

INSIGNIS 

Beyond Inertia: Understanding the Role of Cash in Modern Portfolios

OCTOBER 2025



Foreword

With £300 billion sitting in cash ISAs alone in the UK, cash remains one of the most popular components of a financial portfolio.

But cash gets a bad reputation in investment circles. Too often, it's portrayed as the asset of the financially ill-informed, of the market-averse, and for those who end up with lower returns on their portfolio. The reality is far more nuanced.

Equities make a strong case for long-term investment, and there is scope to foster a greater culture of investing in the UK. However, to cast the discussion simply as a battle between equities and cash is to miss the point. The decision not to invest cannot be reduced to fear of the stock market alone.

A diverse range of psychological, financial, and political factors all shape how people manage their money. Be it retirees or younger earners, the stability of cash is often more attractive than the volatility of the equity markets, and that is a conscious choice—not some matter of habit.

Far from being passive, cash can offer flexibility, support future planning, and above all, provide control at a time when so little else feels predictable.

At Insignis we've long known that cash is an integral part of financial planning for savers, businesses and charities. But so far there's been little scrutiny over the deeper reasons why so many savers hold onto cash assets and how they feel about their cash.

Through a survey of savers and financial advisers, conducted in partnership with The Private Office, this report aims to fill that gap. It explores the motivations, behaviours and emotions behind cash allocation, drawing on insights from UK savers and our adviser community.

Our aim is to help advisers move beyond this and provide clients with more nuanced advice about their cash holdings. When you understand why clients hold cash, there's greater scope to show how it can improve risk-return profiles and help manage wider assets more efficiently.

