



The protection gap

Iress Financial Readiness Index 2026



Introduction

In an era where the cost of living continues to rise and economic uncertainty has become the norm, understanding how prepared people really are to meet their financial needs has never been more important.

Iress commissioned the Financial Readiness Index (FRI) to give advisers a clear, data-led view of how consumers are feeling about their finances, how they're actually behaving and how ready they are for what lies ahead.

Covering financial confidence, day-to-day habits, protection, home ownership and long-term retirement

planning, the research creates a rounded picture of financial readiness, and the gaps that exist, across the UK. Built on nationally representative research, it offers a consistent and credible measure of readiness across different demographic groups and also highlights the barriers holding people back, to help better understand their behaviours and expectations.

In this short report, we explore just one aspect of the research - [the protection gap](#).

Research methodology

The online survey was done by YouGov Plc on our behalf, among 2,103 UK adults. Fieldwork was undertaken between 10-13 October 2025. The survey was carried out online.

All figures, unless otherwise stated, are from YouGov Plc. The figures have been weighted and are representative of all UK adults (aged 18+). They may not add up to 100%

due to rounding, some questions having more than one answer and respondents declining to answer or not knowing the answer to certain questions.

The gaps use survey data from YouGov and additional analysis and benchmarking independently carried out by the lang cat.

The protection gap

The Iress Financial Readiness Index found that 46% of people feel financially secure today, but how far does that confidence reflect reality? We explored everyday financial behaviours to gauge whether households have the savings, protection and long-term plans in place that they need to stay financially resilient.



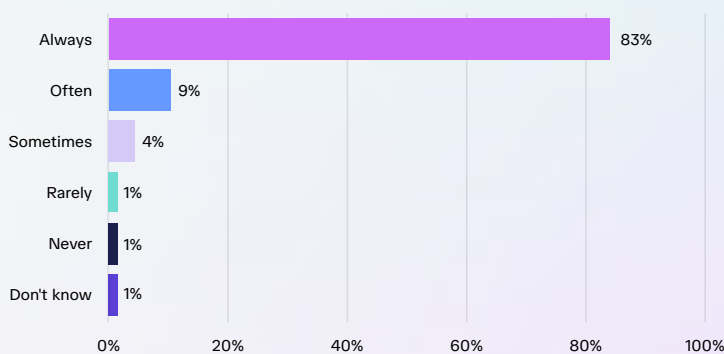
The Iress Financial Readiness Index found that **46%** of people feel financially secure today

Financial foundations

To build financial stability, once essential bills are paid, it's commonly recommended to establish an emergency fund, pay down high-interest debt and then focus on longer-term saving and investing. We wanted to see how many people are following this in practice and how many are leaving gaps in their financial safety net.

Of those responsible for paying core household bills – such as mortgage or rent, utilities, mobile phone and commuting costs – over eight in ten (83%) say they always pay them every month.

How often do you pay your essential household bills each month?

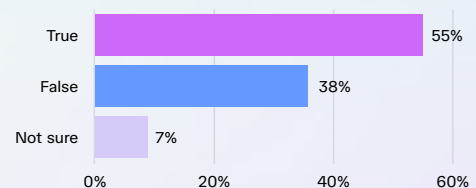


Over eight in ten (**83%**) say they always pay their essential household bills every month.

Just over half (55%) hold an emergency fund covering at least three months of essential living costs, and 57% of credit card users always pay their balance in full.

Men are more likely than women to have a financial buffer (59% v 52%). However, among people who use credit cards and manage household bills, women are more likely to pay them in full each month (credit cards: 60% v 55%, bills: 86% v 80%).

I have at least three months of essential living expenses saved





Age also plays a big part in payment habits. Among those responsible for household bills and credit card payments, only 57% of 18 to 24-year-olds always pay their essential bills and just 43% pay their credit card balance in full. This rises to 92% and 73% respectively among people aged over 55.

