



The Disability Divide

Workers, Advisors and Perceptions of the Disability Risk

May 18, 2011



Barry Lundquist, CLU – *President*

Today's Discussion

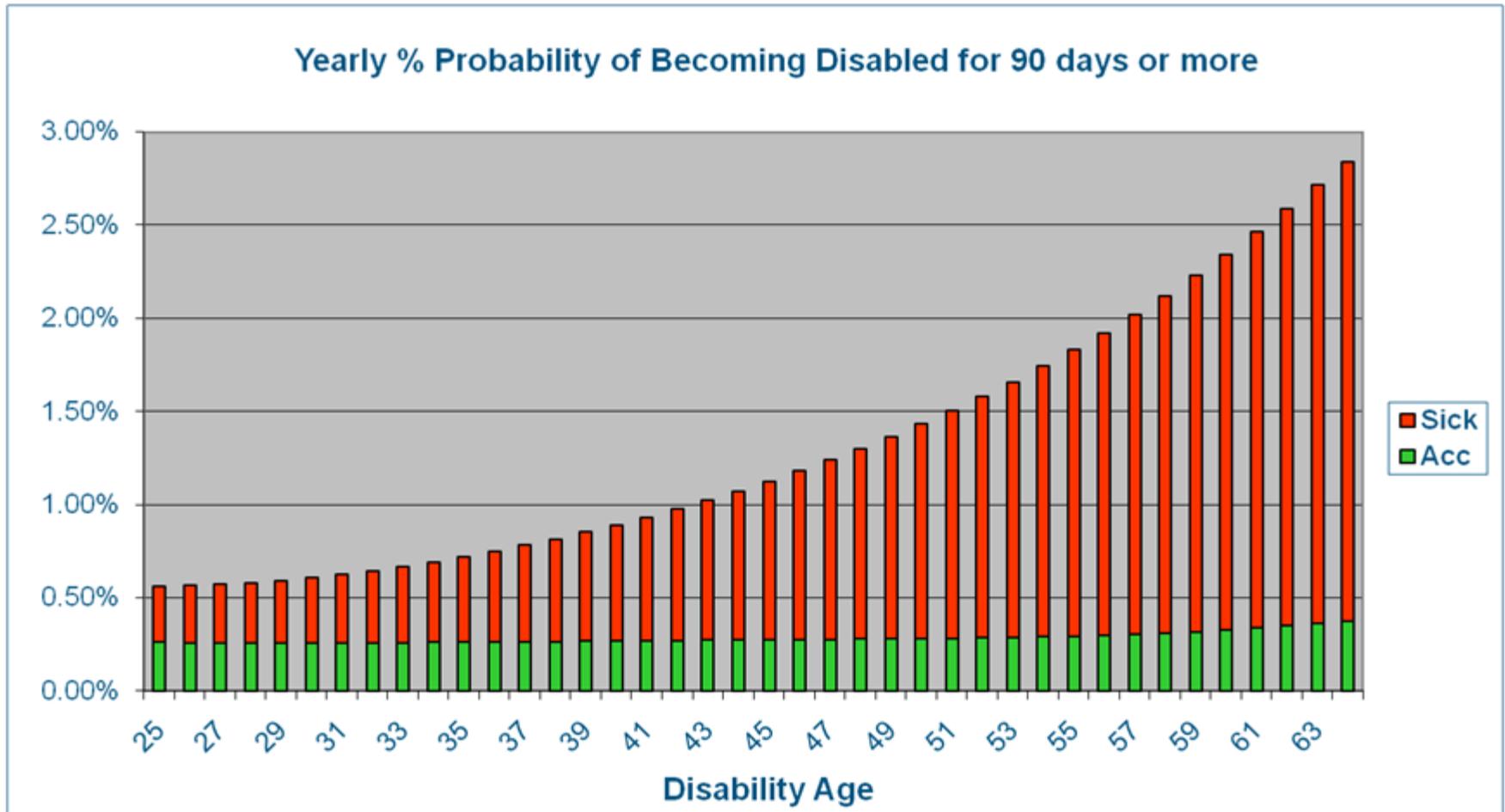


- Environment
- CDA Overview
- Disability Divide Research
 - Consumer
 - Advisor
- Tools and Resources
- Media Outreach

