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Kiwis gamble on financial risk

New research commissioned by the Financial Services Council (FSC) has revealed many New Zealanders are taking a high stakes gamble on managing risk.

The research '*Risking Everything*' carried out by Horizon Research looked at New Zealanders attitudes to financial risk and how they protect their wealth should the worst happen.

"*Risking Everything* found that although most Kiwis are aware of their financial risks, they aren't doing much about it", said Richard Klipin, CEO of the Financial Services Council.

"The majority of New Zealanders have not considered the risk of 'protecting me', with just 20% of respondents saying they had considered a risk of lost income due to illness or serious injury.

"Over 50% of Kiwis said that they disliked having to think about impact of financial risk, and when they do think about it, almost half (43%) then forget about them.

"The research indicates that a stigma still remains in New Zealand around discussing, managing and engaging with financial risk.

"Adding to this high stakes gamble, the research also found that two thirds of New Zealanders don't have sufficient savings to cover an unexpected short-term loss of income.

"Of those surveyed, 63% disagreed, or were unsure, that they had sufficient savings to cover household expenses such as rent or mortgage repayments for a three-month period.

"The research also provided evidence around under-insurance in the life sector, with premium affordability and risk prioritisation the key issues impacting take-up rates.

"Nearly two-thirds of those surveyed had checked car and home contents insurance in the past few years, yet only 20% had considered the financial implications for other members of their family if they died.

"It is worrying that many of us spend more time worrying about protecting our car than our life, family or source of income and that we are still very reliant on family and friends to help us out.

“We need to drive an honest conversation about improving the way we think about and manage these risks.”

To help, the FSC has put together five rules of thumb:

1. Take some time to identify how much money you might need to cover you and your family should the worst happen
2. Understand how much risk you are willing to take, and protect yourself for the rest
3. Aim to save enough to cover three months’ pay or income
4. Life changes, so review your cover and risk regularly to make sure you are remain adequately covered
5. If in doubt, ask questions and seek advice from an adviser or your provider

“Unfortunately life does happen and things do go wrong. We all need to be prepared by saving enough or protecting ourselves and our family for an unexpected event.

“Our members pay out approximately \$3.3million a day to Kiwis who have managed their risk but this research shows that more of us need to take the time to better manage that risk.

“We also accept that this research has highlighted that there is more work to be done in improving access to high quality and easy to understand protection for all New Zealanders”, concluded Klipin.

The full report, *Risking Everything – Insight Into How New Zealanders Manage Risk*, can be found on the [FSC website](#).

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Note to editors:

FSC ‘Risking Everything’ Research

This is the first piece of independent research on New Zealanders attitudes to financial risk commissioned by the Financial Services Council.

Research methodology

This study was conducted, on behalf of FSC, by Horizon Research online among a nationally representative sample of New Zealanders aged 18 years and older. The sample was 2,061 respondents, distributed throughout New Zealand including both capital city and non-capital city

areas. Following the completion of interviewing, the data was weighted by age, gender, personal income, education level, and employment status to match the New Zealand population aged 18 or more at the 2013 Census.

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About the Financial Services Council (FSC)

The Financial Services Council is a non-profit member organisation and the voice of the financial services sector in New Zealand. Our 35 members comprise 95% of the life insurance market in New Zealand and manage funds of more than \$47.5bn. Members include the major insurers in life, disability and income insurance, fund managers, KiwiSaver, professional services and technology providers to the financial services sector.

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