Kate Toumazi
CHIEF EXECUTIVE OFFICER



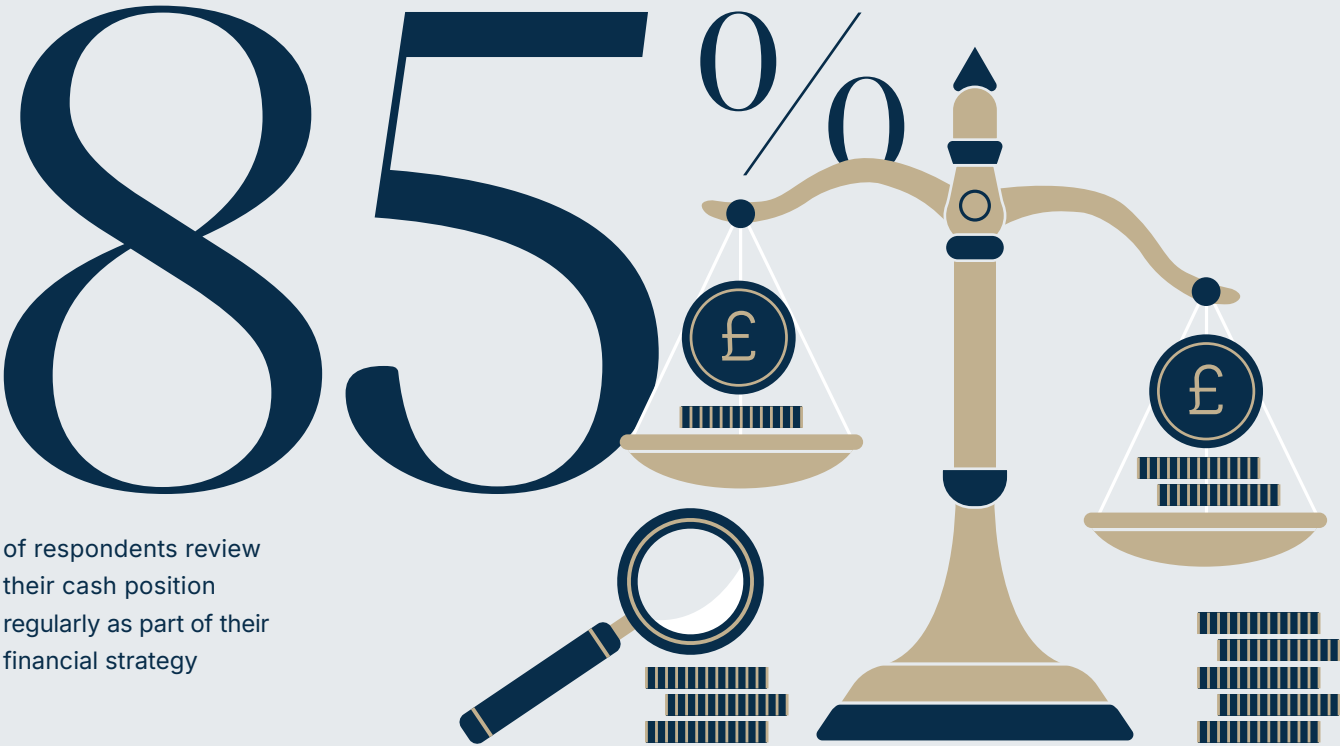
Key findings

Executive summary

In partnership with [The Private Office](#), we surveyed advisers, and they reached out to savers (4,360 respondents) to understand what they really think about cash and how it fits into their wealth planning.

Our results show that the decision to hold cash often reflects experience and prudence rather than inertia. Many savers are intentional in their approach, rather than irrational.

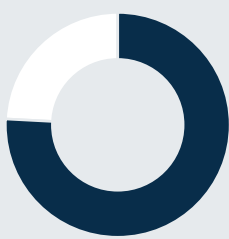
Most savers aren't inclined to make radical changes to their cash holdings and that caution is justified. These numbers show that cash remains a core part of portfolios, offering flexibility, security and control in line with individual needs.



1 in 10 people say they avoid investing because they don't feel confident in the stock market



53% hold significant cash because they're approaching or are in retirement and are actively looking to reduce their exposure to risk



76% say earning competitive interest is "very important", yet half remain in low-yield accounts due to access needs



48% are open to switching if they can maintain liquidity



71% of advisers believe cash optimisation is vital, but many clients still lack direction or tools to act

Cash isn't just for the cautious

UK households ended last year with a record £2.05 trillion in cash savings. More than a quarter (27%) of individuals now hold more than 75% of their wealth in cash.

Yet our data shows only 1 in 10 hold cash out of fear of the stock market. What of the other nine?

Our findings show the most common reason is retirement. Over half (53%) of cash-focused savers are simply looking to preserve value as they near the end of their working lives.

For others, there's huge variation. Some might be saving for a house. Others might have inherited. Some might be paying school fees.

Cash, in this context, is not an afterthought. It is a critical part of managing wealth through diverse financial junctures and life moments. Cash is the most versatile part of a client's portfolio. And the



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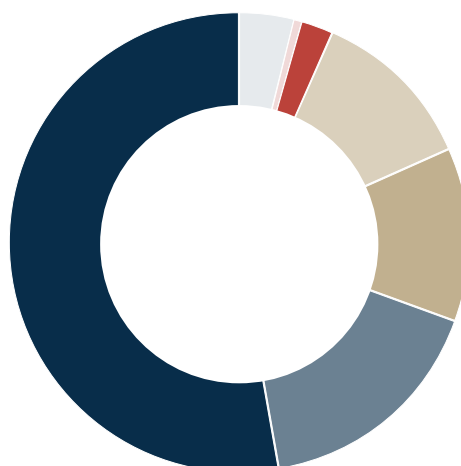
story behind cash holdings is rarely uniform or accidental. It is a reflection of life events, planning horizons, and deliberate choices. In short, it's a strategic position.

Ultimately, what these findings show is that suggesting all cash should simply be redirected into equities is to misunderstand its diverse role.

Liquidity moments are not windfalls to be swiftly invested away, but pivotal stages that deserve careful planning if wealth is to be preserved and grown.

Why is so much of your portfolio in cash savings?

● I'm in/nearing retirement so want less risk	53%
● The stock markets are too volatile	16.6%
● I've always preferred cash	12.1%
● I don't have enough experience to invest	11.7%
● I've come into a lump sum	2.5%
● I don't know	0.4%
● Other	3.9%



Statistics tell one story. Human behaviour tells another.

The behaviour of saving

Behind every £1 saved is a personal reason, shaped not just by numbers but by experience. From the financial crisis to COVID-era market shocks, many savers have lived through volatility. And those moments stick.

For many, holding cash is as much a psychological decision as a financial one. And that doesn't mean these savers are making decisions subconsciously alone, but that their decisions are informed by other deep-rooted behaviours.

“Beyond simple risk aversion, cash represents emotional safety—providing the psychological comfort of immediate access and tangible certainty when so much else feels volatile. Individual risk tolerance is shaped more by personal experience and emotional associations than by mathematical probability, making cash feel ‘safer.’