Environment



Year by Year Rates of Disability



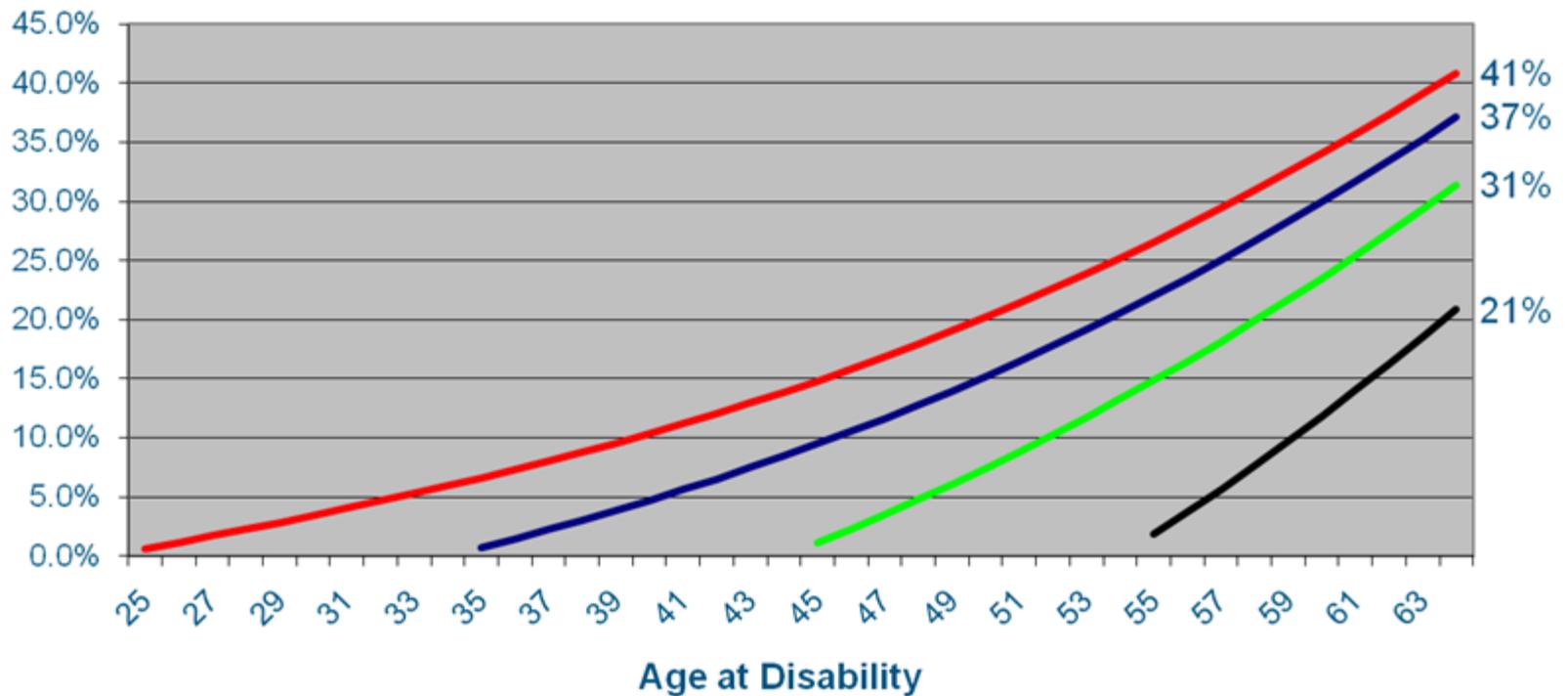
Source: 1985 CIDA, 50% male/female, occupational class 2