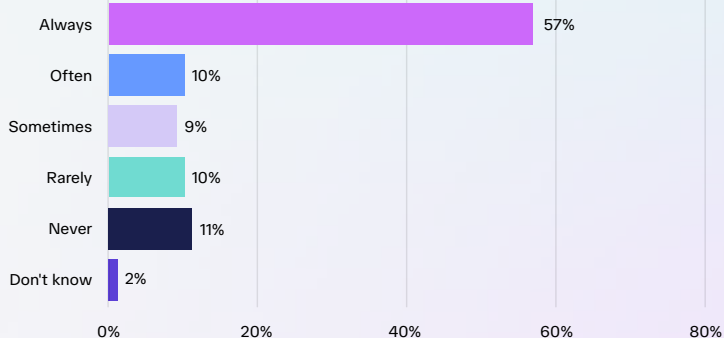
Emergency savings do not follow the same trend. Around half of 18 to 24s (47%) and 25 to 34s (48%) have a three-month emergency fund, but this falls among 35 to 44s (41%) and 45 to 54s (43%) before jumping to 72% among over 55s.

Parents with children in the household are less likely to have these financial building blocks in place. Among parents who use credit cards and handle bills, just two-fifths (43%) always pay off their credit card bill, fewer than half (47%) have a cash buffer and 74% always

pay their household bills each month. This compares to 63%, 59% and 86% of those without children in their household. Taken together, this reinforces the idea that financial resilience is weakest at life stages where competing demands for people's money are highest.

Income plays a clear role too, with lower-earning households far less likely to have an emergency fund or keep up with bills and credit cards compared with those on higher incomes. However, the rise is not linear. Gaps persist even at the top end: a quarter (25%) of people with household income over £100,000 per year still lack a sufficient buffer, over third (37%) don't always clear their credit card bill and more than one in ten (12%) don't always pay their essential bills each month. This links back to the earlier finding that higher income does not automatically mean stronger financial security.

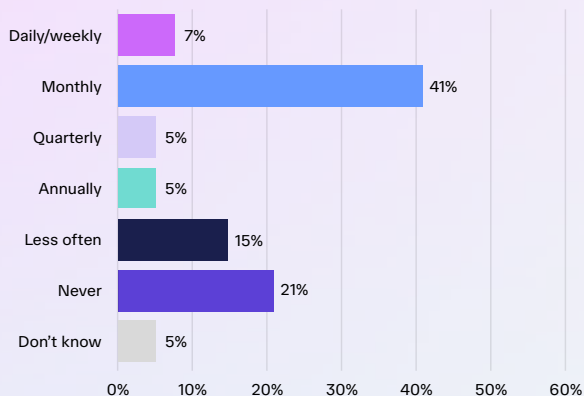
Pay my credit card balance in full each month?



For household bills and credit card payments, only **57%** of 18 to 24-year-olds always pay their essential bills.

Saving and investing

How often do you save?



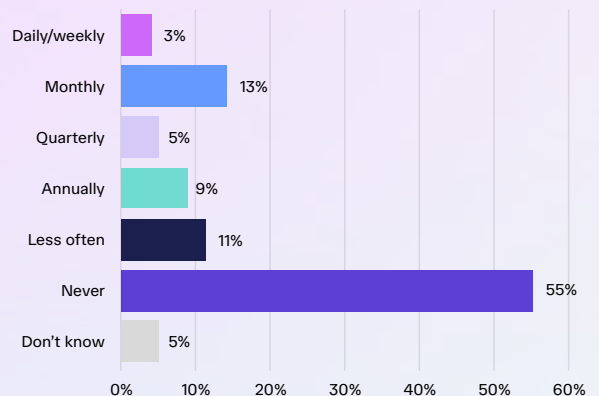
Most people do try to save: 73% put money into a savings account or Cash ISA at least occasionally and 41% do so monthly. However, investing is far less common. More than half (55%) say they never invest, suggesting that while many are building short-term buffers, fewer are taking steps to grow wealth for the long term.

The gender gap is noticeable here as well. Women are less likely to save, with nearly one in four (23%) never doing so, compared with one in five men (20%). The gap widens further for investing. Three in five women (61%) never invest, compared with 48% of men. This indicates that lower financial confidence reported by women is matched by lower engagement with long-term wealth-building.