Rather than viewing cash preference as financial illiteracy, recognising it as a psychological need allows for more nuanced and successful financial planning approaches.”



Catherine Morgan
FINANCIAL COACH
& MONEY PSYCHOLOGY EXPERT

Indeed, 12% of people we surveyed say they've always instinctively preferred cash. Among the 4% who gave 'other' reasons, there was a wide mix of motivations—from wanting full control over their money to using cash to manage risk.

Why is so much of your portfolio in cash savings?



Alternative reasons from “other” responses

- ◆ Saving for a house purchase
- ◆ Flexibility and quick access to money
- ◆ Interest rates are currently high
- ◆ Want more control over their money
- ◆ Believe a ratio of cash and investing gives better protection from risk

This suggests that a preference for cash is rarely passive. Instead, it often reflects a deliberate, emotionally informed decision—particularly during life stages such as retirement where maintaining control and reducing exposure to risk becomes a priority.

For advisers, it's a reminder that there's no one-size-fits-all approach to cash. A good relationship with money is one where it helps clients achieve their personal goals.

Beyond inertia: How access is shaping savings strategies

There's more to the cash conversation than just why people are holding it. It's also how they're holding it.

According to the Bank of England, more than £280 billion is currently sitting in UK accounts that pay no interest.

With many savings rates now rarely exceeding 5%, it's easy to assume that savers are simply being passive.

Why not move the money? In theory, the solution is straightforward. Shift cash from low-interest accounts into higher-paying ones.

But in practice, it's not so simple.

Our findings show that over half (51%) of savers in low-yield accounts say they value instant access. A further one in five (18%) cite the administrative hassle of switching. Just one in ten (11%) says they actively prefer lower returns.

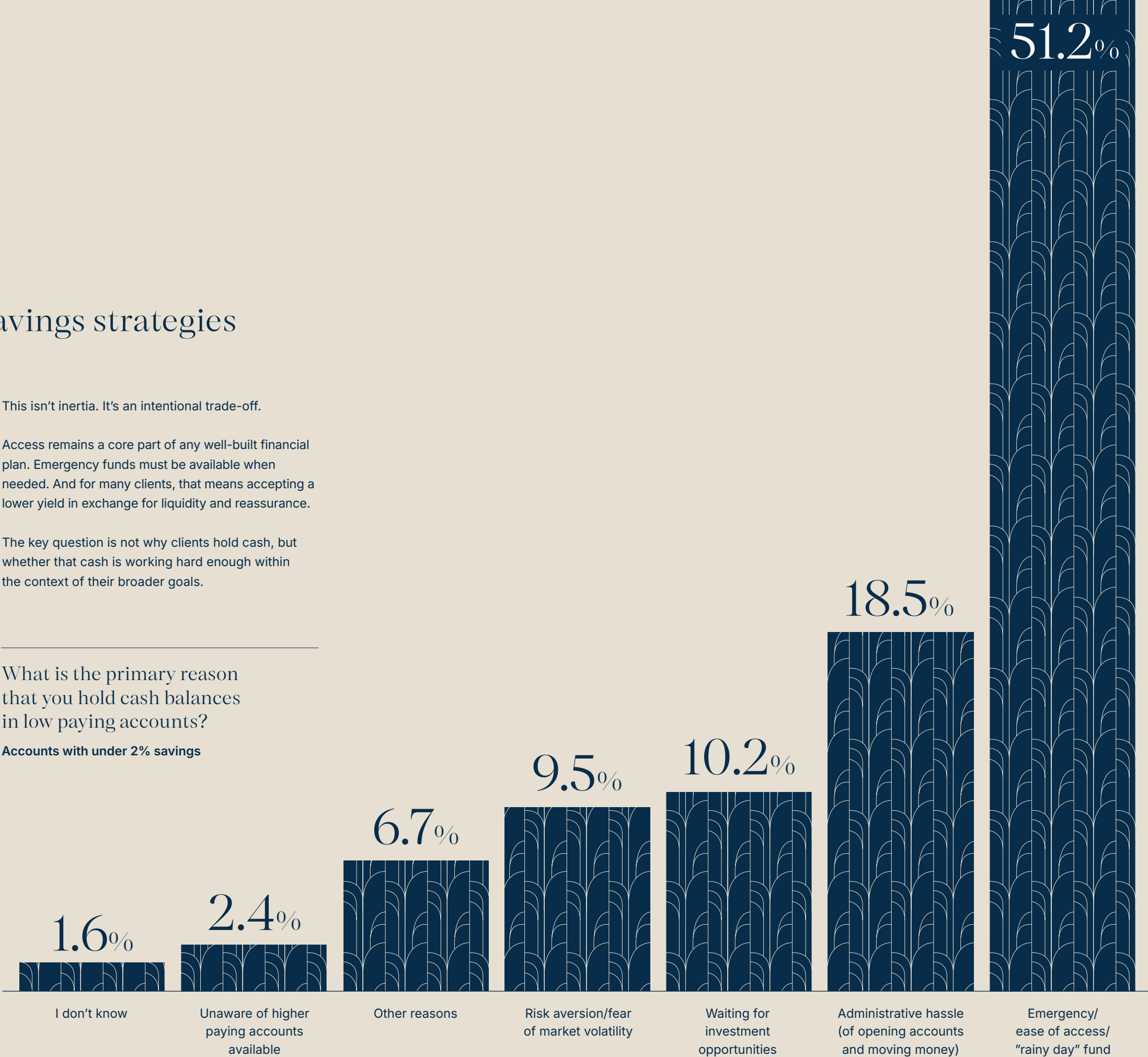
This isn't inertia. It's an intentional trade-off.

