

Majority of Investors' Cash Allocations Uninfluenced by Higher Interest Rates

May's [Asset Allocation Survey](#) special question asked AAI members how the change in interest rates has influenced how much they allocate to cash. Slightly more than three out of five respondents (63%) say higher interest rates are having little to no influence. Some of these respondents describe rates as not being large enough to warrant a change. An additional 6% of respondents say the increase in rates has not altered their allocations because their cash positions depend on allocation decisions.

Nearly 15% of respondents say they increased their cash allocations. Some of these respondents say they reduced either their stock or bond allocations, while others are waiting to use a future decline in stock prices as a buying opportunity. A small percentage of respondents (just under 5%) say they have either switched to higher-yielding savings accounts or are taking advantage of the higher rates to ladder CDs, meaning buying CDs with different maturities.

Here is a sampling of the responses:

- "No. Rates would have to go up a lot more. I am keeping cash for pullbacks."
- "No. The rate of return on stock funds is greater than the rate of return on cash instruments."
- "Rates may influence where I park my cash, but not the allocation."
- "The moderate CD rate increases have had a positive impact on my five-year CD ladder."
- "Reduced allocation to equities due to increased uncertainty. The increased interest rates are a welcomed side event."

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