Younger adults stand out for more positive habits. Only 12% of 18 to 24-year-olds say they never save, the lowest of any age group, and they are also the most likely to invest, with 41% never doing so, compared to 63% of 45 to 54s. Regular saving and investing fall sharply through mid-life, coinciding with increased financial commitments, before improving slightly among over-55s (21% never save and 57% never invest). This suggests younger generations are adopting good financial habits, but many lose momentum as pressures rise.

Family circumstances also influence saving and investing behaviour. Just one in five (19%) of those who are married

How often do you invest?



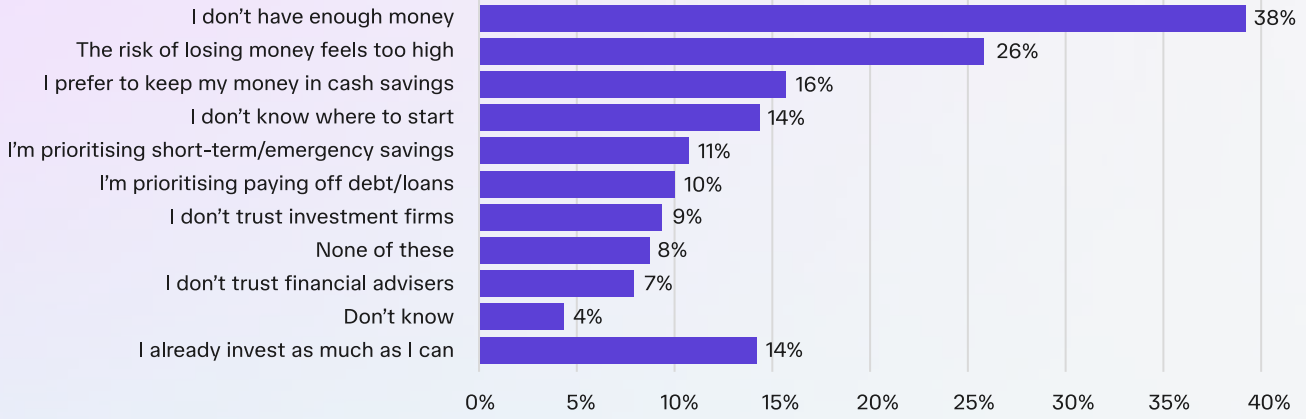
or in a civil partnership never save and half (51%) never invest, compared with 33% and 67% respectively of those who are separated or divorced. This underlines the fact that life changes can have a significant impact on people's finances, leaving them more exposed while they adjust.

Exploring why people choose not to invest more, the most common reason is a perceived lack of funds, cited by 38% of respondents. This is followed by concerns about the risk of losing money (26%) and a preference for keeping money in cash savings (16%). Women are more likely than men to feel they do not have enough money (40% v 36%) and to worry about losing money (29% v 23%), while also more often feeling unsure where to start (15% v 13%). However, fewer women prefer to keep their money in cash compared with men (14% v 17%).

Not knowing where to start is also a particular barrier for young people, with a quarter (25%) of 18 to 24-year-olds citing this, compared with only 7% of the over 55s. Concern over losing money is relatively consistent across age groups, ranging from 25% among 45 to 54-year-olds and over 55s, to 28% of 35 to 44-year-olds. At over a third (36%), those with gross household income of £35,000-£39,999 are most worried about the risk of losing money, but this remains a concern even at higher income levels, with 26% of households earning over £100,000 selecting this reason.

Saving and investing

What prevents you from investing more?

