so, employer contact details were provided by The Pensions Regulator (TPR), who hold this information because they record employers' compliance with their AE duties. AE duties are legislative and therefore this research was not investigating compliance (which is the responsibility of TPR) but employer experiences of policy. Therefore this way of obtaining employers details was appropriate, but does mean the research does not include the views of non-compliant employers. Given the number of different characteristics amongst employers, and the qualitative nature of the research, it was not possible to select every possible variation of employer type to interview. Instead, the research focused on achieving an even split across employer size, with broad coverage across sectors and regions. This was because the size of employer is particularly relevant to the research objectives given the phased roll-out of AE, and the varying experience of employers of different sizes. The broad coverage of sectors and regions ensured we have a sample that is reflective of the population of GB employers.

When categorising employers, size classifications in line with standard classification used across government and other bodies were used.

Size	Number of employees
Micro	1 - 4
Small	5 - 49
Medium	50 - 249
Large	250 +

Sector classifications followed the UK Standard Industrial Classification (SIC), using the highest level of the classification hierarchy as a broad way of determining employer sector. These classifications were provided by TPR when providing the contact details for the employers, and were checked when conducting interviews with each employer. Similarly, employers were allocated a region as per the 9 Government Offices for the Regions (GOR) in England, with Scotland and Wales as additional regions. For some employers that were national or international, the region assigned to them was often where their head office is.

A list of 1,200 employers was requested in order to account for a low response rate, and therefore mitigate any risks associated with not interviewing our target number of employers. This also meant employers could be purposively selected to contact to increase the achieved interview number with different sizes, sectors or regions, if those numbers were low. The primary quota for achieved interviews was an even split across sizes (15 of each sized employer). There was no official quota for sector or region, however achieved interviews were monitored and therefore specific employers targeted to ensure representation across sectors and regions.

In order to recruit employers to participate in the research, all 1,200 employers from TPR's list were emailed using an initial contact email template explaining the purpose of the research (see Appendix A), asking them if they were able to participate or the option to not participate in the research. These employers were then sent an additional information sheet (see Appendix B) and booked in for an interview at a convenient date/time. Two weeks after the initial recruitment email, a follow up email (see Appendix C) was sent to all employers who had not responded. Given it is best practice to provide communications in Welsh and English for employers based in Wales, this version of the recruitment email was also sent to employers registered in Wales in Welsh (see Appendix D).

To ensure the most appropriate person was spoken to, the email used at the recruitment stages included information regarding what kind of questions would be asked. This meant the achieved interviews had an array of participants, including payroll staff, finance, Human Resources (HR), senior executives, and business owners. This ensured the interviews were conducted with the individual who the employer felt had the most knowledge of, or who was responsible for, the pension provision in the business.

The research team also used telephone recruitment with employers who had been less responsive. For example, micro employers were particularly difficult to contact via email. When making contact with employers this way, the recruiter explained the purpose of the call, and what participating in the research study would entail, and asked if the employer would like to participate. Micro employers were more likely to not answer for scheduled interviews, and so some 'on the spot' interviewing was utilised in order to interview employers when initial contact was made. For all scheduled interviews, a calendar reminder was sent to participants to ensure the interview was visible on their schedule.

Conducting the interviews

A pilot[6] interview was conducted using a practice run through of the topic guide (see Appendix E), prior to the mainstage fieldwork. For the purpose of utilising all employers who volunteered their time, the first week of fieldwork was also considered a pilot, with a debrief session held with researchers at the end of the week to ensure the topic guide was functioning effectively. This also helped to inform the viability of the recruitment and interview process, and the quality of the data obtained from the interviews. Following this, mainstage fieldwork was undertaken. During this process, debriefs (including in the second week, and mid-way) were held with researchers to review progress, the research materials, and understand researchers experience of the fieldwork so far. This allowed the interviewers to understand common areas of uncertainty from employers and add further details to questions to clarify topics.

Interviews lasted up to one hour and were conducted via telephone. Although researchers could begin transitioning back to face to face research (following Covid-19), telephone interviewing with employers ensured that we could achieve maximum regional spread without incurring additional travel costs. This approach is also particularly appropriate for business to business (B2B) research, given the flexibility when scheduling interviews.

Each interview had an interviewer and note-taker on the call. This meant interview notes were made during each interview, which allowed the data to be readily available after collection and meant both interviewer and note-taker could feedback and inform any changes to the topic guide or interview process that needed to be made. Interview notes were taken as opposed to recording interviews and transcribing them due to the available software at the time. Interviews followed the topic guide to ensure that the research questions in section 1.2 could be met from the interview data.

The topic guides included information to be read by the interviewer that informed the participating employer about their right to withdraw from the research, their right to confidentiality and General Data Protection Regulation (GDPR) related information.

[6] A pilot is a small-scale, preliminary study that is used as a test run for a particular research instrument to ensure it's efficacy.

We aimed to include employers from the full range of sizes, sectors and regions in the research. The size, sector and region split of the 59 employers who took part in the interviews is summarised below.

Profile of employers in this research

Here is a breakdown of employers interviewed for this research:

Size	Number of employers
Micro	14
Small	16
Medium	12
Large	17

Sector	
Accommodation and Food Service Activities	4
Administrative and Support Services	10
Arts, Entertainment and Recreation	1
Construction	4
Education	5
Financial and Insurance Activities	2
Human Health and Social Work Activities	2
Information and Communication	6
Manufacturing	7
Professional, Scientific and Technical Activities	6
Other Service Activities	3
Water Supply, Sewerage, Waste Management and Remediation Activities	1

Sector	
Transportation and Storage	1
Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles	7

Region	Number of employers
East Midlands	5
East of England	5
Greater London	16
North East	2
North West	9
Scotland	1
South East	9
South West	5
Wales	1
West Midlands	5
Yorkshire and the Humber	1

As per the above breakdowns, direct employer quotes contained within this report will include the following information about the employer: size, sector and region.

Analysing the data

Once all interviews had been conducted, the interview notes formed the final dataset. This dataset was used to inform the findings presented in this report. The dataset was subject to a process of thematic analysis. Thematic analysis is a broad term for a type of qualitative analysis used to identify themes within the data. For the purpose of this research, the approach taken followed six established phases (Braun and Clarke, 2006). These include:

1. Familiarisation with the content of the interview notes/transcript

2. Generating initial codes to organise the data, from which the coding framework was devised
3. Searching for themes within the initial codes
4. Reviewing themes once all interview data had been coded
5. Defining and naming themes
6. Producing the report based on the themes found within the data

As there were two researchers involved in the initial coding of the data, a coding framework (Appendix F) was developed to ensure consistency in coding across the team. The research questions (section 1.2) were used as a guide to ensure the framework developed aligned with the objectives of the research. The analysis framework was developed and refined during the process of coding (as seen in phase 4 and 5). To aid this process, a qualitative analytical software called NVivo was used. This tool helps to organise the coded data, and simplifies the process of development when merging and deleting codes when needed. The themes identified via this process of analysis are what are presented as the findings within this report.

When analysing the data, a broad categorisation of 'manual' vs 'professional' employers was acknowledged as a way of distinguishing between groupings of employers who tended to have different approaches to numerous topic areas. This is in reference to the general work areas within sectors, accepting that within each there will be different occupations and types of workers. Categorising employers into two groups has limitations, but captures some of the distinction in answers between more manual-related activity (e.g. manufacturing) and more profession-related activity (e.g. education). Sectors within each broad category are as below:

Manual related activities	**Professional related activities**
Manufacturing	Information And Communication
Water Supply; Sewerage, Waste Management and Remediation Activities	Financial And Insurance Activities
Construction	Professional, Scientific and Technical Activities
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	Administrative And Support Service Activities
Transportation and Storage	Education
Accommodation and Food Service Activities	Human Health and Social Work Activities
Other Service Activities	Arts, Entertainment and Recreation

A Quality Assurance (QA) panel was established to review the work of the research team at analysis and write-up stage. The panel included researchers external to the project, senior researchers, an academic and fieldworkers involved in conducting the research at an earlier stage. This panel was engaged when the initial coding framework had been developed, again to review how the codes had been applied to the data, and again when initial themes had been written up. This ensured that the approach taken to analysis had been peer reviewed, to ensure the data analysis was conducted to a good quality. This included discussing where there might be divergent views on themes, how best to define themes/codes, and generally sense checking the analysis approach.

Considerations and limitations

As a qualitative project, this research aimed to provide depth of understanding across a reflective sample rather than being representative of all employers. This is the nature of qualitative research, as it is used to answer questions about meaning and perspective, through exploring the participants' first-hand experience. Therefore, this research is indicative of a range of employer views, attitudes, behaviours and decision-making processes. It is also important to note that qualitative research relies on some researcher interpretation in order to draw out themes and patterns within the data. For this research themes emerged with minimal investigation given the specificity of the research questions.

In terms of the research design, it is important to note that the participant representing each employer held varying roles within the company (e.g. Director, Finance, HR). Although they were determined by the employer as the person best placed to take part in the research, there is potential for their personal views to influence the way they answered questions in this research, rather than reflecting the employer's perspective. It is also important to note, the position of researchers as DWP staff could have some influence in that DWP are responsible for AE as a policy, and so some participants may have felt they should or should not say certain things. Furthermore, during the recruitment process, interviews were advertised as an opportunity for employers to feedback their views of AE. Therefore, some interviews could be interpreted as more negative, because of the interview being presented as an opportunity to provide constructive feedback on AE.

It is important to recognise these factors, but also to acknowledge that measures were taken to ensure the quality of the findings presented within this report. The following chapters will now outline those findings in greater detail.

2. Employers current AE format

In order to understand employers' attitudes, views and behaviours regarding AE and their pension provision, the research sought to capture employers' current structures and set up, and the reasons behind them. This chapter explores in section 2.1 employers' current contribution levels, in 2.2 their structures and views in regard to matching employees' additional voluntary contributions, and in 2.3 the processes and decisions related to enrolment.

2.1 Employers' contribution amounts

Across the employers in this research the dominant model for contribution amounts was the AE minima, with most employers contributing the minimum requirement of 3%. For those who contributed more, there was a whole host of different structures and models, for some or all of their employees. For example, structures included:

- 6% employee contribution – 6% employer contribution
- 4% employee contribution – 4% employer contribution
- 0% employee contribution – 8% employer contribution

Although not very common, in some instances employers offered varying contribution levels for different employees. For example, some 'office' employees were given a higher contribution rate than 'shop-floor' employees, or some senior employees differed from junior employees. This was also prevalent with employers who had agency or temporary workers, with some employers contributing above the minima for permanent employees only.

> "We have different schemes for agency and internal staff. We pay different contributions."
>
> - Large, Education, Greater London

It is important to note that although the majority of employers interviewed for this research contributed the minima, those who contributed above this were often larger employers. This is consistent with ONS data that shows that 28% of employees who work for employers with fewer than 100 employees receive contribution rates of 4% and above, compared to 67% of employees for employers who have over 100 employees. This suggests that although more employers may contribute the minimum, more employees benefit from higher than minimum contributions, given more employees belong to larger employers[7].

[7] See business population estimates for more on employer size and population information.

With regards to reasons for their contribution levels, some employers contributed the minimum in order to comply with AE legislation. This attitude was often seen from employers who saw AE as an obligation, and so set their contributions to what was legally required, as if the AE minima was instructional.

> "We just do what the government want us to do and what the guidelines say … just like most companies."
>
> - Medium, Administrative and Support Service Activities, South West

As well as compliance, high staff turnover and perceived lack of employee appetite for pensions (explored in section 3.3) were factors identified by employers who did not see the value of contributing more than the minima, as employees were likely to leave or opt-out.

> "They're transient in the logistics sector, they come and go quickly and the pension to them isn't of interest. Internally, we have a lot of young members of staff and they opt-out or are below the earning threshold to take them on to the scheme. There isn't the appetite for the pension scheme."
>
> - Large, Administrative and Support Service Activities, Greater London

Small and micro employers were more likely to reference their small number of employees as the reason for contributing the minima. This was either due to financial limitations as a smaller employer or, in the instance of some micro employers, because only having one or two employees meant AE was provided, again, purely for compliance.

> "We don't pay more because we're a small business and every little matters."
>
> - Micro, Wholesale and Retail Trade, North West

Finances were often referenced as the reason employers could not or would not contribute more than the minima. However, for those that would like to, further tax benefits or other financial incentives were seen as one way to encourage or facilitate employers to contribute more.

> "If there would be any help financially that would give us a boost to do it, the reason we can't do more is for cash flow reasons."
>
> - Micro, Other Service Activities, East of England

Employers that did contribute more than the AE minima saw this as a benefit in aiding recruitment and retention, this was primarily medium and large employers or employers operating in industries where pensions were used competitively to attract or retain employees. Other employers that didn't currently contribute more than the minima also acknowledged the positive potential of doing so.

> "It's an attractive thing as an employer to attract and retain staff, to get a good reputation in the market as a good employer that takes care of its employees, it would be a really positive thing."
>
> - Small, Health and Social Work Activities, Greater London

Some employers acknowledged employee satisfaction as a benefit of contributing more than the minima. Either this was in moral terms on an emotional level, to give the employees a sense they are valued by the employer, or more financially, to absolve employees of the latest AE contribution increase.[8]

Many employers did not recognise any benefits of going above the minima for themselves. However, most did acknowledge the benefit to employees of better retirement outcomes. Even so, many employers saw higher pay as more desired by employees than higher pension contributions.

> "In theory if we could present ourselves as paying more it could be attractive, but I am pretty sure if we offered 1% on pay or 1% on pension, they [employees] would take it on their pay."
>
> - Large, Wholesale and Retail Trade, Scotland

The employees age or wage was often referenced as to why they would not value higher pension contributions, with younger employees and lower earners seen as the least engaged with their pensions.

2.2 Employers on matching additional voluntary contributions

When it comes to additional voluntary contributions, some employers choose to match these contributions or pay additional contributions based on these, although there is no requirement for them to do so. Most employers in this research did not offer matching on additional voluntary contributions made by employees[9].The primary reason for this was, again, financial constraints. As well as purely the additional financial cost this would present, other barriers included issues with forecasting that matching potential contributions would pose.

> "We need to be sensible in terms of giving people a fair contribution but we have a number of employees who are over 50 who may want to contribute more. We need to forecast and it would make it too unpredictable in terms of employee contributions."
>
> - Large, Manufacturing, North West

Again, employees lack of appetite for their pensions was also a considerable factor when considering employers matching contributions, in that some employees may prefer additional pay now as opposed to higher pension contributions. Furthermore,

[8] In 2018, the first of two planned minimum contribution increases was implemented. Before April 2018, total minimum contributions were two per cent of a band of workers' earnings, of which at least one per cent came from the employer. This rose to five per cent in April 2018, of which at least two per cent came from the employer. In 2019, the second planned increase was implemented. In April 2019, total minimum contributions rose to eight per cent of which at least three per cent must come from the employer.

[9] It is important to note, this research was undertaken with a roughly equal number of micro, small, medium and large employers, whereas in reality there are many more micro and small employers but with fewer employees overall than medium and large employers.

many employers stated that no employees made additional voluntary contributions anyway.

> "I think this is one of the faults of the schemes, somehow not many people ever put money in […] We run 4 or 5 other businesses and one of the other is much stronger, and no one puts hardly any other money in there either."
>
> - Medium, Information and Communication, Greater London

A few employers questioned whether it was fair to offer matching as it favoured staff who were able to contribute more, so were perhaps already at a financial advantage.

> "Is it fair to match when it is only helping those who can afford to pay in more? You have junior employees who can't afford that with their disposable income. That isn't fair."
>
> - Medium, Transportation and Storage, Greater London

For some employers who contributed above the minima already, they saw this as sufficient or more of a priority than offering matching contributions to additional voluntary contributions.

For the employers that did offer matching on additional voluntary contributions, the primary motivation was that it was a positive way to incentivise employees to save for their future, as employers viewed employee pension saving as important. Most prominently, employers in 'professional' sectors.

