

The Disability Divide

The gap between what employees believe—and how they act—about the potential for an income-threatening disability.



The State of Disability in America

1 in 10 Americans between the ages of 18 and 64
have a disability¹

Applications for Social Security Disability Benefits
increased by 21% in 2009²

Today, over 5% of the U.S. workforce receives
hard-to-qualify-for Social Security Disability Insurance payments³

Roughly 70% of the U.S. workforce or 100 million Americans
are not protected by private disability insurance⁴

¹ U.S. Census Bureau, Selected Characteristics in the United States: 2009

² Social Security Administration, Office of Disability and Income Security Programs

³ Social Security Administration, Office of Disability and Income Security Programs

⁴ Council for Disability Awareness, Long-Term Disability Claims Review, 2010

Survey Objectives

Understand workers' perceptions about disability

Identify actual behaviors related to the perceptions

Determine how much preparation workers have done to protect against the risk of a disability

Learn to what extent workers are positioned to deal with an unexpected loss of income caused by a disability

Methodology

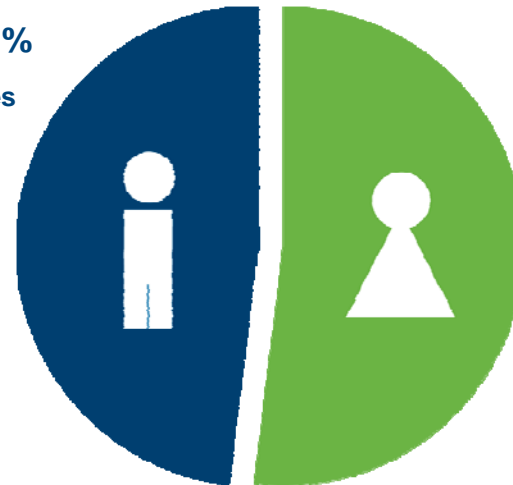
Online survey

Conducted March 2010

Analyzed responses of 1,006
representative employees

RESPONDENTS BY GENDER

48%
Males



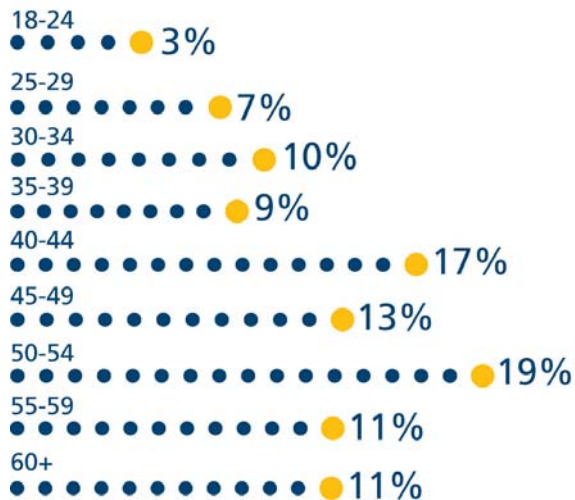
52%
Females

Methodology

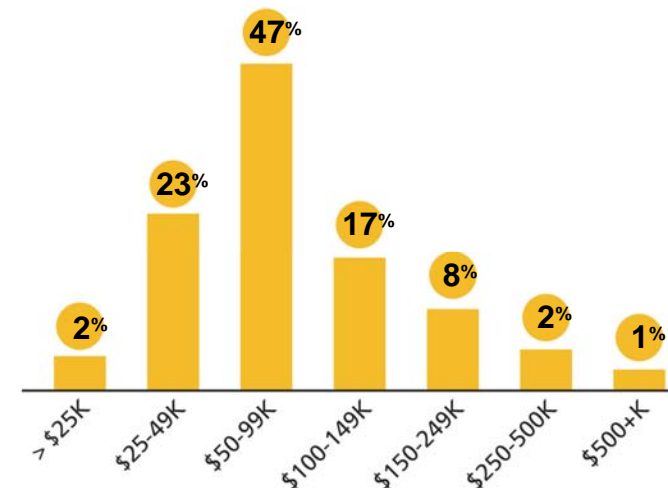
Overview of respondents:

- U.S. residents
- Between ages 18 and 68
- Employed full-time
- Household income: \$30K+

RESPONDENTS BY AGE



RESPONDENTS BY INCOME LEVEL



Key Finding

There is a gap
between **workers'**
perceptions...



and **the actual facts**
about disability.