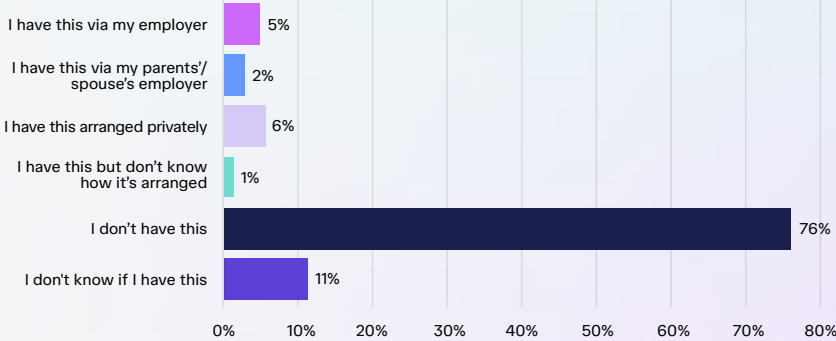


Protection policies

Turning to insurance, people are least likely to have income protection, with just 14% saying they have it, although a further 11% don't know if they have it, suggesting confusion around what it is. Just 11% of

women have it and are most likely to arrange it privately, compared to 18% of men who are most likely to have it via their employer.

Do you have income protection?



76% of people don't have income protection.

Protection policies

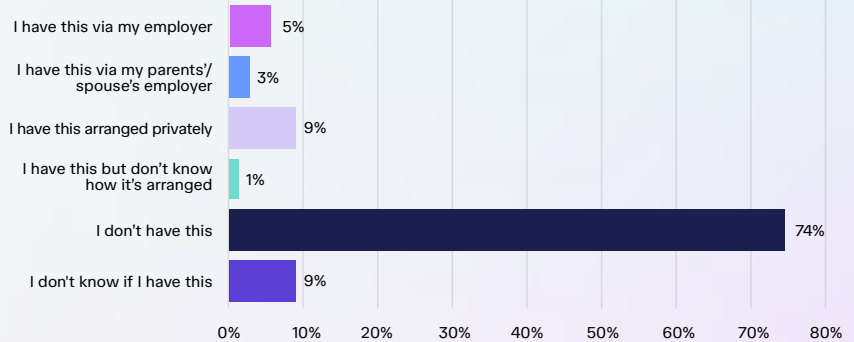
Almost a fifth (17%) have critical illness cover, but again, nearly one in ten (9%) are unsure if they are covered or not. Even though it is more commonly arranged privately (9%), rather than by an individual's employer (5%) or a relative's employer (3%), workers are mostly likely to hold

it (26% v 14% unemployed), along with married people and those in a civil partnership (22% v 1% of widowed) and those with children in their household (33% v 12% without children).



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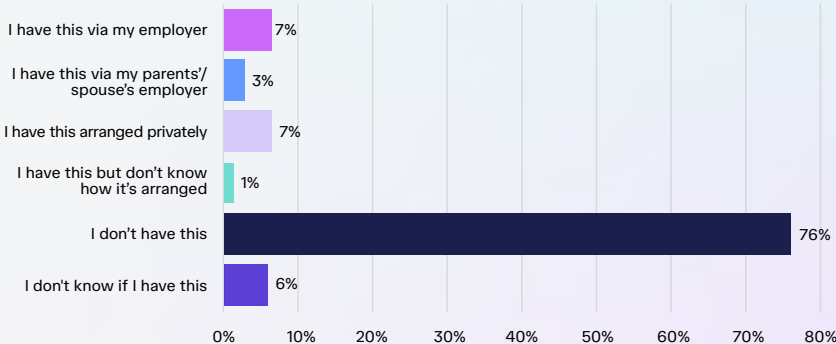
Do you have critical illness cover?



Around one in five people (18%) have private health insurance, with notable differences across demographics. Men are more likely to be insured than women (23% v 14%). Uptake peaks among those aged 25 to 34, where 29% have cover, compared with just 11% of people aged over 55. Working status plays a significant role: 28% of full-time workers have health

insurance, falling to only 8% among those who are retired. Relationship and family status also correlate with higher uptake, with 23% of people who are married or in a civil partnership and 31% of those with children in their household holding a policy, compared with just 7% of widowed respondents and 14% of those without children in their household.

Do you have private health insurance?



Working status plays a significant role: 28% of full-time workers have health insurance, falling to only 8% among those who are retired.