Access remains a core part of any well-built financial plan. Emergency funds must be available when needed. And for many clients, that means accepting a lower yield in exchange for liquidity and reassurance.

The key question is not why clients hold cash, but whether that cash is working hard enough within the context of their broader goals.

What is the primary reason that you hold cash balances in low paying accounts?

Accounts with under 2% savings



The opportunity for advisers

Advisers are engaging significantly with cash as an asset class. Four in five (80%) say they regularly discuss cash with clients, and 71% view cash as a key part of financial planning. That's a promising sign.

But there's still a gap between conversation and action.

Nearly half (48%) of savers say that although they feel safer with easy access to their money, they would be as open to better-yielding options if the access is reasonable.

We know those options exist. Yet advisers continue to report clients holding more than a quarter of their wealth in low-return accounts.

And here's the further irony. A single low-interest account might feel like the safest option, but it rarely is. Holding large sums in one place exposes savers to unnecessary risk that too few are aware of. Advisers can help clarify the limitations of this approach, guiding savers to instead spread funds across multiple FSCS-protected accounts across different institutions, helping maximise both security and returns.

FSCS payouts have exceeded £10 million over the past three years, and £20 billion since 2001. The protection is there, and it works. So, the question is: why aren't more clients taking control of their cash and making it work harder?

In many cases, the answer is behavioural. Advisers correctly focus on risk appetite and the appropriate return profile. Clients focus on familiarity, or a sense of safety. Our findings show that, as this disconnect is increasingly recognised, the risk that cash will continue to underperform can begin to be addressed.

This is where advisers are adding real value. Advisers understand the emotions behind their client's choices, and are offering solutions that deliver both performance and peace of mind for their risk appetite.



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Clients deserve security, access and returns from their cash

Cash is often seen through a single, unfocused lens. Either as a safe haven, or a missed opportunity for greater returns. This binary view distorts its value as a strategic asset.

This report shows that people aren't holding onto cash by accident. They're doing it with intention.

From key liquidity moments—whether a bonus, redundancy payment, or inheritance—to later-life planning and decumulation, these are not random windfalls. They're opportunities to turn cash injections into the foundations for long-term financial security.

At Insignis, we believe no one should have to choose between performance and security. These are not competing factors. Our role, and yours, is to align both.

The Insignis platform gives advisers, businesses and charities the tools to:

- ◆ Allocate across a range of terms and deposit-takers
- ◆ Optimise FSCS protection (where eligible)
- ◆ Maintain visibility and control over how cash is working

Uncertainty thrives on inertia. Strategic cash management is how you stay one step ahead.

Don't sit on it. Insignis it.

Appendix

Methodology

The survey was conducted through a survey of 91 financial advisers based in the UK by Insignis, as well as a survey conducted in partnership with The Private Office of 4,360 adult savers based in the UK during April 2025.

First edition of report published on 16th of October 2025.



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