> "It's encouragement really. I'm a great believer that people only do things for a reason so you need to give them a good reason to do it. If it's a good investment then the more you put in as early as you can, the better over long term."
>
> - Small, Financial and Insurance Service Activities, East of England

Recruitment and retention were also mentioned, alongside more unique and specific reasons. For example, one employer used matching additional voluntary contributions as a way of maintaining a competitive offer in comparison to legacy Defined Benefit (DB) pensions[10] within the business.

> "As [we] have acquired other businesses, we have inherited DB type schemes, so we needed a generous competitive pension scheme to integrate acquired contracts, and to compete to attract and retain employees."
>
> - Large, Information and Communication, South East

Take-up rates of matching were variable, with no clear picture as to what was driving either low or high take-up. However, factors that could potentially influence an employee's likelihood of making additional voluntary contribution, again, were age and wage. Older workers and higher earners were seen as more likely to make

[10] DB schemes are pensions schemes where how much you get depends on your pension scheme's rules, not on investments or how much the employee paid in. Workplace DB schemes are usually based on a number of things, for example the employee's salary and how long they've worked for the employer.

additional voluntary contributions, and thus take up the matching on offer. This is similar to [analysis looking at life-cycle patterns in pensions saving.]

2.3 Employers on enrolment

As well as contribution structures and amounts, the research explored how employees were enrolled onto workplace pension schemes, and how employers made enrolment decisions.

2.3.1 Employers on automatic enrolment

Enrolment of employees onto pensions schemes was usually processed automatically by payroll software, handled by payroll employees, or handled by an accountant. Regardless of the approach, it was often seen as straightforward as it is ordinarily an automated process. Some micro and small employers were uncertain about who they enrolled or how, as AE was typically handled externally.

Due to the automatic nature of enrolment, most employers only automatically enrolled employees who met the AE criteria[11]; however, some offered opting-in to all employees.[12] Some employers stated that it was their understanding that they had to offer the scheme to all employees, whilst others did so as they believed it to be fair or a good thing to give employees the option, even if they were not eligible.

> "We don't automatically but we ask them if they wish to be enrolled. We give the employee that decision when they join the business. Basically, we think that it is a good thing to offer the pension to all really. But we understand that people of that age or under the threshold might not want to be part of it at that time."
>
> - Large, Manufacturing, North West

Employers who advertised their pensions as a benefit (often those who paid higher employer contribution rates), further discussed in section 3.1, tended to enrol all employees, as it was seen as part of the employment offer. This was primarily large employers.

Some smaller employers were more likely to consider enrolling those outside the criteria if they were a particularly valued employee, or they had a closer working relationship. These employees were held in high regard by the employer and considered an asset, so the employer would accommodate their preferences. This is in contrast to a minority of employers who mentioned purposefully only automatically enrolling those within the criteria to keep costs down.

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[11] Currently those aged between 22 and State Pension Age and earning over £10,000 a year.

[12] If an employee does not meet the AE criteria, they are still 'eligible' to opt-in to the AE framework if they earn over the lower earning limit (LEL) and are aged 22 - Stage Pension Age (SPa). Therefore, for these employees, the employer must offer a workplace pension scheme, and contribute the minimum 3% if the employee enrols. There are then further employees, who earn below the LEL, or who are outside of the age limits, who do not have to be offered a pension scheme at all.

> "We start whenever they're 22… We haven't got lots of money to enrol if we don't need to."
>
> – Small, Arts, Entertainment and Recreation, Greater London

2.3.2 Employers on contractual enrolment

Contractual enrolment is an alternative to AE in which all employees agree to join the workplace pension scheme as part of the terms of their contract. This means employers don't need to work out which of their employees are eligible for AE. Employers were asked if they currently implemented contractual enrolment or had implemented it in the past. In response, many employers conflated contractual enrolment with AE, illustrating a lack of understanding of the distinction between the two. Indeed, awareness of contractual enrolment was low amongst the employers interviewed and once the difference was explained, employers tended to see contractual enrolment as 'wrong', with a perception that it was enforced pension participation, which was seen as problematic, particularly for lower paid workers.

A very small number of employers did implement contractual enrolment, or had done in the past. For those employers, issues were raised around its incompatibility with AE, and employee's dissatisfaction with being contractually enrolled.

> "We had some admin issues initially. We have some misunderstandings between AE and contractual enrolment, because we've come from a place of contractually enrolling everybody."
>
> - Large, Education, East Midlands
>
> "I've had one or two who haven't agreed with it but people know that it is part of their contract."
>
> - Large, Manufacturing, North West

3. Employers' wider views of AE and savings

As well as employers' current pension structures and enrolment decisions, the research investigated employers' wider views of AE as well as other saving methods. This chapter details those findings, in section 3.1 employers' general views of AE and pensions, in section 3.2 the role they play in increasing employee workplace pension saving, in section 3.3 their views on employees' engagement with pension saving, in section 3.4 the role they play in increasing employees' pension awareness, and in section 3.5 their views on a different form of saving, 'emergency saving payroll-based schemes'.

3.1 Employer views of AE and pensions

Views of AE differed across employers. There appeared to be a number of key perspectives. When it came to the objectives of AE, most employers perceived AE as a good policy. Some employers that took this view also viewed AE as a positive as it encourages saving among employees. For this reason, they perceived their duties as an employer positively, as seen below.

> "AE duties are a good thing. I understand the premise of AE and re-enrolment, and the benefit to employees of retirement saving."
>
> - Large, Information and Communication, South East

When asked about their views of AE, some employers were less concerned with AE as a policy, and more concerned about how easy they found it to meet the requirements of AE as an employer. Some employers saw their duties as easy and straightforward. These employers often had more resource to understand and administer pensions, resulting in more positive views towards AE. Other, often smaller, employers saw pensions as a good thing on a personal level, but AEs impact on them as an employer (i.e. the costs and burdens associated with providing a workplace pension) influenced their views on AE itself. This is explored later in section 4.1 'costs and burdens'. Other employers viewed AE as an obligation. These employers expressed indifference or neutrality towards AE, viewing their duties as 'fine' or an obligation to fulfil. Alternatively, some employers perceived AE negatively, primarily due to the administrative burden. There were also some, primarily smaller, employers who questioned if the provision and administration of an employee's pension should really be the employer's responsibility, or even thought that it shouldn't, suggesting it should be the employee's responsibility, or even the government's.

> "I feel they are just added duty […] especially as a small employer it costs more in admin and requires more work when the whole purpose of being a

> small employer is to do less, we aren't like the big boys with hundreds of employees and admin staff. It causes a bit of a headache."
>
> - Micro, Other Services [Hairdressers], West Yorkshire

As well as their views of AE, employers were asked how they viewed pensions within their overall 'benefits package'. In terms of pensions themselves, employer's generally saw pensions as a positive and considered an important benefit by employers who offer a benefit package to employees. Other employers saw offering pensions as the norm, and so not necessarily as part of a benefit package.

'Benefit packages' were primarily found to be offered by large employers that offered other benefits such as healthcare, insurance, and other employee rewards. Employers who offered 'generous employer contributions' saw pensions as an important, often central, benefit within their package, especially when it came to attracting or rewarding staff. This finding perhaps contributes to wider discussions regarding whether purely increases in pay have a reduced impact on employee recruitment and retention above a certain point (Bimpong and all, 2020). In this case, indicating that eventually wider benefit packages (including a workplace pension) become more important.

> "Pensions are fundamental. Our overall employee offer [compared to other employers in the market] is medium salary payer but upper quartile in terms of overall package."
>
> - Large, Financial and Insurance Activities, South West

Although seen as important, some employers with younger employees had to encourage engagement with pensions as a part of their benefit package, with some employees perceived as favouring other forms of investments, such as stocks and shares.

For many employers, the employee's workplace pension was viewed as the only 'benefit' they offered. These employers described the importance of pensions but did not necessarily promote them as a benefit. This was in contrast to employers for whom pensions were not viewed as a benefit but just the norm or a requirement. As all employers have to provide pensions under AE, they did not feel they were offering anything different.

> "I'd say it's given because it's supposed to be given… We've got something everyone else has got. AE is for everyone."
>
> - Small, Manufacturing, East of England

3.2 Employers on employee engagement

With regards to pension engagement, employers believed this tended to vary according to employee's characteristics, but overall was perceived as fairly low by many employers. For these employers, they saw their employees as having either no awareness of where or what their pension is, or an awareness of their pension but little engagement with it. Employers assumed some awareness due to the information that is provided, as detailed above, but still often weren't sure of the level employees engaged with this, or knew it was low. In contrast, some employers believed their employees to be engaged and invested in their pensions, showing just how varied employee pension engagement is across different employers.

> "[Employee awareness is] very mixed. Top 10% are very aware and will regularly check online statements, rates of investments, etc. Middle group 80% of people who are aware but not actively involved. 10% who haven't got a clue."
>
> - Large, Professional, Scientific and Technical Services, South East

Different employee characteristics were seen as influencing employee's engagement with their pension. These included:

- Age - with older workers becoming more engaged with their pensions the closer they got to retirement age.
- Role - with higher earners or those from more 'professional' sectors seen as being more aware and invested in their pensions.
- Migrant workers - with some employers seeing some migrant workers as disengaged with their pensions due to reasons such as language barriers.

The employers who proactively engaged with their employees perceived their employees as having better awareness of pensions and the associated benefits.

With regards to decision making, for example when choosing or switching pension schemes (discussed in more depth in chapter 5), there was often very minimal employee engagement. This was primarily due to employees perceived lack of interest or awareness, so employers did not see it necessary or beneficial to engage employees on such matters. However, some employers did indicate that going forward they would be inclined to include employees more in decisions around pensions. There were also some employers who did engage with their employees when making decisions regarding their workplace pension scheme.

Employers believed ways of increasing employees' engagement primarily meant increasing their understanding. This included suggestions such as more straightforward AE or pension related material, widespread advertisement of their importance, and even government education, for example 'a DWP roadshow'.

> "From a workforce perspective we've got a low understanding of what the pension is for and how it's going to impact their life. I think there's just low understanding. More of an educational piece is needed."
>
> - Medium, Manufacturing, North West

3.3 Employers on raising awareness of pension saving

In relation to promoting pensions, those employers who viewed pensions as a benefit were the ones who actively promoted pension saving and employee pension engagement. This was undertaken in numerous ways to educate employees to consider and plan for the long-term. Proactive promotional activities included formal engagement such as 1:1s, drop-in sessions and seminars with financial advisors, director stand-ups, and teach-ins run by their Pension Provider. These kind of formal engagement opportunities were primarily offered by large employers, with smaller employers seeming to favour more informal discussions with employees (if awareness raising was undertaken).

> "We've got a website, a portal page, all the information is on there. Their contract includes the pension. During the first month we will send information specifically about the pension. We do workshops, webinars and drop-ins about the scheme."
>
> - Large, Education, East Midlands

Given recent interest in the 'gender pension gap[13]' the research sought to gauge whether employers did anything in particular to promote pension saving among female employees. Employers did not report specifically promoting the importance of pensions with employees based on gender, and often questioned whether it would be gender biased to do so. The characteristic that did influence who an employer promoted pension saving too was age, which was often considered by employers when determining who to engage with regarding pensions. However, it was evident that the importance of promoting the benefits of pensions to both younger and older workers was recognised.

> "[We] have historically younger ages in the workforce, therefore pensions are not top of their agenda, and we have had to explain the benefits of pensions to them."
>
> - Large, Information and Communication, South East

Proactive engagement was contrasted with reactive engagement, whereby employers did not actively promote pension saving but would have conversations about pensions if approached by employees. How often this happened varied, but on the most part it seemed fairly infrequent.

> "It's easier to have a word with somebody and not think about the more formal approach to the benefits of pensions."
>
> - Micro, Wholesale and Retail Trade, North West

Some employers indicated that they did not do anything to raise awareness themselves and relied on employee led engagement, focusing on employees engaging with the information provided for them to be aware of their pensions. This could be via the AE enrolment letter, intranet pages or pension portals. They referred to employees' payslips and annual statements as ways in which employees could see the 'benefits' of pension saving.

[13] The gender pension gap refers to the differences in retirement outcomes for men and women (Prabhakar, 2022).

3.4 Employers on increasing employees' pension contributions

Although some employers promoted the benefits of pension saving and were keen to increase employee engagement, when it came to employees increasing contribution amounts, this was viewed as a personal choice. Raising awareness of the benefits was deemed enough for employees to then make their own decisions. Some employers incorrectly expressed that it was of their understanding that they cannot engage or advise on pensions, so felt that encouraging employees to increase pension contributions was out of the question. This was because they believed it was against the law to offer financial advice as an employer, as seen below. It is unknown what regulation or advice had given employers this impression, but this is not the case. This is further explored in section 6.2 in relation to small pensions pots and new joiners, and section 6.3.2 in relation to employee saving habits.

> "I think it is difficult with employees … the employer can't really give advice."
>
> - Medium, Information and Communication, Greater London
>
> "We will let people know that they can make increases but we would stop short of encouraging or advising them to. That's something we'd encourage you to discuss with our advisors."
>
> - Large, Manufacturing, East of England

As well as understanding what role employers play in encourage increasing contributions, the research sought to identify if there were any potential barriers for employees when looking to voluntarily increase their contributions. The majority of employers indicated that there would be no issues for employees. Usually, mechanisms included informing payroll or the pension team, going through a pensions portal or engaging directly with the pension provider. Employers using providers where you cannot directly increase contributions via payroll did say they believed this could be a potential issue for employees increasing contributions, as it made it more difficult to do so.

3.5 Employers on emergency saving payroll-based schemes'

As well as their pension provision, employers were asked for their views on 'emergency saving payroll-based schemes'. Emergency saving payroll-based schemes allow employees to make savings into a dedicated instant access savings fund directly from their pay. Most employers in this research did not offer emergency saving payroll-based schemes. However, some did offer alternative saving or investment opportunities to employees (e.g. ISAs, shares) or said they would help employees in times of hardship (e.g. salary advances).

> "What we have done is given advance of salary to staff where they have been in particular difficulties and then deducted it over a period of time […] they would come to us and we would help them."
>
> - Medium, Transportation and Storage, Greater London

Although most employers saw the benefits of emergency savings, similarly to pensions, some employers did not believe it was their responsibility to administer them and questioned whether other methods of saving were more suitable, such as employees saving directly through their bank.

> "It's extra work and I don't think it's necessarily for employers to set-up… should be a personal choice around savings, not the employer role"
>
> - Micro, Information and Communication, South West

That being said, most employers did say that if such schemes were something their employees wanted, they would consider offering them.

As no employers in this research currently offered emergency saving payroll-based schemes the research was unable to identify any potential issues employers associated with providing them. Many employers were not familiar with the schemes, but did envisage potential issues such as admin, financial costs, and employee appetite.

Mostly medium and large employers envisaged no issues with administering emergency saving payroll-based schemes, as they assumed it would be fairly easy to set up via payroll.

> "From practical terms there would be limited impact, just another deduction to be made from someone's pay. Could be set up quite easily, not particularly difficult to manage."
>
> - Large, Wholesale and Retail Trade, Scotland

However, some smaller employers were more wary of additional administrative burden and potential additional costs.

In terms of employee appetite, employers of higher earners questioned the need for emergency savings for their employees, suggesting they wouldn't need them, whereas employers of lower earners were cautious of their employee's ability to save, as they were already living 'hand to mouth'.

> "With inflation and energy prices at the moment it's difficult to ask people to save more for the future, and the emergency fund might be needed now."
>
> - Micro, Construction, East Midlands

Aside from employees saving, some employers did engage with the idea of offering emergency saving payroll-based schemes as being a potential business benefit, whereas others thought any benefits would lay solely with the employee. Others (as above) questioned the benefit at all.

4. Considerations for review measures

This research was conducted with the view of informing any future changes to AE, including the implementation of the 2017 AE Review Measures. To do so, employers were asked about any costs or burdens associated with AE, see section 4.1, and the impact potential higher costs of pensions could have on them as an employer, see section 4.2.

4.1 Employers on the costs and burdens associated with AE

Financial costs and administrative costs, such as time and resource, were the main costs associated with providing a pension. It is important to note that employers were asked specifically what the costs and burdens of providing a pension under AE are. For some, costs and burdens were seen as minimal, including the financial cost of the employer contribution.