Protection policies

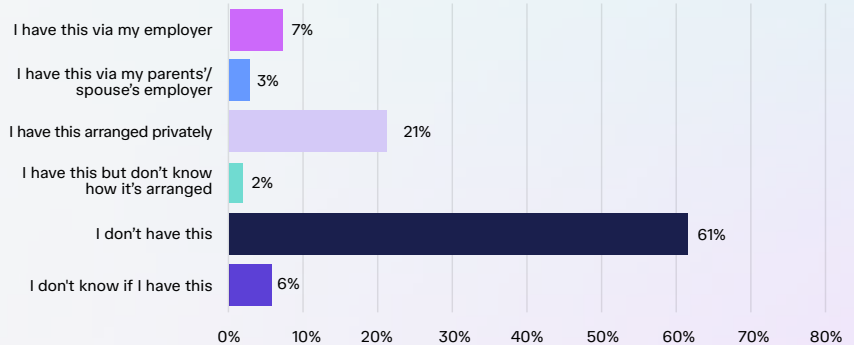
A third (33%) hold life insurance, rising to 37% of men, compared with 30% of women. For both genders, it was most likely to have been arranged privately (21%), but

10% of men received it via their employer, compared to just 5% of women.



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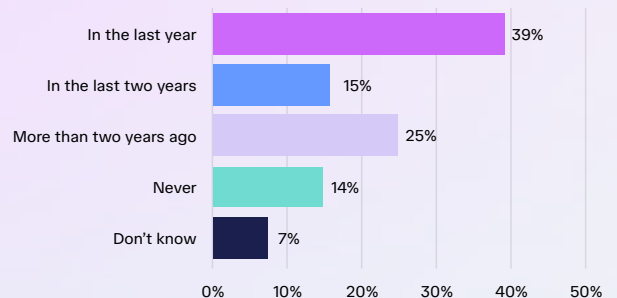
Do you have life insurance?



Young people aged 18 to 24 are most likely to be unsure of their overall protective cover, with between 18% and 22% respectively not knowing if they have each type of insurance.

Asked when they last reviewed any of their protection insurance needs, of those who have protection policies, one in four (39%) respondents had done so in the last year, but 14% said never, suggesting many may not have enough cover to meet their needs. Those aged 25 to 34 years are the least likely to have reviewed their protection policies, with 8% never having done so. Those in retirement are most likely to have reviewed their policies in the last year (54% v 37% of workers).

When did you last review any of your protection insurance needs??



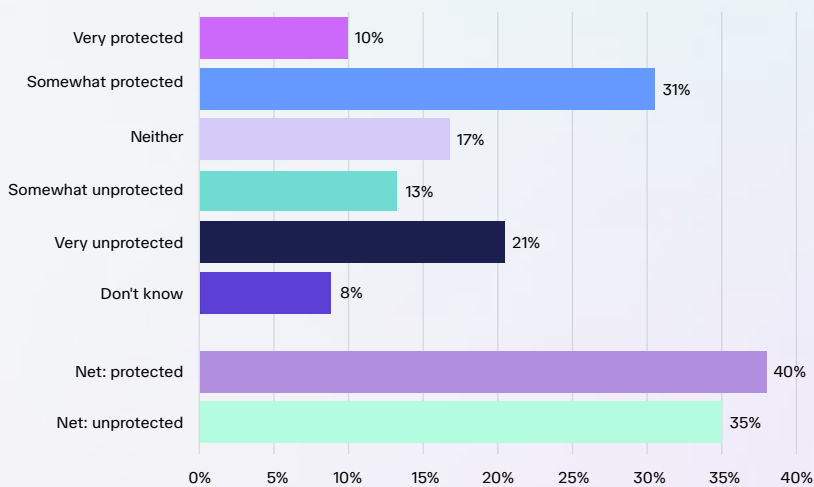


Protection policies

Overall, 40% of respondents felt protected against unexpected health or life events, compared to 35% who felt unprotected. Unsurprisingly, given the gender disparity in protection cover, women feel less protected than men (36% v 46%). Feeling protected was lowest among the 18 to 24 and 45 to 54 age groups (both 31%) and highest among the over 55s (51%). As with earlier measures, in terms of working status, the retired

feel most protected (58%), along with those who are married or in a civil partnership (51%), with those who are unemployed (14%) and separated or divorced (29%) feeling least protected. This sense of protection generally rises in line with income, with just 17% of households in the £5,000 to £9,999 gross income bracket feeling protected, compared with 70% earning over £100,000.