www.disabilitycanhappen.org

Cumulative Rates of Disability



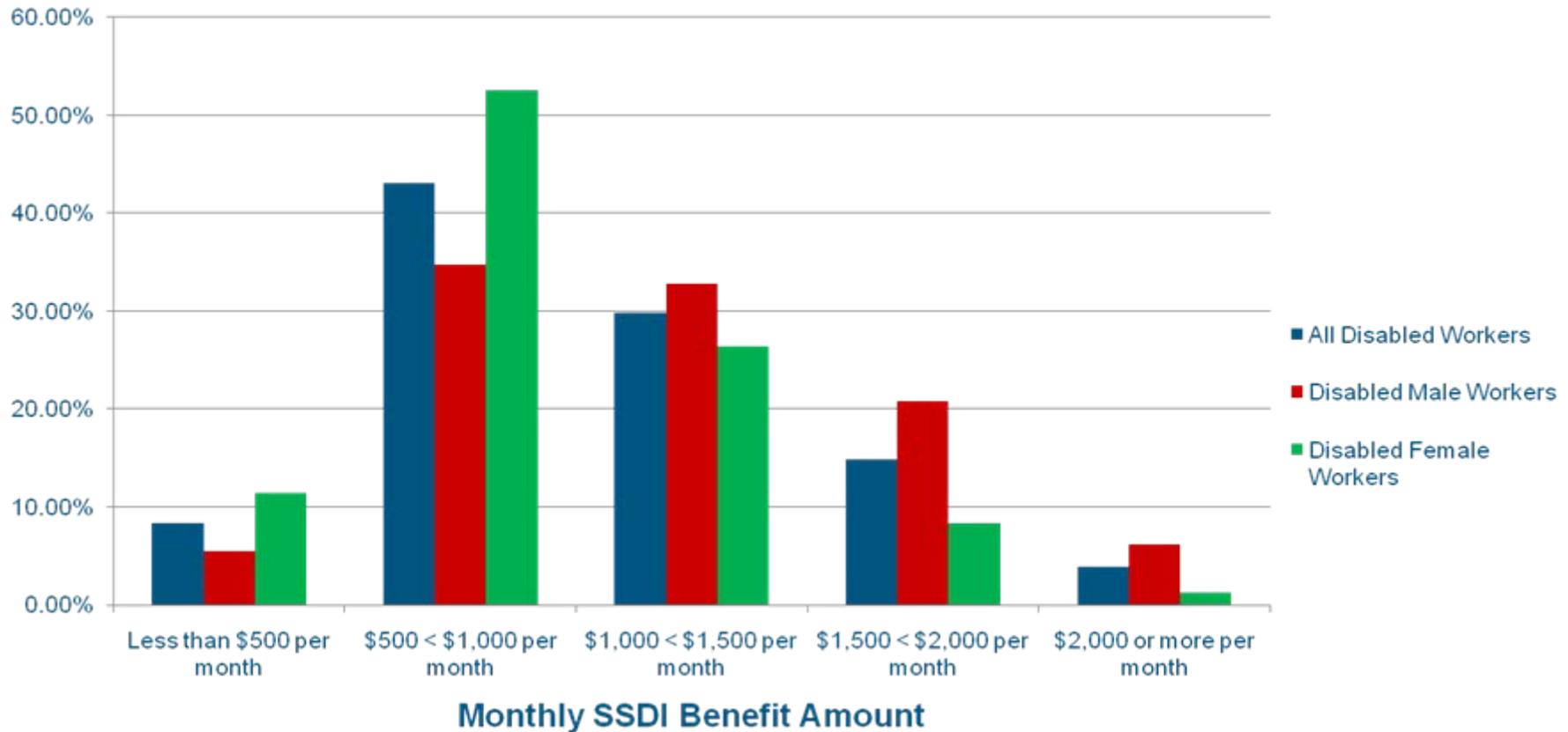
Cumulative Probability of Disability lasting at least 90 days during the Remainder of One's Working Career (assumes to age 65)