Employees believe that others can become disabled at any time.

Possibly because most respondents view disability as “accidental,” only 6% think they can do anything to avoid it.

RESEARCH FINDINGS

% of respondents who said each of the following reflects their beliefs about disability



Employees deny the likelihood that disabilities could happen to them.

Significant number of respondents:

- Consider themselves less vulnerable to disability than the general population.
- Don't believe their present "good" health could change.

Gender difference:

- Women think men are more likely to be disabled but... women are more likely to suffer from a disability at most ages.



Employees estimate only 1% or 2% will become disabled before retirement.

- **64%** think only 1 in 100 or 1 In 50 Americans will become disabled during their working years.
- Only **7%** came close to predicting their chances accurately.

RESEARCH FINDINGS

% of respondents who believed these were the odds of becoming disabled for:

The "average" American	"me"	odds of becoming disabled
31%	44%	1 in 100
23%	20%	1 in 50
23%	14%	1 in 25
14%	10%	1 in 10
5%	5%	1 in 5
4%	7%	1 in 3

INDUSTRY STATISTICS

64% think their own chance is 1% or 2%

Knowing someone with a disability causes employees to believe their own chances are higher.

Actuaries project the odds are at least 10 times higher than most think.

Social Security Administration estimates that 3 in 10 Americans entering today's workforce will be disabled before they retire.*

RESEARCH FINDINGS

% of respondents who believed these were the odds of becoming disabled for:

The "average" American	"me"	odds of becoming disabled
31%	44%	1 in 100
23%	20%	1 in 50
23%	14%	1 in 25
14%	10%	1 in 10
5%	5%	1 in 5
4%	7%	1 in 3

INDUSTRY STATISTICS

Actual chance that an employee entering the workforce will experience a long-term disability prior to retirement



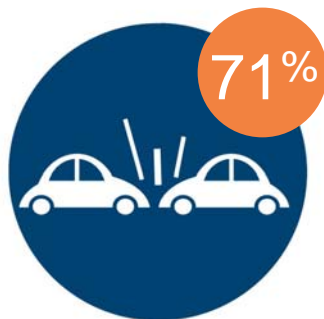
* Social Security Administration, Fact Sheet Jan. 2009

Employees think most disabilities are caused by injuries.

- **71%** believe that disabilities are most likely caused by serious accidents.
- **45%** cited stroke as a likely cause.
- **43%** said cancer would cause a disability.

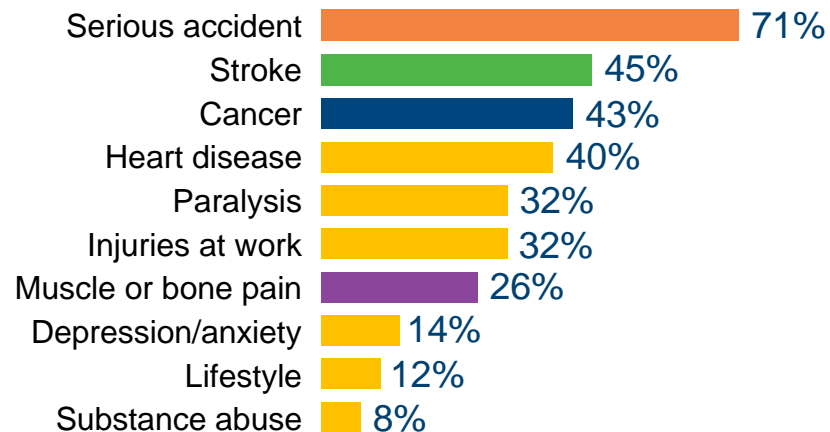
EMPLOYEE PERCEPTIONS

% of employees who think disabilities are very or somewhat likely to be caused by a serious accident



Serious accident

% of employees who rated each cause for disability as “Very” or “Somewhat likely”



Studies show most disabilities are caused by illnesses.