Amongst employers, costs were conceptualised as either the financial cost of the employer contribution or the administration costs associated with providing a pension for employees. Administration costs also included time and resource, as well as further financial costs with setting the scheme up or if employers chose to outsource. These were usually smaller employers. Costs often varied according to whether changes were required and the functionality of the system. Changes could include hiring new staff or occurring as a result of changes to AE, as these all create extra work. Re-enrolment[14] was also seen as an additional admin burden.

> "[It's a] significant administrative task and burden which actually isn't our responsibility. We use Sage payroll, which doesn't really integrate with [pension provider], … spent three hours on Wednesday trying to sort re-enrolment out."
>
> - Medium, Professional, Scientific and Technical Services, West Midlands

Many employers only acknowledged there to be financial and admin costs when they initially set their schemes up, and then saw their pensions provision as straightforward and just a standard running cost. These were primarily large employers.

[14] Re-enrolment is part of an employer's duties under AE. Every 3 years the employer must put employees who have opted out, ceased active membership or reduced their contributions to below the minimum level, back into a pension scheme.

For other employers, often smaller in size, pensions were costly in time and/or resource. These were often influenced by the employer's knowledge of the pensions or the associated processes, and the complexity of what needed to be done. For this reason, compliance with legal obligations was also seen as a burden, as employers were conscious they needed to 'get it right'.

> "Direct costs in terms of the employees is comparatively minimal […] however the burden for me as a small organisation was getting it right […] probably 2 days per month extra for my financial controller to be on top of that […] what I can't do is get it wrong."
>
> - Micro, Construction, Greater London

With regards to absorbing costs, most employers absorbed financial pension costs as part of their standard business running costs, most commonly referred to as overheads. Sometimes they were described as overall employee costs, and accounted for in this way.

> "It's just seen as a cost of doing business, so seen as part of overall employee costs in each area of the business. We do the usual. Generate enough sales to cover it. Seen as ongoing cost of business."
>
> - Large, Wholesale and Retail Trade, Scotland

The cost of pension provision sometimes impacted on other decisions such as hiring new employees, or when setting salaries. For some smaller employers, absorbing pension costs was not always actively considered, and just seen as something that 'had to be done'.

In relation to administrative costs, these were often absorbed by doing things in-house. Whether employers decided to outsource support was often determined again by the complexity associated with pensions or their understanding of them. For many larger employers, this wasn't necessary as they had employees whose roles included that responsibility in-house. For some smaller employers, costs were absorbed by doing as much in-house as possible. This was effective as a financial cost saving measure, but could be a trade-off on time or resource, such as spending time understanding what needed to be done.

> "It is trying to do as much in house as you can because the smaller you are the bigger the cost proportionately … It saves costs but it feeds into the language needing to be better…couldn't make heads or tails of a few things."
>
> - Micro, Wholesale and Retail Trade, North West

4.2 Employers on greater pension costs

When employers considered how they would react to higher pension costs, all employers stated that they would comply, with many stating this would not impact them. For those where increases could be harder, they had a number of mitigations in place. For example, practical responses included increasing prices and rebalancing other employee benefits.

> "I mean, do we want to pay more? No. But will we? Absolutely. Would this stop us employing people? No, we have a working model … I don't think we would behave any differently to what we do now."
>
> - Large, Wholesale and Retail Trade, Greater London

For employers for whom higher costs were seen as negative, this was often due to the current economic landscape following Covid-19, rising inflation rates[15] and the recent National Insurance (NI) increase.[16] In some circumstances, both employer and employee pension engagement and contributions were impacted by the current economic situation of recovering from the pandemic, rise in the cost of living and the NI increase. Employers articulate having more limited cash-flow for themselves, and referenced employees being more focussed on take-home pay, influencing their pension saving.

Increasing consumer prices was one response employers said they could use to mitigate higher pensions costs, although there were concerns about industry price caps or remaining competitive, which would mean this could only be utilised to a certain degree.

Some larger employers raised other changes they would make in response to higher pensions costs. For example, by rebalancing other benefits within their package in order to comply. Employers that were already paying above the employer contribution minima were not concerned by the suggestion of higher pension costs, as they often assumed it would not make their pensions more expensive than they were now, or were confident they could accommodate an increase.

For micro and small employers, other methods for absorbing potential increases included not increasing wages in line with how they would have done otherwise, or not hiring new employees.

> "Bigger employers can do it easier, it would stop us recruiting people…have to squeeze more out of what we have and the business wouldn't grow…. people wouldn't get the pay rise they expect. I don't know how we'll manage with NI increase etc."
>
> - Micro, Wholesale and Retail Trade, North West

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[15] In February 2022, when the majority of these interviews were conducted, the Office for National Statistics reported inflation had risen to 6.2%.

[16] In April 2022, National Insurance (NI) contributions for the year 2022-2023 rose by 1.25%. Employers were aware of this planned increase when the interviews took place.

5. Choosing and Switching Schemes

In order to understand what influences employers' choosing or switching their workplace pension schemes and their awareness of different schemes, this research sought to gain an understanding of what factors influence the choosing and/or switching of pension schemes, and the reasons behind them. This chapter explores in section 5.1 the factors that influence choosing/switching, in 5.2 the way that employers consider and use the concept of value for members in their decision making, in 5.3 whether employers consider the method of tax relief, and in 5.4 whether employers would continue to pay their contribution for an employee who planned to move their pension to an alternative fund or provider.

5.1 Employers on choosing and/or switching pension schemes

Within this research, factors that influenced the choosing or switching of pension schemes were split into primary and secondary categories according to how often employers referred to specific issues. Primary factors included time and financial costs to the employer, the reputation of the pension provider and the investment security of the scheme. Secondary factors included value for members and advice or recommendations from intermediaries. Notably, only a minority of employers had switched their pension provider. Most employers had not considered switching until they took part in the research. Consequently, choosing and switching was often conflated within the interview as the employers mainly described their decision making processes when initially choosing their pension scheme.

5.1.1 Employers on factors that influence choosing and switching

Time and financial costs, i.e., the amount of time or financial resource employers needed when setting up or maintaining their scheme, was the primary consideration for employers when choosing and/or switching their pension scheme. This factor was evident across the employers, with variations of it ranging from micro to large employers.

> "We chose the pension scheme because the pension provider provides a lot of the admin for us – letters etc. The time cost savings for us is very valuable."
>
> - Large, Administration and Support Service Activities, Greater London

Notably, small and micro employers were particularly affected by this factor, as some employers mentioned that they felt their choice of pension scheme was limited by the initial financial costs. Although it was not very common, for some small and micro employers, this limitation was fundamental, and so time or financial costs were the only factors they considered when initially choosing their pension scheme.

> "Cost to employer is a fundamental thing. I joined [provider] with my micro business because it was free. That was the only factor I took into account at the time because it was an extra burden and massive increase in cost."
>
> - Micro, Wholesale and Retail Trade, North West

Employers also considered the reputation and security of a scheme to be a primary factor when choosing and/or switching pension providers. For these employers, both the schemes' reputation and whether they considered it to be secure enough for their employees tended to mean they opted for a known, government-related provider. This credibility and assurance often provided "comfort to the employer and the employees" as it was perceived to be less risky (Large, Professional and Scientific Activities, South East). Notably, employers perceived a safer pension option to be one that does not jeopardise the scheme's investment performance.

Secondary factors, though mentioned less frequently by employers, were still considered important when choosing and/or switching pension providers. Specifically large employers considered value for members to be an important consideration. Though value for members will be explored in further detail in section 5.2, it is important to note that value for members was not just considered to be investment returns, but also the 'service' that pension providers would supply. Here, service included provider communication, support from the provider, and the flexibility of the scheme.

Employers of all sizes frequently said they had sought out advice or recommendations from intermediaries such as accountants or financial advisors when initially choosing the schemes, and also considered their advice when they were switching or considering switching schemes. This research found that manual sectors[17] tended to say more often that they considered advice or recommendations from outside bodies; however, they did not elaborate on why this was the case.

When considering what was important to them, employers often spoke about multiple factors simultaneously, for example this large employer:

> "Our previous provider, it couldn't include US citizens and they had to be in a separate scheme... We worked with our benefits provider. [We] wanted a provider that was going to be a balance of reputable, big and competitive and we took advice and we found [current provider]."
>
> - Large, Manufacturing, East of England

[17] This report refers to 'manual sectors' as employers who are not within 'professional sectors' such as manufacturing, construction etc.

The quote speaks to how both primary and secondary factors can, and do, work in tandem to inform the employers' decisions when considering choosing and switching pensions.

Where employers (predominately micro employers) had little to no involvement with choosing their workplace pension, it was often because they were delegating their pension responsibilities to an intermediary, such as accountants. As a result, these employers were more likely to have indifferent attitudes, with some suggesting they had chosen their pension provider based on what was the easiest option at the time.

5.1.2 Employers on the barriers of, reasons for, and experiences of switching

When employers considered switching or had switched schemes, most raised value for members as a reason for doing so. Value for members in these instances tended either to comprise considerations on investment returns, or were linked to their dissatisfaction with the 'service' of their current provider.

> "[We] did consider when service levels were poor from provider, but we spoke to them at the time and they improved so never actually did it formally. Largely we were frustrated from employee's perspective, bad communication, contributions not being allocated as promptly as they should. From employer perspective was frustrating in terms of level of communication we had with them and if they could resolve queries etc."
>
> - Large, Wholesale and Retail Trade, Scotland

Employers who were considering switching suggested that they would need to perform due diligence on the scheme's investment performance before making any decisions. Some also noted that until there was enough of a difference in the performance of a potential scheme, they would wait to switch. Most employers either specifically suggested or implied that their reluctance to switch stemmed from the opinion that switching was incredibly difficult to do because of the resource implications (time and financial costs). As such, these employers would only switch if the security of the scheme was threatened, or there was a worrying drop in the scheme's investment.

> "[For] most employers it takes quite a lot to upset you enough to actually move."
>
> - Small, Professional, Scientific and Technical Activities, North West

Alternatively, mainly large employers suggested that they would not switch as they had no incentive to do so, or were happy with their scheme. Happiness with a scheme was a combination of the cost effectiveness of the current scheme, and effective customer service from the pension provider, also discussed when considering value for members (in section 5.2). In such instances, employers focused more on the time investment rather than the financial cost of switching.

In comparison, predominately micro employers often did not consider themselves responsible for decisions on switching schemes as they had often delegated responsibilities to their accountants. Consequently, they did not seem to have considered reasons for switching or staying in their current scheme in much depth. In these instances, financial service providers, like accountants, acted as a gatekeeper to pensions schemes, and therefore, micro employers relied on them more heavily. This finding is similar to qualitative research with new-born employers which found that it is common for smaller employers to engage in limited information seeking behaviour when setting up a pension. Usually, smaller employers will seek out just enough information for compliance, and little beyond this.

> "I don't know much about it so I don't know why I would look around for a different provider when I don't know about it."
>
> - Micro, Construction, East Midlands

Notably, growth was considered a factor by some employers. Employers who were growing in size expressed the notion that their current provider may not be suitable for them once they had acquired new employees. Although these employers did not expand on this further, it is possible that growth is an enabler to switching to a different pension scheme or may make switching necessary. These employers may consider switching, or have switched, because they now have access to more funds or support to be able to investigate which provider is best suited to their needs. Or it is also possible that the old provider no longer meets their requirements, and as such they are dissatisfied with the 'service.'

> "We changed provider 18 months ago as we grew quite fast, we were dissatisfied with our original provider so we did a review with advisors and went with [current provider]."
>
> - Large, Manufacturing, East of England

Though it was rare for employers to have switched, when an employer had switched it was often because they were dissatisfied with the 'service' of the scheme, or the time spent addressing provider or service-related issues. Much in the same way that time costs were a primary factor for decision making, employers indicated that if the cost of dealing with the admin burdens that are associated with switching was higher than the cost and difficulty associated with switching, then the employer would switch.

Employers noted that dissatisfaction with the scheme could, and would, affect both the employer and the employee. When an employer had switched, they often acknowledged how it was the employee's dissatisfaction with their previous scheme that had led them to do so. Here, employers focused on the need for greater flexibility for their employees, or needing a more user-friendly provider. Financial costs, though important, were not the biggest consideration for switching as employers who had switched noted that there needed to be a balance between the financial cost for them, and the value their employees received.

> "We had quite a transient workforce. When an employee left the business, they were having to pay an admin charge to move their pensions. So we looked for a more user-friendly organisation that worked with our transient workforce."

- Large, Information and Communication, East Midlands

Very few employers in this research had switched, the majority of those who had switched were medium in size. When these employers were asked about their experiences switching, their positive experiences relied heavily on the new providers' levels of service, or how much of the admin burden the new provider took on for the employer. For example, one employer mentioned that switching was a burden only because the new provider was not able to provide admin support in their switching process:

> "This [previous] company did all the monthly submissions for the pensions, but this company requires us to do it. It was a major issue at the start. And they had a black out for two or three months in terms of the IT, so that placed quite a burden on us."
>
> - Medium, Administration and Support Service Activities, South West

Several actions were mentioned, including but not limited to the accessibility of communication with the employees, ease of use or access, and easy to follow guidance for the employer.

5.2 Employers on how value for members influences their decisions when switching and/or choosing pension schemes

5.2.1 Employers on value for members as a priority

Employers were asked how costs were considered when choosing and/or switching pension schemes, and whether they considered value for members in their decisions. Literature regarding value for money in Defined Contribution (DC) pension schemes suggests that there are three key elements that support value within pensions: investment performance, customer service and scheme oversight, and the costs and charges. It is important to note that measuring value is a difficult process, and it often varies between the scheme, the members and over time. However, these employers indicated that value for members was considered in very similar terms:

- Investment performance
- Service support from the provider (including communication, administrative support from the scheme and ease of use)
- Flexibility

Overall, most employers across all sizes believed that value for members was a priority when considering switching schemes, and they were likely to show this through their actions or views about the benefits of pensions. In this instance, employers took a more 'paternalistic' approach, whereby they would look after their employees as best as they could with the resources they had to hand. The amount of resource and knowledge accessible to the employers (often impacted by size of employer) seemed to affect the degree to which employers could offer and prioritise value for members, in its array of benefits.

Predominately large and medium employers considered more than just investment returns and tended to focus on the employee benefits that providers could supply. Some large employers, for example, hired advisors to provide them with the knowledge to choose a pension with the best value for their employees, while others looked specifically for providers that could offer value.

> "We spend a lot of money on our advisor who will have a great understanding of the service they provide."
>
> - Large, Administration and Support Service Activities, Greater London

> "Also what they offer to the member – wellbeing hub, added value, transferring funds if they choose to, flexibility."
>
> - Large, Professional, Scientific and Technical Activities, South East

Comparatively, while small and micro employers did consider value in wider ranging terms such as service support etc., they were more likely to focus on investment returns for their employees. Although these employers were still paternalistic in their approach, there was an indication that they felt a moral obligation or responsibility to provide value for their employees via investment returns.

> "We do look for value for money for our employees. It's their money and our money but we're making the decision rather than them so we do look for that."
>
> - Small, Professional, Scientific and Technical Activities, North West

Notably, this was predominately mentioned by small and micro employers throughout the research, though this does not disregard the notion that large and medium employers also considered themselves to be morally obligated to make value for members a priority, as seen above. In earlier sections, this report noted how small and micro employers tended to have less knowledge and resources when it comes to pensions as a whole, with micro employers predominately using intermediaries such as accountants to provide support or take over pension responsibilities. As such, because they are less sure themselves, these findings suggest smaller and micro employers want to make sure their pension responsibilities are fulfilled but are unsure how they can provide further value past secure investment returns and, therefore, tended to focus on investment performance when considering value for members.