SSDI Highlights



% of Disabled Workers receiving various SSDI Benefit Amounts in 2010



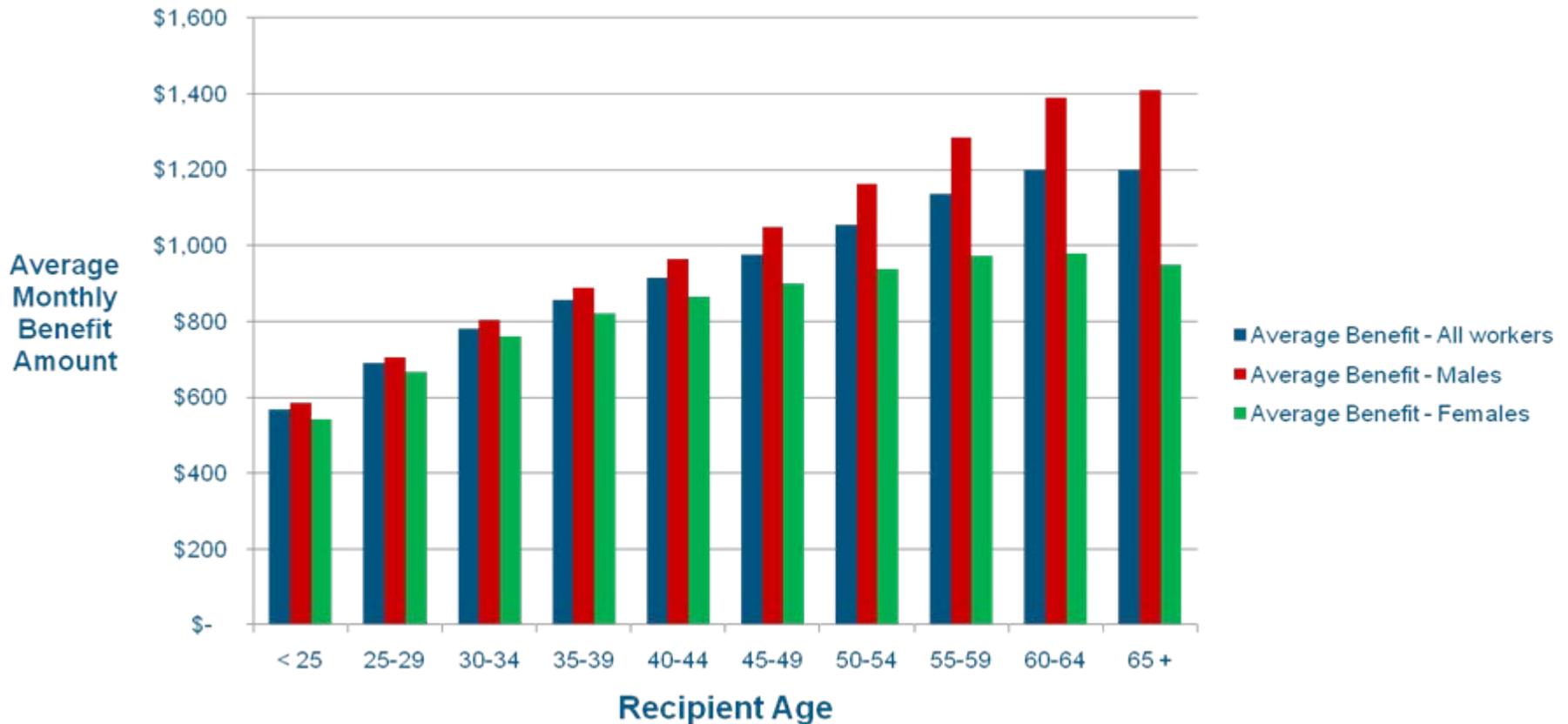
Source: Annual Statistical Summary of the SSDI Program, 2009

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SSDI Highlights



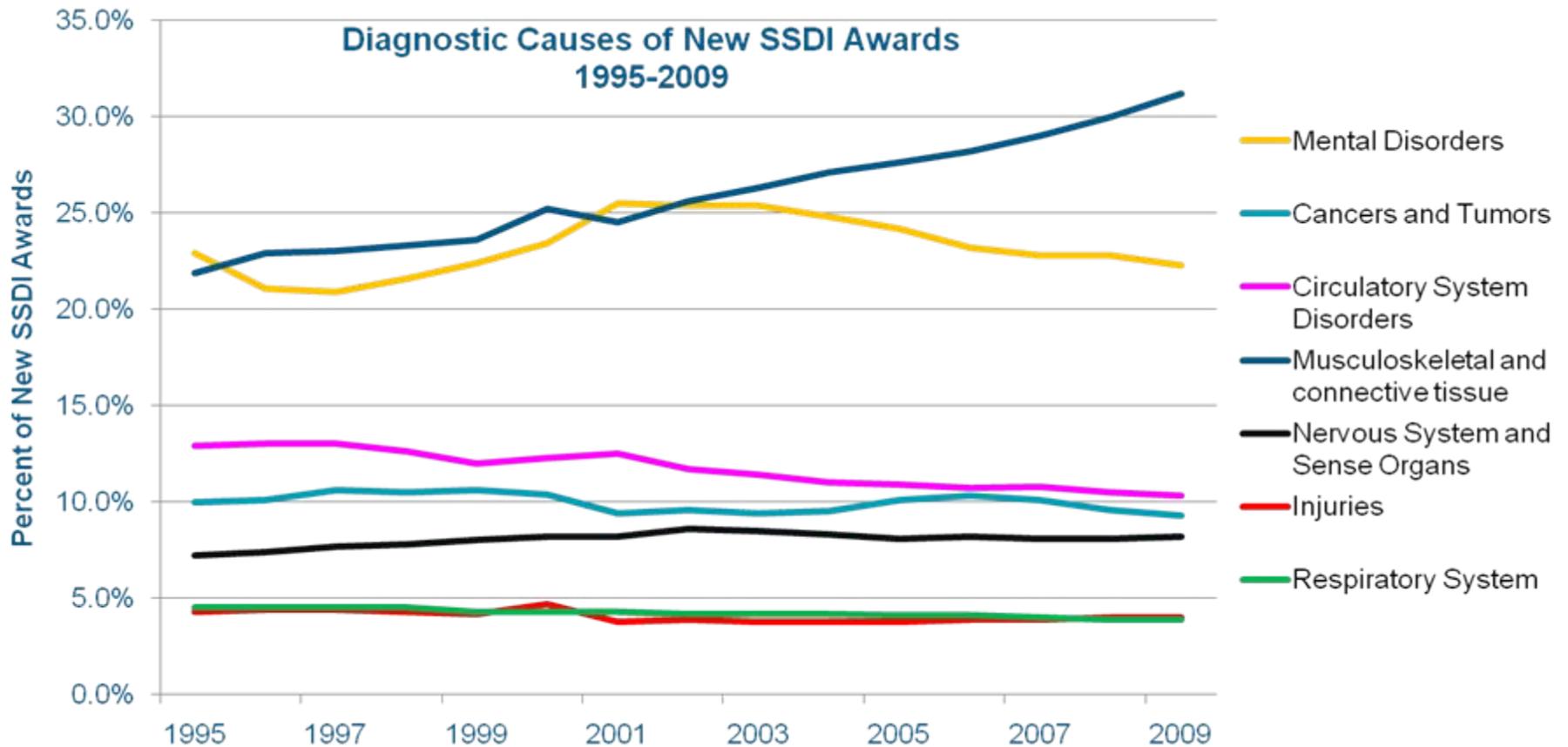
Workers' Average Monthly SSDI Benefit by Recipient Age - 2009 Data