To what extent do you feel financially protected against unexpected health or life events?



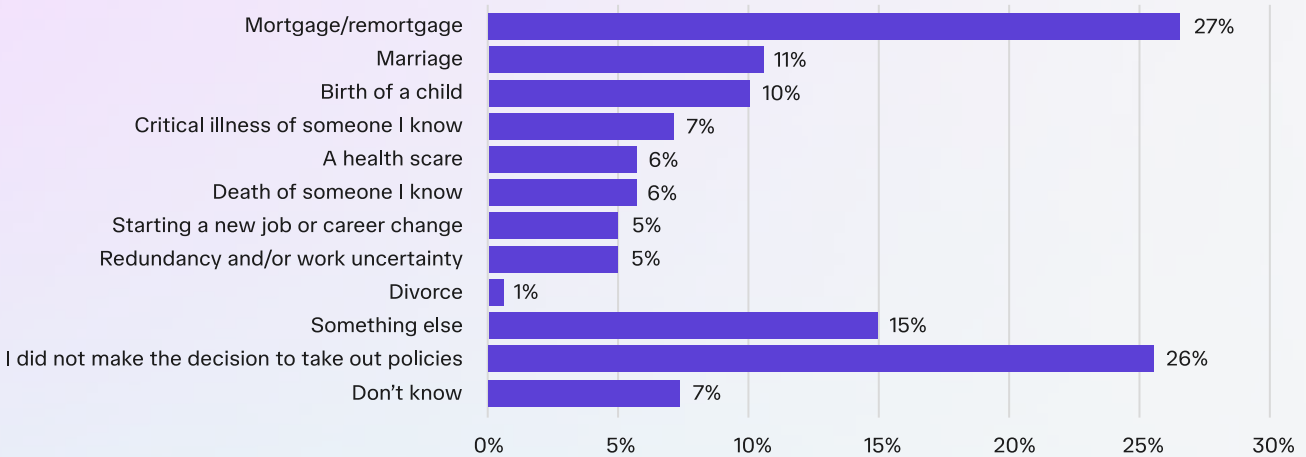
Overall, **40%** of respondents felt protected against unexpected health or life events, compared to **35%** who felt unprotected.

Motivations for accessing protection insurance

So what motivates people to take out protection insurance? Among those who already have a policy, more than a quarter (27%) were prompted by taking out a mortgage or remortgaging. Marriage (11%) and birth of a child (10%) were also common triggers, reflected in

higher take-up of all forms of protection among married people and parents compared to those who are single or without children. These life events sharpen the sense of long-term responsibility, making them natural moments for people to consider putting a safety net in place.

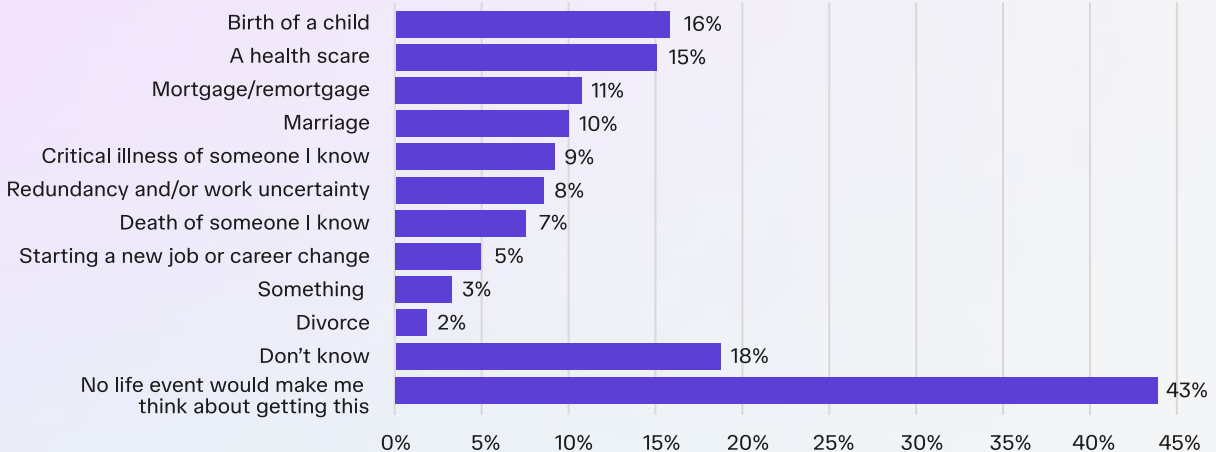
Which, if any, of the following prompted you to take out any of these protection policies?