> "[It's] ensuring you're getting value for the company and the individuals, so we do keep an eye on the returns the schemes give because we do want value for money for our employees."
>
> - Micro, Wholesale and Retail Trade, North West

5.2.2 Employers on balancing value for members with other priorities

For some employers, while they did feel that value for members was important, they did not consider it to be a priority. Though these employers suggested they would balance value with other factors where they could, they prioritised the following factors:

- Ease of access to the pension provider
- The cost of the scheme for employers and employees
- Ensuring the pension was secure

> "Balance between what's easy and value."
>
> - Large, Administration and Support Service Activities, North West

> "We didn't really put much thought into it. Just chose a big government backed scheme because they should be less likely to go under."
>
> - Medium, Professional, Scientific and Technical Activities, West Midlands

Within this group, large and medium sized employers predominately prioritised time and financial costs; however, when this view was given, employers across all sizes tended to consider the financial costs to be a priority.

5.2.3 Employers who did not consider value for members

Some employers stated they did not consider value for members at all, as they felt that time costs and administrative burdens (e.g. how easy it was to administer the scheme), were the most important factors. This was the least prevalent of the three views. One employer specifically considered how the scheme affects payroll, for example "If [the scheme] works well for the payroll company that is the main driver" (Medium, Information and Communication, Greater London). Although this employer specifically referenced how the pension system links with the payroll system, an issue also sometimes raised by other employers, administrative concerns were the main reason why employers did not consider value for members to be a priority.

In addition, there was an indication that the lack of knowledge some small and micro employers had around pensions in general affected their attitude towards value for members. As they tended to be less engaged, often because their accountants handed pension responsibilities, these employers did not often consider value for members.

> "I just went with the recommendation and didn't look into it too much really."
>
> - Micro, Information and Communication, North West

5.3 Employers on considering the method of tax relief when choosing and/or switching

This research asked whether tax relief was a factor that employers considered when choosing or switching their pension schemes. There are two ways employees can receive tax relief on pension contributions: Net Pay Arrangements (NPA) and Relief at Source (RaS).

Overall, the majority of large, medium and small employers said they had, or would, consider the method of tax relief that a scheme operates when they were choosing, or if they were to consider switching pension providers. Meanwhile micro employers predominately were unsure about whether they had considered it or not, and gave no indication they would consider if they were to switch.

When a specific method of tax relief was mentioned, though reference to a specific method was minimal, it was a fairly even split between favouring NPA and RaS. Notably, the employers who did suggest they would consider tax relief, or referred to a specific method tended to come from more 'professional' sectors.

Very few employers within this group elaborated on what they found beneficial from considering the method of tax relief used; however of those that did, they mentioned:

- Tax relief added value for employees and could support them with the rising national insurance costs
- It was integral to how their company worked (employer sponsored schemes)
- Tax relief (specifically RaS) provides a 'top up' though does have a greater impact on higher rate taxpayers
- It ensures that employees are gaining the maximum benefit from tax relief

Within this, only one employer touched on other pension tax considerations such as annual or lifetime allowances:

> "Big questions focus around people hitting tax limits who take the cash and do something else instead."
>
> - Large, Information and Communication, South East

There are implications to these two tax relief options. Under NPA schemes, employees earning below the Personal Tax Threshold would not currently receive any tax relief, while those under RAS schemes would get tax relief at the basic rate of income tax. This anomaly is due to be resolved in the future, as seen in the pension tax relief administration call for evidence response.

Although the majority of employers said they had or would consider the method of tax relief, the responses specifically naming the benefits and implications of the two methods came primarily from the large employers. This is likely due to larger employers having in-house staff who are responsible for understanding this aspect of pensions. It is also possible that the role of the interview participant impacted their ability to discuss these benefits or implications.

Comparatively, only a small number of employers said they had not considered tax relief. These employers tended to have a lack of awareness regarding the role of tax relief when considering workplace pensions. Often this was due to lack of knowledge on the subject, or in the case of some micro and small employers, because pension responsibilities were outsourced and so they were had not personally considered the method of tax relief their scheme operates.

5.4 Employers on paying into an alternative fund or provider

Employers were asked whether they would continue to pay their contributions into an alternative fund or provider for an employee who planned to move their pension. It is important to note that employers tended to use fund and provider interchangeably; however, this research has attempted to draw out findings where this distinction was made clearer.

Currently, employers are required to continue paying into an alternate fund if it is offered by the same provider currently used by the employer for their workplace pension, but do not have to continue paying their contributions if the employee chooses to move providers. This research found that overall, medium, small and micro employers often said they would continue to pay their contributions into an alternative fund or provider, while large employers tended to say they would not pay into an alternative provider.

Large employers in particular tended to understand they did not have any obligation to keep paying contributions if the employee switched, and so predominately said they would not pay into an alternative provider. When compared to smaller employers, large employers tended to have a greater selection of funds for their employees to pay into. As such, they often cited their larger selection of alternative funds that employees could choose from as a reason for why, as larger employers, they would not pay into an alternative provider. Typically, large employers felt their increased fund options was optimised for the most employee value and benefit. It was also the case that in order to attain the matched additional voluntary contribution benefit, employees would need to be with their chosen provider.

Additionally, large employers particularly considered the admin burdens associated with paying into an alternative provider. While not explicitly mentioned, it is possible that due to the nature of large employers hiring far more employees than smaller employers, it is likely to be a greater administrative burden to offer to pay into an alternative provider than it might be for smaller employers.

In comparison, medium, small, and micro employers often said they would pay into an alternative fund or provider. The main reason given was that employers tended to believe that fund or provider option was, and should be, a choice for the employee to make. This was either because it was personal to the employee, they may want the option of paying into a fund or provider with better investment performance, or so that employees could be empowered to work on their financial knowledge.

> "It is a personal choice…If someone were to choose to put their money elsewhere, we would hope they have the tools to make decisions on their own finances."
>
> - Large, Wholesale and Retail Trade, Greater London

Alternatively, some employers said they would continue to pay into an alternative provider if certain conditions were met. Employers mentioned the process should be an easy one to do; for example, the administrative burden should not be too high or taxing on the employer, or if their employees properly understood the decision they were making.

> "I don't see why we wouldn't. We'd just need to understand the logistics and the provider they're going to. We don't want them jumping ship to risky set up…we would need to do financial wellbeing work with them before they did move."
>
> - Medium, Manufacturing, North West

Similar to large employers, however, some small employers acknowledged how time costs could affect them; where small employers were often usure about their position on alternative funds or had a limited understanding of what the process would entail, there was a higher resource cost for these employers as they would have to learn how to do it or pay an intermediary to do so.

In some instances, small employers felt they had a moral obligation to continue contributing, while some micro employers believed they had a legal obligation to pay into both an alternative fund and an alternative provider. This report will elaborate further on micro employers' understandings of their legal obligations in section 6.2.

In cases where the employer had not yet had to consider whether they would pay into an alternative fund or provider, employers often commented that they would need to attain guidance about the option from colleagues, or that they would need to discuss the option with the employees in detail first. The outcome would then be dependent on the employee's situation and their fiscal understanding. It is important to note that these answers were given hypothetically in the interview, as the situation had not occurred.

6. Small pension pots

Due to AE being extended to lower earners and people who move jobs frequently, there has been a rise in the number of deferred pension pots (i.e., pots that are no longer being paid into). These pots often only contain a small amount of money and so are referred to as 'small pension pots.' This research sought to capture the creation and saving habits that lead to small pots. This chapter explores in 6.1 the costs and benefits of two consolidation options put forward to employers, in 6.2 how employers interact with possible deferred pension pots from new joiners, and in 6.3 the creation and saving habits of employees who miss the 1 month opt out window.

6.1 Employers on the costs and benefits of consolidation options

Employers were provided with two consolidation options to consider.[18]

- Option 1 – Deferred pots are automatically brought together by a large, government-approved scheme/pension provider.
- Option 2 – the pots follow the employee to their new employer and are added to that pension scheme.

6.1.1 Employers on costs and benefits of option 1

Employers suggested costs would include:

- Administrative burdens
- Concerns around gaining consent from the employee
- Pots may get lost in the system

When employers gave administrative burdens as a cost, it was with the assumption that the employer would inherit the administrative burden as they were not aware that the pension provider would be responsible for administration. Therefore, their concerns tended to focus on how simple or easy the process of consolidation would be. Some employers also suggested that there may be an increased potential for error to occur if all pots were consolidated, whether or not administration was done by a government approved scheme, or the employer.

Employers also expressed concerns about the logistical process of gaining consent from employees before pots were consolidated. Questions that were frequently asked included how it would be done, who would be responsible for gaining the consent, i.e., would responsibility fall on the government, the employer, or the

[18] It is important to note that this was the first time many employers had heard of the two consolidation options, and as such their responses were based on the limited information shared with them during the interview.

employee, and what would happen to the small pot if no consent to consolidate was given?

> "The first one, the rules around how that happen would need to be really clear. When does it happen? Is it automatic? I think there's a huge risk around consent, investment concerns, it would also take a lot of money out of large insurers so from economy point of view… I'm not sure."
>
> - Large, Professional, Scientific and Technical Activities, South East

Following this, some employers were also concerned about the small pots getting 'lost' in the system if the scheme was not properly regulated in its early stages, though employers rarely elaborated on this concern.

> "I have a couple of pension pots from previous jobs […] but there is a cost in moving them and they might get lost."
>
> - Small, Accommodation and Food Services, Wales

The benefits of option 1 were as follows:

- The system would be easy to use
- Option 1 provides greater visibility of pensions
- Employees would have better control over their investments

Employers assumed that the government or the scheme would be responsible for bringing the pots together, and as such believed the system would be easy to use. This focus on admin burdens and time costs links to the primary factors that influenced choosing and/or switching in the previous chapter. Employers across sizes and sectors were inclined to want an option that would provide them with the least amount of administrative burden.

> "There may well be a cost but the benefit would be having 1 pot for everything would make life more easier and manageable and to update employers and employees I think would make life easier."
>
> - Small, Accommodation and Food Services, East of England

6.1.2 Employers on costs and benefits of option 2

Although there was some employer preference towards option 2, neither potential option would be likely to be burdensome for employers.[19] Therefore, while their preference for option 2 will be explored in the following sections, it is important to consider that this preference may stem from the limited knowledge they had around the two options, or perhaps because of negative connotations some employers have with government approved providers, as will be looked at in a later section.

Employers suggested costs of option 2 would include:

- Administrative burdens

[19] One of the small pots working group's key principles is to minimise administrative burdens for pension providers and employers (including SMEs).

- A discomfort with providing financial advice
- Losing benefits from previous schemes

Like option 1, employers expressed concerns around the time costs due to administrative burdens. Though not expressly stated, employers seemed to believe that they would be responsible for the admin, and that this could impact their time costs as they would be constantly handling different schemes as employees moved jobs.

Many employers also expressed concern or discomfort when saying that employees would need financial advice on consolidation. Although they did acknowledge that advice would need to be given, employers did not seem comfortable with the idea that they may be the ones responsible for providing financial advice on consolidation.

> "Without proper financial advice you're putting your employee's pension pots at risk…. there's a lot of detail and education that you'd have to give people."
>
> - Medium, Transportation and Storage, Greater London

Some employers also considered whether or not employees would lose access to the benefits they attained from previous pots if all the pots were consolidated however, once again, there was very little elaboration on the concern.

> "With pot follow[ing] members, the individual loses the ability to retain access to the scheme they had before. That might not be the right outcome for all individuals."
>
> - Large, Financial and Insurance Activities, South West

Employers considered the benefits of option 2 to be as follows:

- Ease of access
- A more secure option for short term contract workers
- Increased visibility

Based on the limited information they had on the consolidation options, employers perceived option 2 to be both more accessible to those who had multiple pots, and a securer option for employees who frequently moved jobs or were short term contract workers. In this case, they felt that consolidation would allow the pots to be brought together, and therefore wouldn't be forgotten about as the small pots would automatically follow the employee.

Additionally, employers felt that option 2 would provide greater visibility. Here visibility often linked with age; for example, employers felt that if the pots were more visible then it might prompt younger employees to engage with and be more proactive about their pension saving. Visibility was also mentioned in relation to new starters; if pots were more visible, new starters would have clearer information about their pensions, and would therefore be able to make informed decisions.

> "Moving automatically to the new employers, it's one of those things when you take on a new employee you are told information, it would be good if it was added to this to be added straight to the payroll."

- Micro, Other Service Activates [Hairdressers], West Yorkshire

6.1.3 Employers on individual choice

Although most costs and benefits were easy to apply to both options, when prompted for further elaboration, many employers suggested their employees should be allowed to choose the option that worked best for them, but failing that, option 2 would better allow for individual choice than option 1.

> "I would suggest that it should be down to the employee. I think this is where education comes into play. Employers should empower their employees to understand their pension pots and have an understanding that they can transfer."
>
> - Small, Professional, Scientific and Technical Activities, South East

Though not explicitly stated, individual choice seemed to link to the uneasiness employers felt when they believed they would need to provide financial advice on consolidation. Employers often mentioned that as it was the employees' money, they should be the one responsible for consolidating or not.

> "It's down to the employee at the end of the day it's their money not mine."
>
> - Micro, Wholesale and Retail Trade, North East

6.1.4 Employers on logistical concerns and implications of consolidation

Some employers whilst noting consolidation was beneficial, did not provide their views on either option due to concerns and considerations around consolidation. These included questions raised on the logistics, and the implications of consolidation.

When concerned about the logistics, employers said they were unsure about which option would be best as they hadn't had enough time in the interview to consider it. Employers also wondered how consolidation would occur and how pots would be linked to the employee; some believing it should be easily traceable or linkable via national insurance numbers. Employers were also concerned about the time cost of either option; more specifically how much time would be needed to implement the scheme, and whether the system and administration would be easy to use. Employers also wondered how the administrative fees would affect both themselves and their employees if pots were consolidated. Though not stated, it is possible that fees would be greater for option 2, and pots would continually be transferred as employees started a new job. Employers asked whether a fee would then have to be paid each time this occurred?

Employers also questioned how consolidation would affect current investments. If the market was constantly shifting because of consolidation, would it destabilise investments? Following this, employers were also concerned with whether there would be a greater risk to employees if something were to happen to a consolidated pot. In this case, it is possible that having fewer, larger schemes may be more likely to carry this risk than smaller pots.

6.2 Employers on new joiners

Employers were asked whether they ask their new joiners if they have deferred pension pots from any previous employment that they may want to transfer into their scheme, what the uptake was, and if there were any barriers to asking.

Most employers stated they did not ask new joiners whether they have deferred pension pots from previous employment as they often felt that the information on how to transfer the pots was available elsewhere. This was either through directly contacting the pension provider or through a financial advisor. They believed the deferred pots were the employee's responsibility. The employers here perceived their role to extend to providing a pension, but it was the employee's responsibility to seek advice on their options and what actions they can take with deferred pots.

> "At some point people need to take responsibility for their personal finance. It's not the employer's responsibility to look after that."
>
> - Large, Admin, South West

Small employers predominately felt they could not or would not support their employees with transferring deferred pots as they either lacked the knowledge on how to process it, it was not their business to pry into their employee's pension choices, or because of legal concerns.

Smaller employers tended to specifically mention they were not allowed to talk to their employees about their workplace pension. Though they did not refer to any specific legislation on this, it is possible the legislation they are referring to comes from a misunderstanding from TPR guidance which states that employers must not actively encourage their staff to opt out of the workplace pension. Again, this legislation was not referred to specifically by employers; however, it is important to note that due to a misunderstanding around guidance or legislation, smaller employers were under the impression that they could not, or were incredibly reluctant to, discuss pension queries with their employees.

> "Touched on conversations like that, but obviously 'cause of the nature of it told them to speak to an independent financial advisor."
>
> - Small, Manufacturing, South East

Small and micro employers also felt that the question wasn't relevant to them or their business due to several reasons including the age of their employees (here employers tended to refer to employees who were only recently started employment so would not have a deferred pot), the short stay nature of their employees, or in the case of some micro employers, they were already aware of the employee's pension history and so it was not necessary to ask. These reasons may speak to the more familiar or relaxed attitudes that smaller employers can have as they tend to have fewer employees, and therefore are more likely to have informal discussions with them.