Insurance industry statistics report that fewer than 1 in 10 long-term disability claims result from injuries.*

INDUSTRY STATISTICS

% of new long-term disability claims caused by each of the following



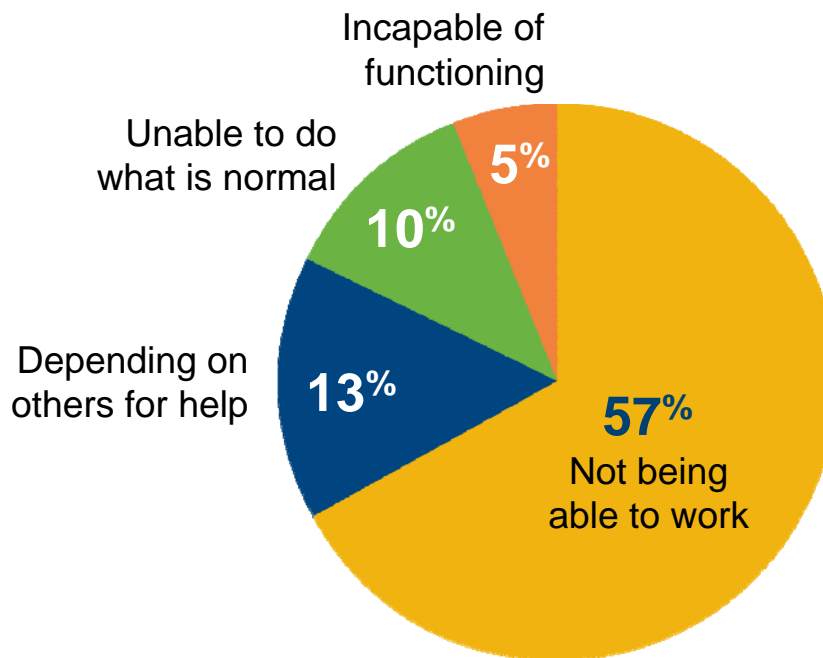
- 26%** Musculoskeletal/Connective Tissue Disorders
- 15%** Cancer and Neoplasms
- 9%** Cardiovascular/Circulatory Disorders
- 9%** Injuries and Poisoning
- 8%** Complications of Pregnancy, Childbirth and the Puerperium
- 8%** Mental Disorders
- 7%** Nervous System–Related
- 17%** Other

Employees do believe a disability would interrupt their income.

- **More than half** said that “disabled” means the “inability to work.”
- **30%** said disability would mean “incapable of functioning.”
- **Almost all** had catastrophic perceptions of disability.

EMPLOYEE PERCEPTIONS

% of people who define disability as each of the following



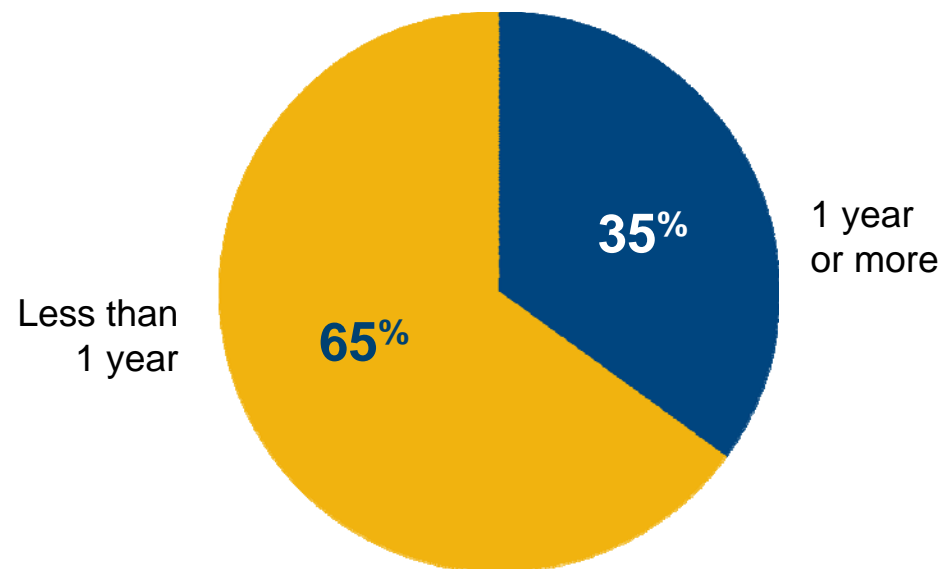
Employees don't have the resources to replace that income.

The reality is:

- Many workers are unprepared to deal with an interruption in income.
- **65%** said they could pay bills *for less than a year* if their income stopped.