We also asked those without protection what would encourage them to take it up. Interestingly, three of the top four triggers mirror the motivations of existing policyholders, but in a different order. The birth of a child ranks highest (16%), followed by a health scare (15%) – notably more than twice the level of those who

already have protection (6%) – taking out a mortgage or remortgaging (11%) and marriage (10%). However, 43% said that no life event would prompt them to consider protection, suggesting a sizeable awareness and engagement gap and that for a large proportion of the population, protection simply isn't seen as necessary.

Which of the following life events would make you think about getting a protection policy?

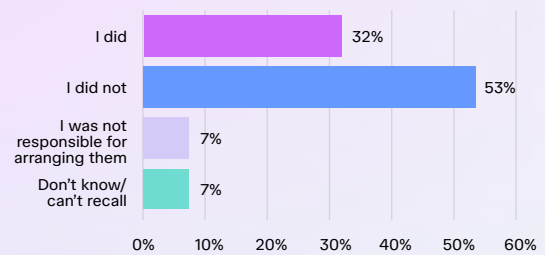




Taking advice

Despite the benefits of professional advice to ensure the correct level of cover and best outcomes, just a third of those who have a private protection policy in place consulted a financial adviser when arranging it. This reflects a wider trend: the lang cat's Advice Gap 2025 research found that just 9% of people in the UK had paid for advice in the last two years.

Did you consult a financial adviser when setting up any of the privately arranged policies?



[Download Lang Cat's Advice Gap 2025 report here.](#)



The protection gap

We calculate the protection gap to be **22%**. Two-fifths (**41%**) of people believe they are protected from unexpected health or life events but in reality just **19%** have sufficient protection cover.

41% Perceived protection

19% Actual protection

22% Protection gap



The advice opportunity

The Financial Readiness Index highlights that financial preparedness across the UK is uneven, with notable gaps between perception and reality. While many people feel confident in their financial position, fewer meet the benchmarks for true financial security. Shortfalls in protection, home ownership inclinations and retirement planning show that, for a significant portion of the population, future financial needs are not fully anticipated or planned for.

The research also underscores the role of life events and personal circumstances in shaping financial behaviour. Major milestones, such as buying a home, starting a family, or approaching retirement, are key triggers for action, yet engagement and advice-seeking vary widely across different groups and age ranges. Confidence, gender, and life stage all influence how people perceive

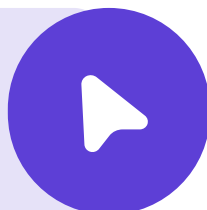
their readiness, and the data highlights that some of those who could benefit most from support are the least likely to access it.

Taken together, these insights provide a comprehensive snapshot of financial readiness today. By capturing both people's perceptions of their finances and the reality of their behaviour, the Financial Readiness Index offers a view of where support can have the biggest impact.

We hope the findings spark conversations, helping the advice profession and others across the sector understand where people feel prepared, where gaps persist and where there may be opportunities to engage in ways that genuinely make a difference to consumers in an ever-changing financial landscape.

More information

Explore the Iress Financial Readiness Index and download other reports in the series



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