When asked about whether there were barriers preventing employers from asking their employees about deferred pots, employers gave a mixture of responses. Some felt that both employer and employee lack of knowledge was a barrier. Employers stated that being unaware of the process itself and not knowing how to transfer pots was a barrier; however, they also suggested that when employees lacked understanding about their pensions, they would be unable to make good investment decisions, and therefore the lack of knowledge was both a barrier and a risk to transferring deferred pots.

> "No. We do get a lot of enquiries in terms of how do we get/move our pension over so the knowledge isn't there on how to do it."
>
> - Medium, Manufacturing, North West

Knowing little about the process, some employers also considered what the time cost of transferring the pots, and how simple of a process it would be; however, these employers were more likely to say they would if the process was an easy one to learn or implement.

> "If it was simple. If equivalent of P45 and gave to your pension company and they deal with it then that would work."
>
> - Medium, Information and Communication, Greater London

Additionally, some employers felt there were not any barriers to asking but that they just hadn't thought to ask before. These employers said they would begin to ask if it became relevant to their company.

Very few employers did ask new joiners whether they had deferred pots they would like to transfer in. These employers typically said that this question was asked via their onboarding literature, and that the process was an easy one to administer. However, the uptake rates for transferring were typically low.

6.3 Employers on small pot creation and saving habits

6.3.1 Employers on regular small pot creation

This research asked whether employers believed that small pots were created by employees missing the 1 month opt-out window and whether they believed it was happening regularly. When answering, employers referred to their own company (localised) or the working world at large (general).

Employers who answered 'yes' could be allocated into the following categories; either they believed small pots were mostly created at a general level, or they believed that small pots were mostly created at a localised level. Those employers who believed that small pots were mostly created at a general level tended to cite job churn as a reason; where turnover was typically considered to be high in the working world, employers felt that small pots were regularly created. In addition to this, employers also suggested that short termism (where employers perceived their employees to pay less consideration to the long-term) was also a reason for small pots generally being created.

> "Yeah, yeah definitely, because certain people come and work with you especially in this industry, it is so chop and change, people open their own salon, find another employer I can imagine there are quite a few pots in this industry that aren't taken up."
>
> - Micro, Other Service Actives [Hairdressing], West Yorkshire

Within this category, employers who believed that small pots were generally created on a regular basis within their own company tended to focus on the job churn and short stay workers as they came from sectors like Construction or Accommodation and Food Services. In addition to this, they believed that employees within their companies tended to lack understanding about opt-out procedures.

> "Yes, that's what I'm saying although we do send out a letter and try to explain they don't know about it at all or only realise it later or they don't know how to access their accounts at [pension provider]…or they don't know how to make the calls…those are the reasons why."
>
> - Medium, Accommodation and Food Services, Greater London

Employers explained their perceived lack of employee knowledge in two ways: either employees did not understand the opt-out process at all, perhaps because they are not familiar with the language surrounding AE or they were migrant workers, or they did not realise that they were enrolled into a scheme until just after the opt-out window, and so had started to make contributions.

Contrary to employers who believed small pots did occur both generally and locally, employers who answered "no" had a tendency to focus on their company, though some did acknowledge that it likely happened within the working world. However, these employers attributed their lack of small pot creation to good employee understanding.

Within this category, employers believed that their employees had a sound understanding of the opt-out process, or were confident that their employees could turn to support from advisors or the company itself.

> "It happens occasionally, so for some staff yes but not something you see every day. Most are clued up in respect to knowing about the one-month window to opt in or opt out."
>
> - Small, Accommodation and Food Services, East of England

This finding is notable in that it stands in contrast to the generally perceived low levels of awareness and engagement around pensions that have been expressed in this research. It suggests once people learn how to opt out, they continue doing so. It is also possible that greater employee knowledge is an outcome of the culture within that company, or even an assumption on the employer's behalf.

However, it must be noted that there was no pattern in size or sector for these employers, and it was the less common response. As such, this finding represents the great variation in views and experiences of employers.

This research also found small employers tended to be unsure whether small pots were created regularly. These employers did not elaborate further on their answers.

6.3.2 Employers on saving habits

Employers were asked why they believed employees stopped saving after a short period of time to determine reasons for stopping saving other than job churn. As well as job churn, several themes emerged including affordability, short termism attitudes, short stay workers and a lack of knowledge.

A prominent reason for why employers believed their employees stopped saving into pensions after a short period of time was affordability. Employers noted that the rising costs of living, and the impacts of Covid-19 meant that employees may feel they need to stop paying into a pension. It is important to note, this is a perception held by employers, and so reflects their views as opposed to witnessed behaviours.

Short termism, what employers tended to classify as a short-sighted outlook on the employee's future, was another factor. This was, again, an opinion held by employers as opposed to direct observed behaviour of employees. Short termism was often linked to distance from retirement, i.e., the age of the employee, or employees wanting their net pay immediately rather than considering the long-term benefits of having a pension. A clear distinction between this factor and affordability stems from the perception that short termism tends to influence younger employees not being used to paying into a pension, and so being affronted when they see a lower take home pay than they expected. Subsequently, they stop saving into a pension.

> "I think it's the cost, they don't see the long-term benefit… The younger you are you think you are immune to anything. The older you are with family and children you see the benefit of having a pension or savings scheme not just for you but for children and grandchildren."
>
> - Small, Accommodation and Food Services, East of England

Employers also considered short stay work as a factor that influenced saving habits. Here, employers considered the job churn, migrant workers, or those on fixed term contracts, for example:

> "If they're migrant workers and they don't stay in the country for 5-10 years and they don't know because they don't speak English sometimes…and maybe the lack of their own personal data information they could not get jobs."
>
> - Medium, Accommodation and Food Services, Greater London

This medium sized employer speaks to some of the underlying reasons that affect the saving habits of short stay workers in greater detail, but employers rarely elaborated past this. This factor tended to relate to specific sectors, such as Accommodation and Food Services.

Employers also perceived a lack of knowledge as influencing employee saving habits. Once again, employers referred to specific instances where employees, usually migrant workers, were not aware they were in a pension until the opt-out window was over and then stopped saving once they realised they had been contributing towards a workplace pension. Some employers felt that it was the employee's responsibility to check, and that there is a lack of due diligence when it comes to employees.

> "Not doing their own due diligence not looking at their deductions. We've had someone not realising that they are in their pensions until they've been in the scheme. Surprisingly a lot of workers getting paid don't look."
>
> - Medium, Administration and Support Service Activities, West Midlands

Less prevalent factors included employers believing or feeling they were not allowed to involve themselves in their employee's pension affairs as there was sometimes a misunderstanding around legislation.[20] This factor seemed to coincide with why employers were unlikely or unwilling to discuss pension saving habits with employees, as even if affordability, short termism, a lack of knowledge or short stay contracts could be discussed with their employees they are unlikely to do so.

A few employers also specifically mentioned other factors such as:

- Employees had other means of saving/arrangements
- Employees did not want a pension due to being close to retirement age, or not wanting to retire in the UK
- Employees lacked confidence in the pension system

> "A loss of confidence in the system […] you can be contributing to something that actually isn't going to be supporting you."
>
> - Small, Other Service Activities [Charity Services], South West.

[20] Similar to section 6.2, employers did not state what legislation they were referring to within interviews, however the perception or misunderstanding around what they can and cannot say in regard to pensions left many smaller employers reluctant to discuss pensions with their employees at all.

7. Employers on Environmental, Social and Governance Investing

Environmental, Social and Governance (ESG) investing is an investment approach that considers how companies impact the environment and society, as well as how they are governed. In order to explore employer insight into ESG investing, this research asked whether employers would offer ESG as an option to their members, or whether they would make ESG the default. This chapter explores employer attitudes to ESG investing, and their engagement with employees.

When asked if they would make ESG an option or a default, the majority said they would offer ESG investing as an option. Notably, most employers indicated that they did not consider ESG when choosing their pension schemes, however some noted that they would be more likely to consider it if they were to switch schemes.

Making ESG the option tended to stem from the employee belief that investment options should be the employee's choice; employers felt that, because each employee would have their own beliefs and priorities when it came to their investments, it was not the employers right to impose on employee choice. Notably, large employers were more likely to have an ESG fund option within their scheme, and so were also more inclined to leave the choice to their employees.

> "I'd make it an option. They have their own beliefs."
>
> - Micro, Construction, South East
>
> "The people who are more ESG conscious would go into the portal and select that option. We've spent the last year focussing on educating our employees on what funds are available."
>
> - Large, Administration and Support Service Activities, Greater London

Similar to the concerns expressed around the consolidation options in chapter 6, ESG was often mentioned alongside risk, and there was a focus on the suitability of this investment scheme within the current market. While smaller employers tended to be concerned with taking on the responsibility of picking an ESG option that may give low investment returns, some employers shared an underlying concern with the investment returns of ESG options, believing them to be more risky than traditional schemes.

> "I don't think the market is ready for ESG focus. I don't think the products are there yet. There isn't a consistent scoring of a good ESG scheme. We know what good should look like but putting it on a scale isn't there or visible. It's difficult to explain to members at the moment."

- Large, Professional, Scientific and Technical Activities, South East

This was often a prominent concern across all sized employers; however, employers did tend to acknowledge that ESG was an important option to consider for the future of their companies, but not at the expense of lower investment returns.

Significantly fewer employers said they would make ESG investing the default for their employees. These employers tended to be more concerned with social responsibility. Employers who suggested they would want to align their company's ethos with their pension schemes had often considered ESG when initially choosing their scheme, and therefore were more conscious of it. As seen below by an employer who considered their ethos to be ethical in nature.

> "We are an ethical organisation and an ethical employer and you know that would be part of our due diligence in choosing a pension scheme…I wouldn't want our money to be going into the arms industry or…into things that are detrimental to the people we are aiming to serve."

- Small, Other Service Activities [Charity Services], South West

Some employers were unclear about whether to offer ESG as the default or as an option. These employers often lacked clarity on the benefits or disadvantages of ESG and felt they needed more information before being able to answer. Other employers considered whether it would be a good business move for their company or reputation. These employers often suggested they would wait to see how ESG investing performed in the coming years as they felt that while ESG awareness was important, moving too quickly could result in higher opt-out rates within their company.

When asked whether their employees had raised ESG as a consideration, most employers answered that they had not. Engagement with employees was often low, with the majority of employers suggesting that they perceived their employees to have little awareness of the different types of schemes. Some large employers noted that the employees who were more ESG conscious could choose the fund that best suited them, however employer engagement tended to be viewed as the employers gaining feedback from their employees before making decisions about ESG related schemes.

8. Employers on Collective Defined Contributions

Collective Defined Contribution (CDC) schemes are a pension scheme in which the employer pays a fixed rate of contributions, similar to Defined Contribution schemes. However, in a CDC scheme the employees receive pensions with variable increases through cross funding within the scheme between members. The defined benefit is not guaranteed and there is no funding obligation to the employer. This research asked if employers were aware of CDCs, and if so, had they considered it for their employees. This chapter explores employers' engagement with CDCs.

It is important to note that there was little data to collect on CDCs as the majority of employers were unaware of CDC schemes.[21] The few employers who were aware had often only heard of the schemes in passing, and therefore could not provide any further answers to the questions.

In one instance, an employer made reference to CDCs as it pertained to another scheme: "I have heard of it yes. One of our other schemes is considering it" (Large, Education, East Midlands), however employers tended to have very little understanding of CDCs if they were aware of it. Notably, those who were aware were mainly larger employers from 'professional sectors.'

Some employers followed the question up with reasons for why they would be unlikely to consider using CDC schemes with a variety of reasons including: time costs, the security of the scheme or the suitability of the scheme.

> "Our size is big enough but…I think it could be easier for us to run our own, as opposed to running separate ones."
>
> - Large, Admin, Greater London

> "It's still in its infancy. There's not enough players in the market. We'll look in 2-3 years."
>
> - Large, Professional, Scientific and Technical Activities, South East

> "It wouldn't potentially work for ours because of the diversity of our employees."
>
> - Small, Manufacturing, East of England

[21] During the interview, if an employer was unaware of CDC schemes they were not asked any further questions on it, although they were provided with a definition of CDCs for information.

9. Conclusions

Current AE Formats

This research indicates there is a wide range of employer views and behaviours associated with AE and workplace pensions to account for when considering policy changes. Although pensions are largely seen in a positive light by employers, this is not always reflected in their decisions. For example, some employers only contributed the minimum and did not promote the benefits of pension saving to their employees. Alternatively, other employers match contributions to incentivise employees to save and organise numerous promotional activities to raise awareness of pension saving amongst employees.

Wider views of AE and saving

This research suggests there is a contrast between those proactive employers (often larger in size) who view and use pensions as a benefit, and typically provide it as part of a package of measures, and those employers who see pensions as an obligation to fulfil. This is evident in their approaches to contributions, employee engagement and even enrolment decisions.

Generally, employee engagement was perceived to be low, which, along with affordability, impacted decisions around contribution amounts. According to employers, different employee characteristics influenced engagement with their pension, including their age, migration status, and their role within the company. The importance of raising employee's understanding is felt by employers, however whether employers see this as their responsibility differs.

This was similar when considering offering emergency saving payroll-based schemes, some employers did not believe offering such schemes should be the employer's responsibility. In terms of emergency saving payroll-based schemes, employers also referenced potential barriers or issues as their pension provision, such as employee appetite, potential financial costs or additional admin.

Considerations for review measures

Financial costs are important for most employers when considering their pension provision. However, they seemed to be most impacted by the administrative burden that AE is perceived to present. This meant that larger employers who had more resource to administer pensions tended to have more positive views of AE, in comparison to smaller employers who felt the costs (financial and administrative) more heavily.

Decision making

When it came to most employers' decisions regarding their workplace pensions, the main factors influencing employer decision making were:

- Resource burden (administrative/time costs and financial costs)

- Value for members
- Risk

Resource burden

When making decisions, for example the choice of pension schemes, employers considered the resource burden on their company. Though financial costs were important, employers were more concerned with the time cost burdens associated with administrative tasks. This concern was prevalent across both when choosing/switching schemes but also when they were asked about how to manage consolidation options for employees (i.e. the small pots research areas), suggesting it is an important factor in the employer decision making processes.

Value for members

Following this, the scheme's value for members was the second most considered factor in their decision-making process. Employers considered value as investment returns, ease of communication and support from the pension provider, i.e., customer support, and the scheme's flexibility.

Although value for members was the most prominent response when asked about how they chose/switch schemes, it was also referenced when considering new or changed initiatives, such as small pots consolidation and ESG investing. Here, employers predominately considered the risk to investment returns, however they also considered the ease of use or sustainability of the initiatives.

Risk

Responses to new or unfamiliar initiatives, i.e., small pots consolidation options, alternative funds, ESG investments and CDCs, were often that the employee should be given the choice. This attitude, typically seen in smaller and micro employers, often stemmed from:

- A lack of knowledge on the initiative or its process, or
- Risk aversion

Knowledge of pensions seemed to factor into this response. This is clearly seen when employers were asked about alternative funds. While large employers often said they would not pay into an alternative fund because they were confident in the package and value their chosen pension had, medium, small and micros were more likely to say they would as they believed they had a legal or moral obligation to do so. It is possible that this difference is due to having more knowledge regarding workplace pensions, as larger companies tend to have more resources dedicated to them.

Concern of risk were evident in small pots consolidation options, where employers were more likely to say that it was the employee's money, their risk, and therefore it should follow them.

Similarly, most employers said they would make ESG investing an option rather than a default. Small and micro employers tended to suggest that this was because they did not want to be in the position of imposing a scheme that could have worse investment returns, regardless of it being more sustainable. Where small and micro employers perceived a greater risk, they tended to place, or want to place, the responsibility of it on their employees where they could.

Policy implications

This research has covered a number of topics, and brings a together wide array of employer views and experiences across them. It finds that attitudes towards pensions, considerations of costs (administrative/time and financial), views of responsibility, consideration of value for their members and avoiding risk are all considerable factors impacting employers' decisions in regard to their workplace pensions and AE duties. Therefore, future policy on workplace pensions must take these factors into consideration before being introduced or before changes are implemented.