EMPLOYEE REALITIES

% of respondents who could continue to pay bills with no income



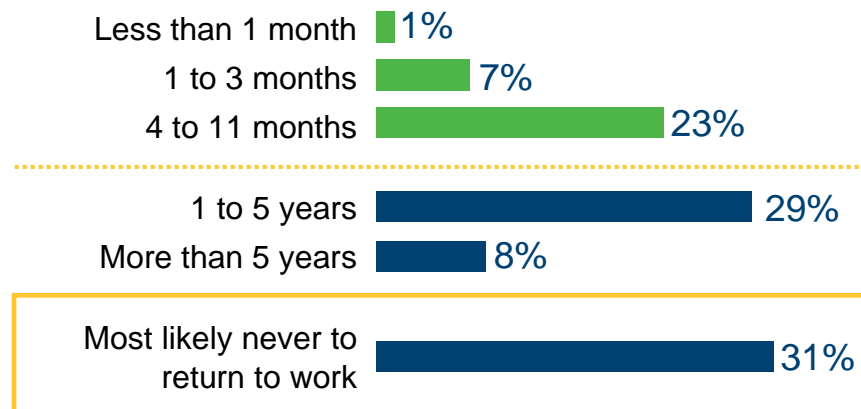
Employees think most disabilities will last a long time.

Nearly:

- **70%** said a disability would keep a person out of work for more than 1 year.
- One-third said a person would *never* return to work.

EMPLOYEE PERCEPTIONS

% of respondents who believed that a disability typically lasts the following lengths of time



68% estimated more than one year

Nearly **1** out of **3** estimated that a disability would prevent someone from ever working again.

Studies show most don't have long-term disability protection.

Industry statistics reveal:

70%

of employees are not covered by long-term disability insurance*

Yet. . .

- **Often half or fewer don't choose** it when it's offered at work

In addition:

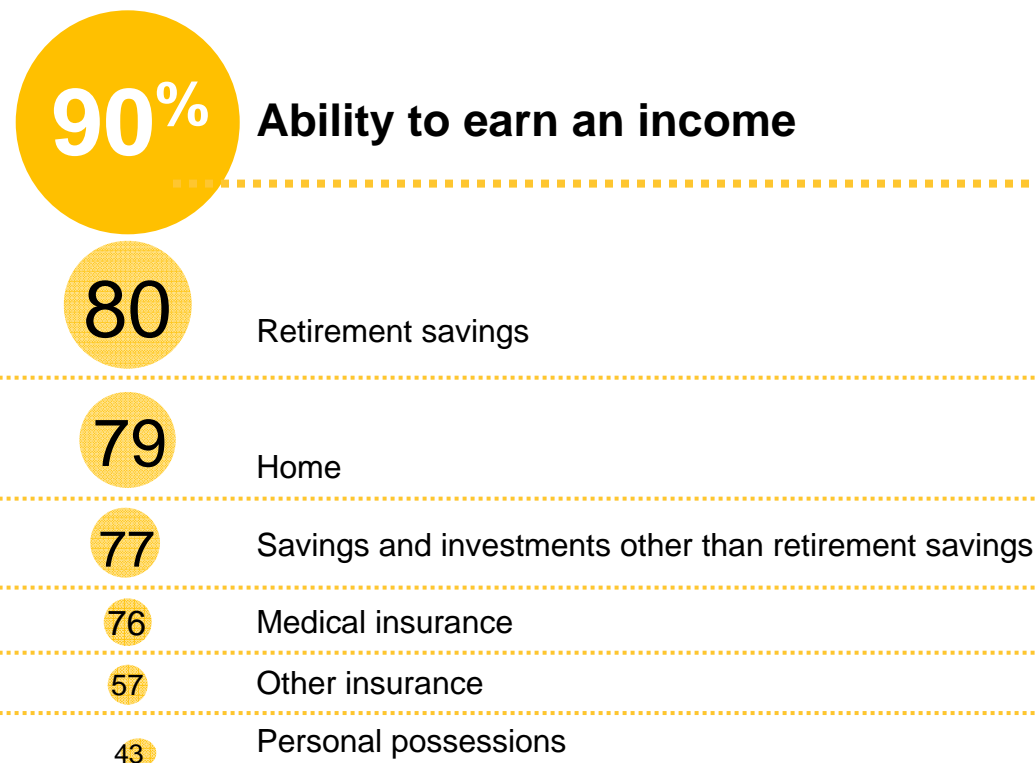
- **Fewer than 5% of disabilities** are caused by on-the-job injuries that qualify for workers' comp
- **Qualifying for Social Security Disability Insurance** is difficult

Employees do think their ability to earn income is valuable.

Almost all said their ability to earn an income was more valuable than any other financial resource in achieving financial security.

