

**Subject:** Media release - Aussies betting on the wrong horse when it comes to their financial futures

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**From:** Stuart Snell

**To:** Stuart Snell

## Media release

### **Aussies betting on the wrong horse when it comes to their financial futures**

#### **Don't try to beat the odds - make your own luck**

**30 October 2014**

Ahead of the expected \$800 million-plus to be wagered on Melbourne Cup Day, Australians are being warned about trusting in luck rather than good management to secure their financial futures.

When it comes to financial protection, Aussies are seriously mistaking the odds when it comes to calculating the need and value of having adequate financial protection in place should one's income stop.

TAL Group CEO Jim Minto said: "It is part of human nature to trust in luck or a big windfall such as winning the 'big one' at the Melbourne Cup or the lottery, and for most people, it's just good fun. But statistically we know this is highly unlikely to happen, and we also know a high proportion of people will suffer a significant health event but rate financial protection very low as a priority.

"About 70% of Australians gamble each year <sup>[1]</sup> but the chance of winning a major lottery prize is about 1 in 45 million <sup>[2]</sup>. In fact, the confronting news is if you buy the ticket the day before the draw, the University of NSW says you have a greater chance of dying before the lottery is drawn than winning it <sup>[3]</sup>.

Despite the odds, the average household spends \$15 a week on lottery tickets. Meanwhile, research repeatedly shows the overwhelming majority of Australians do not have adequate protection in place.

The unfortunate facts are six in 10 Australians<sup>6</sup> will be disabled for more than one month during their working life. One in four will be disabled for more than three months.

"No-one would argue against trying your luck buying a lottery ticket or having a flutter on the Melbourne Cup. It's a great Australian pastime. But when it comes to financial protection, it's not enough to rely on luck," Mr Minto said.

"The numbers clearly show your best chances of maintaining financial security in the face of a whole range of adverse events is to choose the right kind of life insurance protection. In other words: make your own luck."

An individual or family may make a conscious decision about what insurances to include or exclude, especially when done with the facts and good advice. However, TAL research<sup>[4]</sup> shows only 37% of Australians believe they have one or more forms of life insurance in place.

“If you don’t know whether you’re protected or not, you’re taking a huge gamble,” Mr Minto concluded.

### Which horse would you back to protect your dreams?

Against All Odds	Better Safe than Sorry
<p><b>1 in 45 million</b> The chance of winning First Division in Oz Lotto</p>	<p><b>One in five</b> men and <b>one in seven</b> women will have had a critical illness before the age of 64<sup>[5]</sup></p> <p><b>One in three</b> men and <b>one in four women</b> will be diagnosed with cancer before the age of 75<sup>[6]</sup></p> <p><b>Six in ten</b> Australians will be disabled for more than one month during their working life. <b>One in four</b> will be disabled for more than three months<sup>[7]</sup>.</p>
<p><b>1 in 77 million</b> The chances of winning Powerball<sup>[8]</sup></p>	<p><b>1 in 2</b> income protection policies are claimed within 24 months of the policy being taken out against an average cost of \$1,000 per year</p>
<p><b>\$1,500</b> The average annual amount spent by someone who has gambled in the past year</p>	<p><b>\$437</b> - starting annual cost of life insurance of \$500,000 for a 35 year-old male and \$600,000 for a 35 year-old female, or \$1.20 per day</p> <p><b>\$58,878</b> - amount paid on average for each life insurance claim in Australia in 2013</p>
<p><b>\$6.2 million</b> Total Melbourne Cup prize money in 2013<sup>[9]</sup></p> <p><b>\$800 million</b> Total expected to be bet in 2014 (over \$800 in 2013)<sup>[10]</sup></p>	<p><b>\$5 billion</b> Life insurance payments in Australia in 2013<sup>[11]</sup>, which \$843 million paid out by TAL alone</p>

[1] Productivity Commission Report into Gambling (page 5): [http://www.pc.gov.au/data/assets/pdf\\_file/0010/95680/gambling-report-volume1.pdf](http://www.pc.gov.au/data/assets/pdf_file/0010/95680/gambling-report-volume1.pdf)

[2] Oz Lotteries website: <http://www2.ozlotteries.com/responsible-gambling>

[3] University NSW - <http://www.science.unsw.edu.au/news/voud-be-dead-lucky-win-oz-lotto>

[4] TAL – <http://www.tal.com.au/tal-news-centre/media-releases/2013/march/27/kids-more-likely-to-have-life-insurance-than-baby-boomer-parents>

[5] Rice Warner Report on Underinsurance in Australia 2011

[6] AIHW (2008) Cancer in Australia: an overview 2008, Cancer series no. 46, Cat. no. CAN 42, Canberra

[7] Fabrizio, E (2007) Australia & NZ Disability Income Experience [www.actuaries.org/IAAHS/Colloquia/Cape\\_Town/Walker\\_-\\_Income\\_protection.pdf](http://www.actuaries.org/IAAHS/Colloquia/Cape_Town/Walker_-_Income_protection.pdf) AIHW (2008) Cancer in Australia: an overview 2008, Cancer series no. 46, Cat. no. CAN 42, Canberra

[8] Oz Lotteries website: <http://www.ozlotteries.com/lottery-rules>

[9] Sportsbet <http://www.sportsbet.com.au/events/melbourne-cup>

[10] IBISWorld <http://www.ibisworld.com.au/media/2013/10/10/racegoers-splurge-style-melbourne-cup-carnival/>

<sup>11</sup> Risk Store <http://riskinfo.com.au/news/2014/06/17/record-claims-paid-in-2013/>

**\*\*\*\*\*NB: Unfortunately our spokesperson Group CEO Jim Minto is not available today but is tomorrow and over the weekend.**

Further information:

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**About TAL: The specialist voice of life insurance in Australia**

TAL is Australia's largest life insurance company with leading competitive offerings in each of its core distribution channels: direct to customers; through financial advisers; and via group and workplace superannuation schemes. With in-force premiums of \$2.2, TAL provides more life insurance solutions to Australians than any other insurer. TAL is owned by The Dai-ichi Life Insurance Company, Limited, one of Japan's largest life insurers.

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Winner – AFR-Smart Investor, Life Insurance Company of the Year 2013  
Winner – AB&F, Life Insurance Company of the Year 2011, 2012 & 2013  
Winner – Plan for Life/AFA, Life Insurance Company of the Year 2010, 2011 & 2012

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[1] Productivity Commission Report into Gambling (page 5): [http://www.pc.gov.au/\\_data/assets/pdf\\_file/0010/95680/gambling-report-volume1.pdf](http://www.pc.gov.au/_data/assets/pdf_file/0010/95680/gambling-report-volume1.pdf)

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[3] University NSW - <http://www.science.unsw.edu.au/news/you-d-be-dead-lucky-win-oz-lotto>

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[4] TAL – <http://www.tal.com.au/tal-news-centre/media-releases/2013/march/27/kids-more-likely-to-have-life-insurance-than-baby-boomer-parents>

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[11] Risk Store <http://riskinfo.com.au/news/2014/06/17/record-claims-paid-in-2013/>

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