Appendices

Appendix A: Initial contact recruitment email to employers

Research with Employers on Automatic Enrolment (AE) Recruitment Email

Subject: Important: DWP Research with employers

Dear [SALUTATION] [NAME],

We are emailing from the Department for Work and Pensions' (DWP) in-house research unit to invite [COMPANY NAME] to take part in research we are conducting with employers on workplace pensions and automatic enrolment (AE).

The purpose of the research is to understand the views and experiences employers have regarding pension schemes and AE. Employer feedback is vital in order to understand current views and experiences, and to inform future decisions the department makes in these policy areas.

Interviews will be conducted via telephone, lasting no longer than one hour. Interview times are available from Monday 17th January 2022 until Friday 25th February 2022. **We need to speak to the person responsible for making the decisions regarding your pension provision as an employer**. If this is not yourself, please forward this email to the most relevant director, colleague or department so they can get in touch. If it is, please email employer.research@dwp.gov.uk to arrange a time that suits you. Please include a time and date preference (with at least 3 working days' notice), and we will do our best to accommodate it. Please include your contact telephone number in case the one we hold is incorrect.

If we haven't heard from you, we may try calling you to arrange an interview in the coming weeks. To note, this research is entirely voluntary and will not have any bearing on your relationship with the department, and you have the right to withdraw at any time. However, this research is an invaluable opportunity for you to feedback your views, as an employer, directly to the department to inform policy. For more information, to schedule an interview or to opt-out of this research please email employer.research@dwp.gov.uk. Please respond by Friday 14th January 2022.

Thank you for your time, we look forward to hearing from you soon.

Kind regards,

In-House Research Unit

In-House Research Unit | Department for Work and Pensions | www.gov.uk/dwp

Appendix B: Additional information sheet sent to employers

Employer Research on Automatic Enrolment Information Sheet

This research is part of a programme of analysis into Automatic Enrolment, pension provision and how employers support their employees to save into a pension. It also explores the factors that influence whether and how employers choose their pension scheme, and their awareness of different schemes and consolidation options for small pension pots.

The research is being undertaken by the Department for Work and Pensions' In-House Research Unit. All findings will be presented anonymously. This means that it won't be possible to identify you or your organisation.

What does participation involve?

Taking part will involve a telephone interview of 30 – 60 minutes. You do not have to take part and your decision to do so is completely voluntary. The researcher will ask whether they can take notes of the conversation they have with you. We will store the notes safely and will not share them with anyone else. We may want to include something you say during your interview in our report, but we will not mention your name or anything that could identify you. If you do not want us to include anything you say, then that's ok too.

What happens to information collected about me?

We will remove all the details which could be used to identify you as soon as we practically can. This is usually within three months of completion of the research.

How We Protect Your Data

Data protection legislation and personal data

Data protection legislation determines how, when and why any organisation can process personal data. 'Personal data' means any information which can identify someone. 'Processing' means any actions performed on personal data, including collection, storage, alteration or deletion. These laws exist to ensure that your data are managed safely and used responsibly. They also provide you with certain rights in respect of your data and create a responsibility on the Department for Work and Pensions to provide you with certain information.

The legal basis for processing personal data

The legal basis under which DWP processes personal data is "public task". DWP can rely on this lawful basis when processing personal data to fulfil DWP's public authority duty and for research that is in the public interest. Data collected in this research project will only be used for research. DWP will treat the data they hold with respect, keeping it secure and confidential.

The period for which personal data will be stored

Data protection law requires that personal data are kept for no longer than is necessary. We only continue to hold personal data when it is still being used to carry out research in the public interest. In addition, we will remove all the details which could be used to identify you as soon as we practically can – by 30 June 2022 at the latest.

Your rights

You have rights under data protection law to make the following requests about the personal data held about you, including:

- to request access to this data

- to amend any incorrect or inaccurate information
- to restrict or object to your data being processed
- to destroy this data
- to move, copy or transfer your data.

If you wish to discuss these rights, have any concerns, or want to make any requests about your personal data please contact the research team at employer.research@dwp.gov.uk
Further information on the rights available to you is also available from the Information Commissioner's Office - the independent body responsible for regulating data protection within the UK. They can also deal with any complaints you may have regarding our use of your data. You can contact the Information Commissioner's Office at:

- Telephone: 0303 123 1113
- Email: icocasework@ico.org.uk
- Post: Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF

Further information
For more information on how and why DWP use your personal information and your rights and responsibilities, DWP's personal information charter is available to view at: Personal information charter - Department for Work and Pensions - GOV.UK (www.gov.uk)

Appendix C: Follow up recruitment email to employers

Research with Employers on Automatic Enrolment (AE) Recruitment Email

Subject: Important: DWP Research - final request for micro and small employers

Dear [SALUTATION] [SURNAME],

We recently emailed you to invite [COMPANY NAME] to take part in research we (Department for Work and Pensions' in-house research unit) are conducting with employers on workplace pensions and automatic enrolment (AE).

Why we need you

We have so far struggled to speak to [SIZE] employers. It is particularly important for us to do so to ascertain your views and experiences, to ensure these are reflected in the research, as well as to understand how potential policy changes could impact you specifically. As a [SIZE] employer we understand that your time is incredibly valuable, and we would really appreciate you sparing 30 minutes to an hour of your time for us to conduct a telephone interview.

Purpose of the research

The purpose of the research is to understand the views and experiences employers have regarding AE and pension schemes.

Who we need to speak to

We need to speak to the person responsible for making the decisions regarding your pension provision as an employer. If this is not yourself (i.e. this has been directed to the employer's accountant), please forward this email to the most relevant director or colleague so they can get in touch.

How to arrange an interview

Please email employer.research@dwp.gov.uk to arrange a time that suits you, for more information or to opt-out. Interview times are now available from Monday 7th February 2022 until Friday 25th February 2022. Please include a time and date preference and we will do our best to accommodate it. Please include your contact telephone number in case the one we hold is incorrect.

Additional information

If we have not heard from you, we may try calling you to arrange an interview in the coming weeks. This research is voluntary and will not have any bearing on your relationship with the department. However, it is an invaluable opportunity for you to feedback your views, as an employer, directly to the department to inform policy.

Thank again you for your time, we look forward to hearing from you soon.

Kind regards,

In-House Research Unit

In-House Research Unit | Department for Work and Pensions | www.gov.uk/dwp

Appendix D: Follow up recruitment email to employers in Wales

Research with Employers on Automatic Enrolment (AE) Recruitment Email

Subject: Important: DWP Research – Call for Welsh Employers

Dear [SALUTATION] [SURNAME],

We recently emailed you to invite [COMPANY NAME] to take part in research we (Department for Work and Pensions' in-house research unit) are conducting with employers on workplace pensions and automatic enrolment (AE). We are aware that as an employer based in Wales it may be that your language preference for communications is Welsh. We have therefore provided a translation below of the details of the research and why we need you. Please do advise us of your language preference for communications for this research going forward, as we are able to offer any further communication in Welsh, as well as for the interview to be conducted in Welsh.

Purpose of the research

The purpose of the research is to understand the views and experiences employers have regarding AE and pension schemes.

Why we need you

We have so far struggled to speak to employers in Wales. We need to ascertain your views and experiences to ensure these are reflected in the research and to understand how potential policy changes could impact you. We understand that your time is incredibly valuable, and we would really appreciate you sparing 30 minutes to an hour of your time for us to conduct a telephone interview.

Who we need to speak to

We need to speak to the person responsible for making the decisions regarding your pension provision as an employer. If this is not yourself, please forward this email to the most relevant director, colleague or department so they can get in touch.

How to arrange an interview

Please email employer.research@dwp.gov.uk to arrange a time that suits you, for more information or to opt-out. Interview times are now available from Monday 14th February 2022 until Friday 25th February 2022. Please include a time and date preference and we will do our best to accommodate it. Please include your contact telephone number in case the one we hold is incorrect.

Additional information

If we have not heard from you, we may try calling you to arrange an interview in the coming weeks. This research is voluntary and will not have any bearing on your relationship with the department. However, it is an invaluable opportunity for you to feedback your views, as an employer, directly to the department to inform policy.

Thank again you for your time, we look forward to hearing from you soon.

Kind regards,

In-House Research Unit

In-House Research Unit | Department for Work and Pensions | www.gov.uk/dwp

Appendix E: Interview topic guide

Research with Employers on Automatic Enrolment (AE) Topic Guide

Notetaker, please fill in once confirmed with interviewee(s)	
Number of employees:	
Size band:	
Primary sector:	
Primary region:	
Interviewee role(s):	

Micro (<=4)
Small 1 (5-29)
Small 2 (30-49)
Medium (50-249)
Large (250+)

Voicemail script

Script for Voicemail (Mobile):

Hello Mr/Mrs/Ms_______. This is ________ from the Department for Work and Pensions. I'm calling to carry out the interview we had arranged for today regarding your pension provision as an employer.

I will try calling back shortly to carry out the interview. Please note that the number will appear as 'withheld' or may not show a caller ID.

Alternatively, you can email me to arrange a new time for the interview or let us know that you no longer want to take part. The email address is employer.research@dwp.gov.uk.

Thank you.

Introduction

Good morning/afternoon. Is this ______?

NO: *Request to be put through to them, if needed explain why you are calling.*

YES: This is _________ from the Department for Work and Pensions. I'm calling to carry out the interview we had arranged for today regarding your pension provision as an employer. Is now still a good time for us to talk?

Yes	Continue
No	Rearrange a more convenient time and record in tracker
No, Refusal to participate	Check reason for refusal and record in tracker

Great. Before we start, I just need to explain how we will use your data for GDPR purposes.

All information you provide through this research will be held confidentially and securely in accordance with the Data Protection Act 2018. Any personal data you provide will be kept securely until the end of the project, which will be May 2022, when it will then be securely destroyed. Your data will not be shared with any other organisations.

We also have _________ on this call who will be in the background during this call taking notes.

Do you have any questions for me before we begin? Are you happy to continue?

Topic Guide

INTERVIEWER NOTE: This is a topic *guide*. All the questions are important, but the way you ask them and the phrases you use are up to you. Wording may need to be altered depending on the size and type of employer. Use the information you gather throughout the interview to adjust this as you see fit.

Given the variety of individuals you could be speaking to, they may not know the answer or may not even fully understand all questions (this could be dependent on size, role etc.). It is important to capture this, but any thoughts they may have from the employer perspective is still valuable. For example, if they outsource their payroll they may not have made the decisions in some of these areas but may have been consulted. Again, this will need the questions to be adapted at the interviewer's discretion.

Screeners

Firstly, I'd just like to check with you the details we have about you as an employer. Just to say, throughout this interview when we say 'you' we are referring to you, [], as an employer.	
INTERVIEWER NOTE: Use the below information to fill the box at the top of the topic guide. Please let us know if anything is different to the sample tracker.	
INTERVIEWER NOTE: Get details from sample allocation and double check them with the respondent. The first thing I need to check is the number of employees you have in total, including yourself? INTERVIEWER NOTE: This is anyone employed directly through the organisation, as opposed to agency etc. We have your **primary region** down as, [X] is this correct? We have your primary **sector/industry** down as within the wider [X] category, does that sound right? And lastly, what is/are your role(s)? INTERVIEWER NOTE: We have offered for a maximum of two people to be interviewed from each employer if this would benefit the quality of responses.	
Topic: Contributions	
INTERVIEWER NOTE: This section seeks to explore employer's current contributions and their associated opinions and behaviours related to Automatic Enrolment (AE). This is to identify if there are ways in which we can encourage employers to contribute more.	

INTERVIEWER NOTE: The current Automatic Enrolment minimum contribution rates are 3% from the employer and a total minimum contribution of 8% (including the employer contribution)	
I'd now like to ask you about your current pension contributions and Automatic Enrolment (AE).	
How confident do you feel in your understanding of your Automatic Enrolment duties as an employer? As an employer, how do you feel about those duties? PROMPTS: Their responsibility / the right thing to do, a burden, awareness etc.	
Are you aware of the minimum employer contributions under AE? IF NO: [USE INTERVIEWER NOTE ABOVE]. Do you contribute more than the Automatic Enrolment employer minima? IF YES: Why do you contribute more? **How** do you contribute more? PROMPTS: e.g. pay from first £ of earnings; more than 3% employer contributions. IF NO: Why not? What would support you to do so?	

PROMPTS: Potential forms of support could include incentives to contribute more (e.g. accreditation, tax relief) or mandatory employer matching. INTERVIEWER NOTE: Only ask if not covered benefits of higher contributions in earlier section. What would be the benefits of you going above the Automatic Enrolment minima? What benefits for employees do you see?	
INTERVIEWER NOTE: Some employers offer to increase their contributions to an employee's pension if the employee increases their own contribution rates above the AE minima, matching the employee's voluntary contributions. This is to encourage employees to save more into their pensions. Most employers will have an upper limit on the contributions they will match. Contribution matching is optional and down to employer choice because it increases the cost to employers. Context of the below question (i.e. what matching is, policy context behind if being optional).	
Do you match the contributions your employees make voluntarily above the Automatic Enrolment employee minima? IF YES: • Why and how? • Do you have an upper limit for what you will contribute? What is it? • What are the take-up rates? Is this consistent with your expectations? • What are your motivations when structuring matching contributions? • What do you as an employer need to do to make the system work well?	

• Are there barriers/obstacles in the system which prevent/hinder your approach? PROMPTS: Communication, implementation. IF NO: Why not?	
Would you continue to pay your contribution for an employee who planned to move their pension to an alternative fund offered by your current provider or an alternative provider? IF YES: Why? IF NO: Why not? INTERVIEWER NOTE (FOR YOUR INFO ONLY): There is no requirement for employers to continue to contribute to an employee's pension if it is moved to another provider.	
INTERVIEWER NOTE: This section seeks to identify how the employer views pensions within their overall benefits package, and the costs and burdens of providing a pension.	
As an employer, how do you view pensions within your overall benefits package? PROMPTS: Reputational, recruitment incentive, retention. How/do you advertise these benefits to employees?	

As an employer, what costs and burdens are associated with providing a pension? PROMPTS: admin burden, cost of employer contributions.	
How do you absorb the cost of pensions? INTERVIEWER NOTE: Employer strategies for absorbing costs could include: absorbing as part of overheads, reduced profits, increased prices, lower wage increases, reduced workforce.	
As an employer, how would you respond to changes to Automatic Enrolment which might mean you have higher pension costs? Prompt: Actions, feelings. INTERVIEWER NOTE (TO USE ONLY IF ASKED): The Government is committed to implementing the 2017 Automatic Enrolment Review ambitions in the mid-2020s, following engagement with stakeholders and finding ways of making the changes affordable. These ambitions include lowering the age limit from 22 to 18 and removing the lower earnings limit from the qualifying earnings band.	
Topic: Employer pension engagement	
INTERVIEWER NOTE: Here we want to understand what role employers play in increasing pension / emergency savings and engagement for employees. We want to understand what employers do, and what they could do.	
What do you do, if anything, to raise employees' awareness of their pension savings?	

INTERVIEWER NOTE: An example would be highlighting the publication of members' annual statements. Probe: Do you do anything specifically to raise awareness of pension saving amongst women? INTERVIEWER NOTE: The above question is asked due to research suggesting there is a gender pension gap. Would you like to do more to raise awareness with employees? IF YES: What else would you like to do? IF NO: Why not? INTERVIEWER NOTE: Employers may reference barriers such as cost, knowledge, lack of resource, time etc.	
Do you as an employer encourage employees to increase their pension contributions? IF YES: What do you do? What else could you do? IF NO: Why not? What could you do?	
INTERVIEWER NOTE: Here we want to understand employers' payroll system and whether this influences difficulties or barriers employees face when attempting to pay extra This could be things such as the particular scheme, because payroll is outsourced, the accountants, employer reluctance.	