WHAT EMPLOYEES VALUE

Financial resources rated valuable by respondents



Employees don't think about taking steps to protect that income.

- **Less than 40%** have thought about protecting it.
- **Only 22%** said they have disability insurance.
- **Only 13%** said they have enough savings to pay bills.

HOW EMPLOYEES ACT

% of respondents who are prepared for a disability

37%

"I've never really thought about protecting my income."

22

"I don't think about it because I have disability insurance."

20

"Disability won't last long, so there's no real need to plan."

13

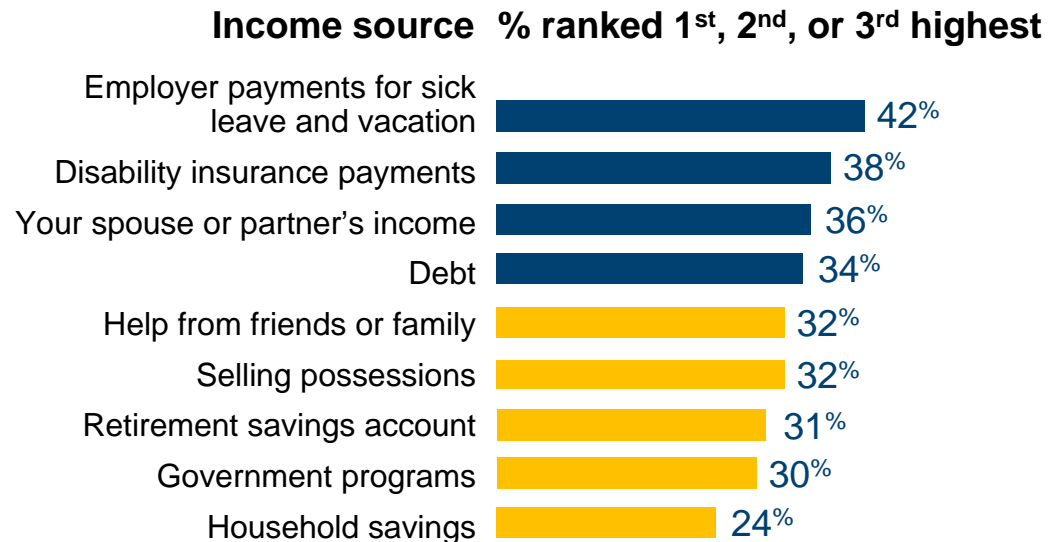
"I have enough savings to cover my bills."

Employees think they're covered for income loss by some other source.

- **Approximately 40%** say they'd rely on employer-funded sick/vacation leave benefits if they became disabled.
- Other perceived top sources of income included **disability insurance payments, a partner's income, and debt.**

EMPLOYEE REACTIONS

Where would the money come from to pay my bills?



Employees don't realize they can't count on outside sources of income.

Sick leave and vacation are typically short-term solutions that run out in a matter of weeks.

36%

cited a partner's earnings as a source of income.



Typically both spouses work because dual income is needed.

34%

said they would take on more debt.



Debt is expensive, must be repaid, and is difficult to qualify for — especially if disability prevents working.

Summary of Findings

Employees:

Believe that disability can happen to anyone at any time.

But deny it will happen to them.

Estimate their chances of disability to be as low as 1% or 2%.

But actuaries project the odds are at least 10 times higher.

Think most disabilities are caused by accidents.

But about 90% are caused by illnesses.

Believe a disability would interrupt their income.

But most don't have a way to replace that lost income.

Summary of Findings

Employees:

Think most disabilities will last a long time.

But fewer than one-third have adequate long-term disability income protection.

Understand the value of their ability to earn an income.

But few have thought about taking steps to protect that income.

Think an income loss may be replaced by another source.

But only a few of the sources they cite are viable or realistic.

Next Steps

Educate wage earners about disability.

Correct misconceptions and offer information to help American workers understand and lower the risk of its financial impact.

Review benefit programs with wage earners.

Make sure they understand how each one works, how much they'll receive, and if it's sufficient to pay bills.

Encourage wage earners to take action.

Show them how to take care of their physical and financial health.

Connect wage earners with experts and sources of knowledge.

Help them design and implement solutions to protect their income.

Resources

Personal Disability Quotient (PDQ) Calculator

www.whatsmypdq.org

Council for Disability Awareness

www.disabilitycanhappen.org

Email: feedback@disabilitycouncil.org

Phone: 207-774-2634