How do employees voluntarily increase their contributions? What problems arise? Is this encouraged? Probe: Why?	
Topic: Emergency saving schemes	
INTERVIEWER NOTE: Here we want to understand what role employers play in emergency savings for employees. We want to understand what employers do, and what they could do. For information or if the employer is unfamiliar, emergency saving payroll-based schemes allow employees to make savings into a dedicated instant access savings fund directly from their pay, on top of their pension contributions. Adding emergency savings to AE would involve employees automatically being signed up to save a default amount into an accessible emergency savings account each time they are paid. Some employers may refer to a "sidecar model" - A sidecar account is a type of emergency savings account that is tied to a pension and employees have instant access.	
The next few questions are regarding emergency saving schemes…	
Do you currently offer emergency saving payroll-based schemes? IF YES: What do you offer? Why did you select that scheme? How did you find the process? Do you encourage employees to increase their contributions?	

IF NO: Why not? What barriers do you face? INTERVIEWER NOTE: Here we want to explore common issues and burdens, and whether they are legislative or non-legislative.	
What impact would adding emergency savings onto your Automatic Enrolment workplace pension duties have on you as an employer? INTERVIEWER NOTE: This is about technical/implementation challenges rather than direct costs to the employer (i.e. a mandatory employer contribution. If they already offer emergency savings then frame the question to account for that i.e. 'What impact could it have on employers'. What effect would this have on employees? Do you see a business benefit, from the perspective of employee financial well-being? INTERVIEWER NOTE: Probe yes or no responses.	
Topic: Enrolment	
INTERVIEWER NOTE: These questions are to explore what factors influence employers' decision to enrol ineligible employees into a pension scheme.	

INTERVIEWER NOTE: Here we want to understand whether employers only enrol employees who are eligible for AE or whether they go beyond this. We also want to understand what process they use to determine who is eligible for AE. Do you enrol those who do not meet the Automatic Enrolment eligibility rules (i.e. those under 22, those earning below £10,000 a year? How do you decide this? Why? INTERVIEWER NOTE: Here we want to understand if employers enrol ineligible employees because it is a burden to determine who is eligible or whether they are enrolled for competitive reasons.	
Topic: Choosing/switching schemes	
INTERVIEWER NOTE: This section will explore what factors influence how employers choose or switch their pension schemes, how costs come into play and how they view and use value for members in these decisions.	
What are factors that influence how you choose your pension scheme? PROMPTS: Fees/costs on employer, Fees/costs on employee, Ease/convenience of provider/scheme, advice from others, information available. Do you consider value for members (i.e. your employees) when choosing? If so, what is important?	

Do you consider the method of tax relief a scheme operates when choosing or switching your pension scheme i.e. Net Pay Arrangements (NPA) vs. Relief at Source (RaS)? INTERVIEWER NOTE: There are two main methods of tax relief administration: net pay arrangements (where pension contributions are taken out of pay by employer before tax is calculated) and relief at source (where pension contributions are taken from earnings after tax and the pension scheme claims tax relief at the basic rate from HMRC).	
Have you ever switched schemes or considered switching your current scheme? What factors would influence/influenced this? IF NOT SWITCHED: What factors and information might help you to consider switching pension schemes? INTERVIEWER INFORMATION: Here we want to know if we wanted to encourage employers to at least consider switching what helpful things might make it easier for them. IF SWITCHED: How did you find the process? Was it straight forward? How important are costs to these decisions?	
Topic: Environmental, Social and Governance investments (as requested by SoS)	
INTERVIEWER NOTE: This question was requested specifically by SoS so must be asked and probed on.	

<table>
<tr><td colspan="2">The next few questions will explore different schemes or pension types more specifically, in order to gain employer insight. Firstly, we would like to ask about Environmental, Social and Governance (ESG) investments. ESG investing is an investment approach that considers how companies impact the environment and society, as well as how they're governed.</td></tr>
<tr><td>What consideration do you give to ESG when choosing your scheme/pension provider?

Would you offer this as an option for members or make this the default option?

Probe: Why?

Have your employees engaged raised this as a consideration?</td><td></td></tr>
<tr><td colspan="2">Topic: Small pension pots/consolidation</td></tr>
<tr><td colspan="2">INTERVIEWER NOTE: This section is regarding small pension pots and what the costs and benefits are, including employer burden, of the two different consolidation options (consolidation/ pot follows members), and what the impacts are of re-enrolments in terms of the creation of small / micro pots.

Due to automatic enrolment extending workplace pensions to lower earners and people who move jobs frequently we have seen an increase in the number of deferred pension pots (i.e. pension pots no longer being paid into). These pots often only contain small amounts of money and so are referred to as 'small pension pots'. There is no set definition of how much money means such a pot is a 'small pot' but a key point is we are interested in pension pots that are no longer being paid into.</td></tr>
<tr><td colspan="2">These next questions are in regard to small pension pots. Small deferred pension pots are pots often only containing a small amount of money and are no longer being paid into, likely to be created by people who move jobs frequently.</td></tr>
</table>

There are two potential options being looked at to deal with small deferred pension pots: 1. Deferred pots are automatically brought together by a large, government-approved scheme / pension provider. 2. pots follow the employee to their new employer and are added to that pension scheme. Do you have any views on these two options? PROMPTS: e.g. potential costs and benefits to you, any administrative burden you might face? What would you find most useful to give you confidence in the system as an employer for your employees?	
Do you ask new joiners whether they have deferred pension pots from previous employments that they may want to transfer into their scheme? IF YES: What are the rates of uptake? IF NO: Why not – what are the barriers? What would give you as employer confidence to do this?	
Some small pots are created as a result of people missing the 1 month opt-out window, so leave a deferred pot with 1 or 2 months of contributions. Do you think this happens regularly?	

Why do you think some employees stop saving after a short period? INTERVIEWER NOTE: Previous research data suggested job churn was the primary factor. Here we are looking for additional reasons.	
Topic: Collective Defined Contribution schemes (CDCs)	
INTERVIEWER NOTE: Here we want to assess employer's awareness of CDCs and if they have considered a CDC for their employees. This section may only be relevant to larger employers, and only need be asked if the employer had heard of CDCs. CDC schemes are a pension scheme where the employer pays a fixed rate of contributions, similar to Defined Contribution schemes. However, in a CDC scheme the employees receive pensions with variable increases through cross funding within the scheme between members. By sharing the risk between members it is expected that a CDC scheme can achieve higher levels of investment return for employees than a traditional Defined Contribution or annuity. By pooling assets and liabilities the scheme offers members a target defined benefit which is paid from the scheme when the member retires as a salary. Unlike a Defined Benefit scheme, the defined benefit is not guaranteed and there is no funding obligation on the employer.	
Have you heard of Collective defined Contribution schemes (CDC)s? IF NO, SKIP TOPIC. IF YES, ASK REST OF TOPIC. INTERVIEWER NOTE: If they would like to know, please read definition in above interviewer note.	
What sort of CDC model would you be interested in? PROMPT: Options could be sponsoring a CDC scheme for your own employees or	

joining with other employers in a multi-employer scheme? IF INTERESTED IN A MULTI-EMPLOYER SCHEME: Would you prefer to join one that is just for the sector in which you operate or would you prefer to approach a master trust along with employers from different sectors? IF DIDN'T WANT TO SET UP OR JOIN A MULTI-EMPLOYER CDC SCHEME: Would you be interested in defaulting employees approaching retirement into a CDC decumulation scheme? IF CDC IS NOT SOMETHING THEY ARE CURRENTLY CONSIDERING AT THIS STAGE: What are the reasons for this? What are the key risks that may be deterring you from CDC? What would have to change for you to consider CDC more seriously as an option?	
Topic: Employee engagement	
What is employee awareness like of the scheme you operate? Do they know where/what their pension is? How much do you involve your employees in your decisions regarding this?	

INTERVIEWER NOTE: The below are deprioritised questions for context. Only ask if you have time.	
INTERVIEWER NOTE: Contractual enrolment is an alternative to AE in which all employees agree to join the pension scheme as part of the terms of their contract. This means employers don't need to work out which of their employees are eligible for AE and employees can't opt out of the scheme. Have you ever implemented contractual enrolment? INTERVIEWER NOTE: If unfamiliar, please read definition in above interviewer note. IF NO: Why not? IF YES: Did/do you face any barriers with this? Did/do you experience any complexity in operating this alongside the automatic enrolment system?	
Close	
We've now come to the end of the questions I needed to ask you. Before we finish, is there anything else around what we have spoken about today you would like to say?	
Well, again, thank you so much for your time today. Gaining employer insight is invaluable for informing government decisions, so we truly appreciate and value you taking the time to talk to us today. As a reminder all data will be stored securely in line with the Data Protection Act 2018, and destroyed at the end of the research project. Do you have any questions? Thanks again and have a good day. Goodbye.	

Note taker reminder: Once you have neatened up your notes and filled in the size, sector and region tracker at the top, please save your notes in your allocated sample folder in the format:

AE Employer Research_[Interviewer name]_[Note taker name]_[Interview reference number]

Appendix F: Initial coding framework

Name	Description	Files	References
Absorbing Costs		53	66
Absorb In-House	Pensions are absorbed via doing some work in-house.	5	6
Absorb Overheads	Pensions are absorbed via overheads.	38	38
Absorb Prices	Pensions are absorbed via the cost to consumer.	7	8
Absorb Salary	Pensions are absorbed via employees' salaries.	3	4
Other Absorb	Use for other responses.	10	10
Advertising Benefits		52	90
Advertised Induction	Pension benefits were advertised at induction.	22	23
Advertised Recruitment	Pension benefits were advertised during recruitment.	10	11
Annual Statement	Pension benefits will be on annual statement.	2	2
Formal Discussions	Pension benefits are discussed formally i.e. at meetings or with external advisors.	10	11
Informal Discussions	Pension benefits are discussed informally i.e. with colleagues, in chats.	6	6
Internal Communication	Pension benefits advertised via internal communications.	8	8
Other Advertised	Use for other responses.	13	16
Payslip	Pension benefits will be on payslip.	3	3

Pensions Not Advertised	Pension benefits are not advertised or discussed...	10	10
Advertise Sector	… because of the sector.	1	1
Pensions Employees Responsibility	… because pensions are the employees responsibility.	1	1
AE Changes Higher Costs		55	87
Higher Cost Emotive	Employer expresses emotions regarding changes to AE/higher pension costs.	14	16
Higher Cost Morally	Employer expresses understanding to need to make changes to AE on a moral basis.	2	2
Higher Cost Negative	Employer expresses negative feelings towards hire costs due to changes.	13	13
Higher Cost Neutral	Employer expresses no issues with higher AE pension costs.	6	6
Higher Cost Practical	Employer expresses practical issues regarding changes to AE/higher pension costs.	37	49
Higher Cost Comply	Employer expresses they would comply or have to comply to changes.	24	25
Higher Cost Consumer	Employer expresses changes would affect their prices.	4	4
Higher Cost Difficulty	Employer expresses complying to changes would be difficult.	9	9
Higher Cost Easy	Employer expresses changes would be easy to absorb.	4	4
Higher Cost Higher Pay	Employer expresses employees would need higher pay to cover deductions.	2	2
Higher Cost Hiring	Employer expresses changes would affect their hiring.	4	4
Higher Cost Time	Employer expresses they would need to time to prepare if changes were introduced.	1	1

Other Higher Cost	Use to code other responses.	16	16
Alternative Fund		51	74
Alternate Fund Available	Numerous funds are available to the employee.	5	7
Alternate Fund Employee Dependent	Employer would consider paying into an alternate fund dependent on the employee.	3	3
Other Alternate Fund	Use for other responses.	22	23
Unaware Alternate Fund	Employer was unaware an alternative fund was an option	1	1
Would Alternate Fund	Employer would or does contribute to an employee who moved their pension…	29	33
Alternate Fund Obligatory	… because they believe they have to by law.	5	5
Alternate Fund Retention	… to retain them.	1	1
Would Not Alternate Fund	Employer would not contribute to an employee who moved their pension…	6	7
Alternate Fund Admin	… due to the additional administrative burden.	4	4
Alternate Fund Choice	… as they were happy with their fund choice.	4	4
Awareness of ESS		57	76
ESS Aware	Employer is aware of ESS.	2	2
No ESS Awareness	Employer is unaware of ESS.	33	34
Not Offer ESS	Employer does not offer ESS/ would not offer ESS.	36	38
Offer ESS	Employer offers form of ESS / has offered a form of ESS/ would offer a form of ESS	2	2
Benefit Package		51	82
Pensions As Benefit	Employer expressed pensions are viewed as a benefit.	29	36

Pension As Important Benefit	Employer expressed pensions are viewed as an important benefit.	17	18
Pension Expensive Benefit	Employer expressed belief that pensions are a benefit, but expensive.	2	2
Pensions As Norm	Employer expressed pensions are not seen as a benefit but the norm.	7	8
Pensions As Requirement	Employer expressed pensions are not seen as a benefit but a requirement.	4	4
Pensions Benefit Other	Use for other responses.	10	11
Pensions Not Benefit	Employer expressed pensions are not seen as a benefit…	16	23
Pay Over Pension	… because pay is valued more highly.	9	12
Pensions Less Important	… because pensions are less important than other items of the benefit package.	3	4
Benefits of Increasing		44	74
Employee Pension Benefit	Employer describes employee benefits of increasing pension contributions.	22	22
Larger Retirement Pot Benefit	Larger Retirement Pot Benefit	18	18
Tax Benefit	Tax Benefit	2	2
Employer Pension Benefit	Employer describes employer benefits of increasing pension contributions.	17	17
Employee Satisfaction Benefit	Increasing pension contributions could be beneficial for employee satisfaction.	4	4
Recruitment Benefit	Increasing pension contributions could be beneficial for recruitment.	6	6
Retention Benefit	Increasing pension contributions could be beneficial for retention.	4	4

No Employee Benefit	Employer expresses no employee benefit to increasing pension contributions.	13	13
Benefit Limitations Age	The benefit of increasing pension contributions would vary by age.	4	4
Employee Value Pay	Increasing pension contributions is not a benefit as pay is valued more highly.	2	2
Value Other Investments	Employees value other investments more than pensions.	5	5
No Employer Benefit	Employer expresses no employer benefit to increasing pension contributions.	9	9
Other Benefits	Use for other responses.	12	13
CDC Awareness		53	54
No CDC Awareness	Employer has no awareness of CDCs.	45	45
Some CDC Awareness	Employer has some awareness of CDCs.	8	8
CDC Model Appetite	Employer expresses an appetite for a particular model of CDCs.	4	4
CDC Interest	Employer would be interested in CDCs.	3	3
CDC Model Appetite	Employer expresses an appetite for a particular model of CDCs.	1	1
CE Implementation		45	47
Implemented CE	Employer has or does implement contractual enrolment.	5	5
Never Implemented CE	Employer has never implemented contractual enrolment.	38	38
No Awareness CE	Employer has no awareness of contractual enrolment.	4	4
CE Views		18	21
CE Issues	Employer raises issues associated with contractual enrolment.	4	4
CE Other	Employer raises issues associated with contractual enrolment.	10	10

CE Wrong	Employer views contractual enrolment as wrong.	7	7
Consolidation Options		56	129
Consolidation Benefit	Employer expresses views around the benefit of consolidation.	7	7
Consolidation Confidence	Employer advises would what give them confidence in the consolidation option…	31	32
Consolidation Easy	… such as how easy it is.	7	7
Consolidation Governance	… such as the governance.	14	14
Consolidation Visibility	… such as visibility.	8	8
Consolidation Employee Choice	Employer believes consolidation should be employees choice.	3	3
Consolidation Issues	Employer expresses issues with consolidation…	16	19
Consolidation Admin	… to do with admin.	5	5
Consolidation Complex	… to do with complexity.	3	3
Consolidation Cost	… to do with retention.	3	4
Consolidation Other	Use for other responses.	24	28
Option 1 Views	Employer expresses a preference for and views of Option 1.	7	7
Option 2 Views	Employer expresses a preference for and views of Option 2.	30	33
Contribution Amounts		58	171
Conditional Contribution	Employer contributes more than the AE minima for some employees.	7	12
Conditional Contribution Reasons	Employer provides reasons for why they provide different contribution rates.	4	4
Contribute Minima	Employer contributes minimum.	28	48

Contribute Minima Other	Employer contributes the minimum for another reason.	7	8
Contribute Minima Cost	Employer contributes minimum due to cost.	7	7
Contribute Minima Only	Employers contributes the minima and would only contribute the minima.	3	3
Contribute Minima Opt-Out	Employer contributes minimum due to high opt-outs.	1	1
Contribute Minima Sector	Employer contributes minimum due to sector.	3	4
Contribute Minima Size	Employer contributes minimum due to size.	3	4
Contribute Minima Turnover	Employer contributes minimum due to high turnover.	2	2
Contribute More Minima	Employer contributes more than the AE minima across the board.	25	39
Contribute More Competition	Employer contributes more to stay competitive.	8	9
Contribute More Satisfaction	Employer contributes more for employee satisfaction.	1	2
Contribute More Wellbeing	Employer contributes more for employee financial wellbeing.	6	7
Minima Aware	Employer aware of employer minimum contributions under AE.	34	34
Minima Unaware	Employer unaware of employer minimum contributions under AE.	11	12
Other Contributions	Other Contributions	20	26
Costs and Burdens		54	109
Admin Cost	Employer expressed admin work as a cost of providing a pension.	17	21
Direct Employer Cost	Employer expressed employer contributions as a cost of providing a pension.	37	39
Pension Cost Like Tax	Employer viewed pension as another tax on the employer.	1	1

Pensions Additional Costs	Employer expressed additional costs such as hidden fees or withdrawal.	2	2
Pensions Costly	Employer viewed pensions as a costly.	10	10
Pensions Low Cost	Employer viewed pensions as a low cost.	12	12
Externals Cost	Employer expressed external advisors or accountants as a cost of providing a pension.	9	9
Neutral Cost	Employer expressed neutral views towards cost or burden of providing a pension.	8	9
Cost Not Burden	…because it is an automated system	3	3
No Cost No Burden	Employers viewed pension as neither costly nor burdensome.	3	3
Other Costs	Use for other responses.	8	10
Time Cost	Employer expressed time as a cost of providing a pension.	10	13
Understanding Cost	Employer expressed understanding the policy as a cost of providing a pension.	5	8
Reputational Cost	Employer expressed a reputational cost if they get pensions wrong.	2	2
Decision Maker	*Code to identify decision maker.*	2	2
Employee Awareness		52	87
Awareness Employee Responsibility	Employer believes pension awareness is the employees responsibility's	3	3
Employee Awareness Important	Employer believes employee awareness is important	3	4
Employees No Awareness	Employer believes employees have little pension awareness.	10	11
Employees Some Awareness	Employer believes employees have some pension awareness/ awareness differs.	32	40

Employees Very Aware	Employer believes employers are very aware of their pension.	15	17
Information Provided	Employer believes they have provided sufficient information for employee awareness.	10	12
Employee Involvement		45	49
Definite Employee Involvement	Employer values employees involvement in decisions regarding pensions.	5	5
Employee Engagement		1	1
Good Employee Engagement	Employer referenced good employee engagement.	1	1
Low Employee Engagement	Employer referenced low employee engagement.	4	7
No Employee Involvement	Employer would not/does not involve employees in decisions regarding pensions.	22	22
Other Employee Engagement	Use for other responses.	6	7
Some Employee Involvement	Employer would have some employees involved in decisions regarding pensions.	14	14
Enrolment Criteria		38	40
Enrol All	Employer enrols all employees under AE.	12	13
Enrol Only Eligible	Employer only follows eligibility guidelines for enrolment onto AE.	25	26
Enrol Unsure	Employer unsure who is enrolled onto AE.	1	1
Enrolment Decisions		40	57
Enrol Cost	Employer enrols employees based on cost.	1	1
Enrol Employee Choice	Employer enrols employees via their preference.	19	21
Enrol Interest	Employer enrols employees based on interest / lack of.	2	2

Enrol Other	Use for other responses.	18	21
Enrol System Decide	Employer lets a system handle enrolment.	10	10
ESG Appetite		42	61
ESG Consideration	Employer would consider ESG.	18	19
ESG Default	Employer would offer ESG as the default.	5	5
ESG Employee Choice	Employer would make ESG the employees choice.	5	5
ESG Interest	Employer would be interested in ESG.	5	5
ESG Option	Employer would offer ESG as an option.	23	24
ESG Unsure	Employer is unsure is they would / do offer ESG.	3	3
ESG Awareness		56	86
ESG Awareness		4	4
ESG Employee Engagement	Employees engaged on ESP.	9	9
ESG No Awareness	Employer not aware of ESG.	20	20
ESG No Employee Engagement	No employees engaged on ESG.	36	36
ESG No Engagement	Employer would not engage with ESG.	9	9
ESG PP Engagement	Employers PP engaged with ESG.	5	5
ESG Views		23	25
ESG Important	Employer views ESG as important…	6	6
Environment	…in particular the environment.	2	2
ESG Other	Use for other responses.	10	11
ESG Returns	Employer sees returns more important / questions ESG returns.	8	8
Factors For Choosing		58	210

Choose Accessible	Employer chooses their pension scheme based on its accessibility.	4	4
Choose Admin	Employer chooses their pension scheme based on admin	6	8
Choose Advice	Employer chooses their pension scheme based on an externals advice.	12	14
Choose Cost Employer	Employer chooses their pension scheme based on cost to employer.	15	18
Choose Customer Service	Employer chooses their pension scheme based on its customer service.	1	1
Choose Decision Board	Employer chooses their pension scheme based on a decision board.	3	3
Choose Easy	Employer chooses their pension scheme based on ease of use.	16	16
Choose Experience	Employer chooses their pension scheme based on previous experience.	3	4
Choose Flexibility	Employer chooses their pension scheme based on its flexibility.	1	1
Choose Other	Use for other responses.	25	30
Choose Reputation	Employer chooses their pension scheme based on its reputation.	11	12
Choose Research	Employer chooses their pension scheme based on their own research.	4	4
Choose Security	Employer chooses their pension scheme based on its security.	5	6
Choose Unsure	Employer is unsure how they chose their scheme.	1	1
Choose Variety	Employer chooses their pension scheme based on the variety it offers.	2	3
Choose VFM Employees	Employer chooses their pension scheme based on employee value for money.	30	40

Consider Tax Relief	Employer does consider tax relief.	19	20
Employer Not Choose	Employer did not choose their scheme.	6	7
Not Consider Tax Relief	Employer does not consider tax relief.	12	12
Tax Relief Unsure	Employer is unsure whether they do or would consider tax relief.	6	6
Impact of AE ESS		44	92
ESS Impact Employer Unsure	Employer was unsure of the impact of ESS.	11	12
ESS Negative Impact Employee	Employer believes there would be negative impact for employees of adding ESS onto AE.	10	12
ESS Negative Impact Employer	Employer believes there would be negative impacts of adding ESS onto AE.	6	6
ESS No Impact Employee	Employer believes there would be no impact for employees of adding ESS onto AE.	6	6
ESS No Impact Employer	Employer believes there would be no impact of adding ESS onto AE.	17	18
ESS Not Business Benefit	Employer does not believe adding ESS onto AE would be a business benefit.	5	5
ESS Other	Use for other responses.	3	3
ESS Positive Impact Employee	Employer believes there would be positive impact for employees of adding ESS onto AE.	15	15
ESS Positive Impact Employer	Employer believes there would be positive impacts of adding ESS onto AE.	8	8
ESS Business Benefit	Employer sees their being a business benefit in form of employee financial wellbeing.	7	7
Increasing Contributions		57	158
Encourages Increasing	Employer does encourage increasing contributions…	13	14

Encourages Increasing Other		4	4
Increase Depend Age	… depending on age of employee.	1	1
Increase Depend Wage	… depending on wage of employee.	1	1
Encourages Increasing Other	Employer encourages increasing for another reason.	6	7
Increase Method	Use to code how an employee would increase their pension contributions.	44	46
Increasing Employee Responsibility	Employer believers encouraging increasing contributions is not their responsibility.	8	8
Increasing Low Priority	Employer believes increasing pension contributions is a low priority.	2	2
No Problems Increasing	Employer states there would be no problem when increasing contributions.	23	23
Not Encourage Increasing	Employer does not encourage increasing contributions…	33	34
Cannot Encourage Increasing	… as they believe they cannot.	7	7
Increasing Higher Cost	… due to perceived higher pension costs.	1	1
Increasing Size	… due to their company's size.	2	2
Other Increasing	Use for other responses.	12	15
Problems Increasing	Employer states problems would arise when increasing contributions (code problem).	5	5
Unsure Increasing	Employer is unsure how an employee would increase their contribution.	4	4
Matching Contributions		58	122
Matches	Employer does match employees additional contributions.	12	15

Matches Upper Limit	Employer expressed the upper limit to which they will match contributions.	8	10
Matching Reasons	Employer expresses reasons for matching.	3	4
Matching Structure	Employers matching structure.	10	15
Matching Structure Reasons	Employer described why they structure their matching that way.	9	12
Matching Take-up	Employers views on matching take-up.	7	8
No Matching	Employer does not match employees additional contributions.	31	47
Matching Costs	Employer does not match contributions due to costs.	9	9
No Employees Contribute More	No employees have made additional contributions.	6	8
No Match Other	Employer expressed a different reason for not matching.	10	10
No Match PP Issues	Employer does not match contributions due to PP Issues.	1	2
No Match Sector	Employer does not match contributions due to sector.	1	1
Other Matching	Use for other responses.	13	17
Would Match	Employer would match additional contributions.	11	12
Match For Retention	Employer would match employee contributions to retain staff.	5	5
Would Not Match	Employer would not match additional contributions.	6	8
Matching Would Cost	Employer would not match contributions due to the cost.	4	4
Raising Awareness		59	252
Awareness Higher Costs	Employer does not raise awareness as may lead to higher pension costs.	2	2

Awareness Not Responsibility	Employer does not believe raising awareness is their responsibility.	6	6
Cannot Raise Awareness	Employer believes they were not allowed or could not raise awareness.	5	7
Content Current Awareness	Employer is content with their current employee awareness	8	9
Formal Awareness	Employer uses formal processes to raise awareness.	29	53
Awareness Internal Communications	Employer raises awareness via internal communications.	17	23
PP Communications	Pension provider raises awareness via communications.	12	13
Gender Awareness		1	1
Gender Data	Employer response to gender data question to be coded using this.	11	11
Informal Awareness	Employer uses informal processes to raise awareness.	8	9
Like More Awareness	Employer would like to do more to raise awareness.	19	23
No Different Gender Awareness	Employer does not differentiate by gender when raising awareness.	35	38
Gender Sector	Employer has a majority of one gender in their sector.	6	6
Not Raise Awareness		9	9
Other Awareness	Use for other responses.	22	28
Proactive Engagement	Employer raises awareness/engages on their own accord.	5	5
Questions Gender Awareness	Employer questioned question on gender and awareness.	5	5
Raises Awareness Engagement	Employer raises awareness by engaging with employees.	11	13
Age Factor Engagement	Pension engagement impacted by age of employee.	7	9

Raises Awareness Enrolment	Employer raises awareness only at enrolment.	11	14
Reactive Engagment	Employer raises awareness/engages of once prompted.	11	19
Prompted by Employees	Employer is prompted by employees asking questions.	3	4
Prompted Externally	Employer is prompted by changes to policy, the interview or external advisors.	2	2
Small Pots Creation		49	120
Small Pots Not Regular	Employer believes small pots are not created regularly.	13	13
Small Pots Other	Use for other responses.	23	28
Small Pots Regular	Employer believes small pots are created regularly.	20	20
Stop Saving Reasons	Employer describes factors for why employees stop saving…	40	59
Affordability	… due to affordability.	23	23
Age	… due to their distance from retirement / their age.	9	9
Awareness Benefits	… as they are not aware of the benefits.	5	5
Confidence in System	… as they do not have confidence in the pension system.	2	2
Employer Unsure	Employer unsure why employees stop saving.	3	3
Job Churn	… due to employees moving roles.	4	4
Migrant Workers	… as they are migrant workers so do not want a UK pension / will not be here long.	2	2
Other Investments	… as they have other investments / saving plans.	1	1
Retirement Elsewhere	… as they will retire not in the UK.	1	1
State Support Expected	… as they expect to be able to rely on state support.	1	1

Understanding	… as they do not understand pensions.	7	7
Small Pots Engagement		53	75
Small Pots Ask	Employer asks employees if they want to transfer.	12	12
Small Pots Employee Responsibility	Employer believes small pots should be employees responsibility.	11	13
Small Pots Engagement Other	Employer views on asking employees if they wish to transfer.	15	16
Small Pots Not Ask	Employer does not ask employees if they want to transfer.	27	27
Small Pots Should Ask	Employer believe they should ask employees if they want to transfer.	6	6
Small Pots Unsure	Employer was not sure if they would or do ask employees.	1	1
Switching Schemes		56	180
Considered Switching	Employer has considered switching pension schemes.	6	7
Not Considered Switching	Employer would not consider switching pension schemes.	13	14
Not Switched	Employer has not switched pension schemes.	21	21
Switch Accessible	Employer would switch based on the pension schemes accessibility.	1	1
Switch Admin	Employer would switch based on the pension schemes admin support.	6	6
Switch Advice	Employer would switch based on the advice of an external advisor.	4	4
Switch Communications	Employer would switch based on the pension schemes communication offer.	3	3
Switch Cost	Employer would switch based on the pension schemes cost.	21	25
Switch Easy	Employer would switch based on the pension schemes ease of use.	6	6

Switch Employer Not Choose	Employer would not be the one choosing to switch.	1	1
Switch ESG	Employer would switch based on the pension schemes based on its ESG offer.	3	3
Switch Flexibility	Employer would switch based on the pension schemes flexibility.	2	2
Switch Other	Use for other responses.	24	35
Switch Reputation	Employer would switch based on the pension schemes reputation.	5	6
Switch VFM Employees	Employer would switch based on the pension schemes value for money for employees.	23	23
Switched	Employer has switched pension schemes.	7	15
Experience Switching	Use to code employers experiences of switching schemes.	5	7
Would Not Switch	Employer would not switch pension schemes.	5	5
Would Switch	Employer would switch pension schemes.	3	3
Understanding Of AE		54	59
AE Handled Externally	Employer outsources AE duties i.e. accountant, financial advisor.	6	7
Confident Understanding AE	Employer expressed confidence in their understanding of AE.	34	34
Limited Understanding AE	Employer expressed a limited understanding of AE.	3	3
Other Understanding AE	Use for other responses.	1	2
Reasonable Understanding AE	Employer expressed a reasonable understanding of AE.	13	13
Views of AE		56	118
AE Obligation	Employer expressed views around AE being an obligation.	11	13
Negative View AE	Employer expressed a negative view of AE.	19	40

AE Burden	Employer viewed AE as a burden.	3	5
AE Complicated	Employer viewed AE as a complicated policy.	8	13
AE Inadequate	Employer expressed AE to be an inadequate policy for retirement savings.	6	9
AE Not Responsibility	Employer expressed AE/pensions should not be their responsibility.	5	7
Neutral View AE	Employer expressed a neutral view of AE.	15	16
AE Ok	Employer expressed a neutral view of AE.	9	10
No View AE	Employer explicitly expressed no view/opinion of AE.	1	1
Other AE View	Use for other responses.	15	21
Positive View AE	Employer expressed a positive view of AE.	25	28
AE Easy	Employer expressed AE is easy to follow.	7	8
AE Good Policy	Employer viewed AE as a good policy.	8	8
Views of ESS		39	65
Alternative Support ESS	Employer believes they have alternative support systems in place to ESS.	15	19
Consider ESS	Employer would consider offering ESS.	5	5
ESS Considerations	Employer expresses things that would need considering before implementing ESS.	25	32
Negative View ESS	Employer expresses a negative view of ESS.	5	7
Positive View ESS	Employer expresses a positive view of ESS.	2	2
Views of Pensions		14	20

Employer Pensions Positive	Employer expressed positive views about providing a pension for employees.	2	2
Other Pension View	Use for other responses.	9	13
Pensions Positive	Employer expressed positive views about pensions.	5	5

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