Source: Annual Statistical Summary of the SSDI Program, 2009

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SSDI Highlights



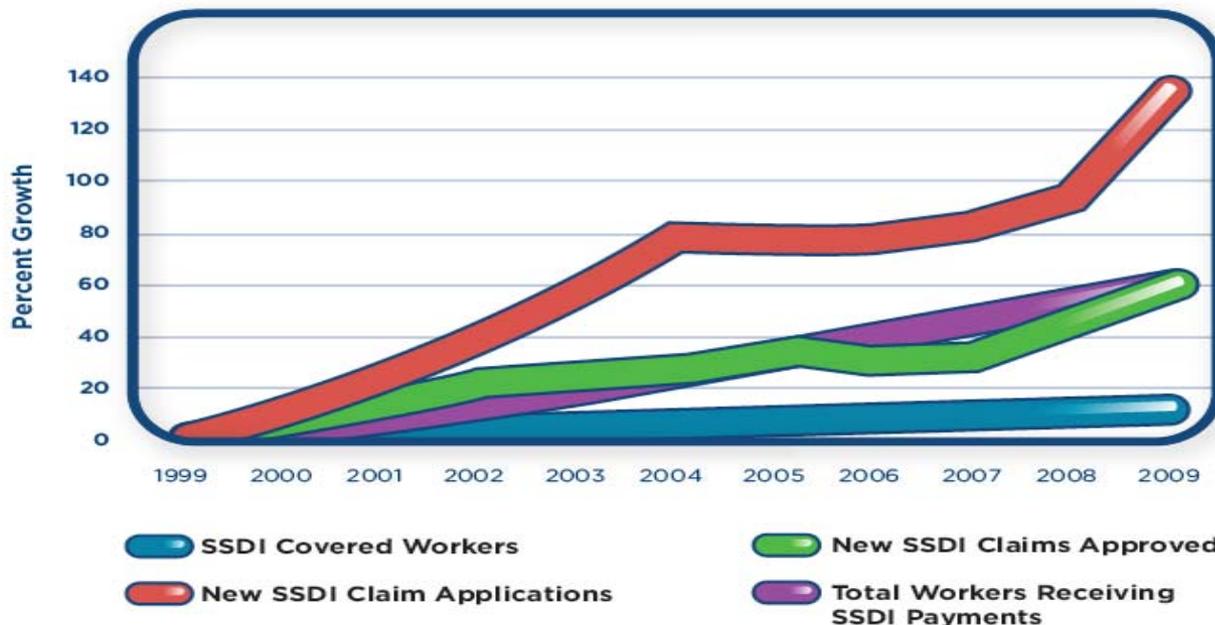
Source: Annual Statistical Summary of the SSDI Program, 2009

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SSDI 15 Year Trends:



10 Year Social Security Disability Insurance Trends (SSDI) — Percent growth of SSDI covered workers, new SSDI claim applications, new SSDI claims approved and total workers receiving SSDI payments.



Source: Social Security Administration

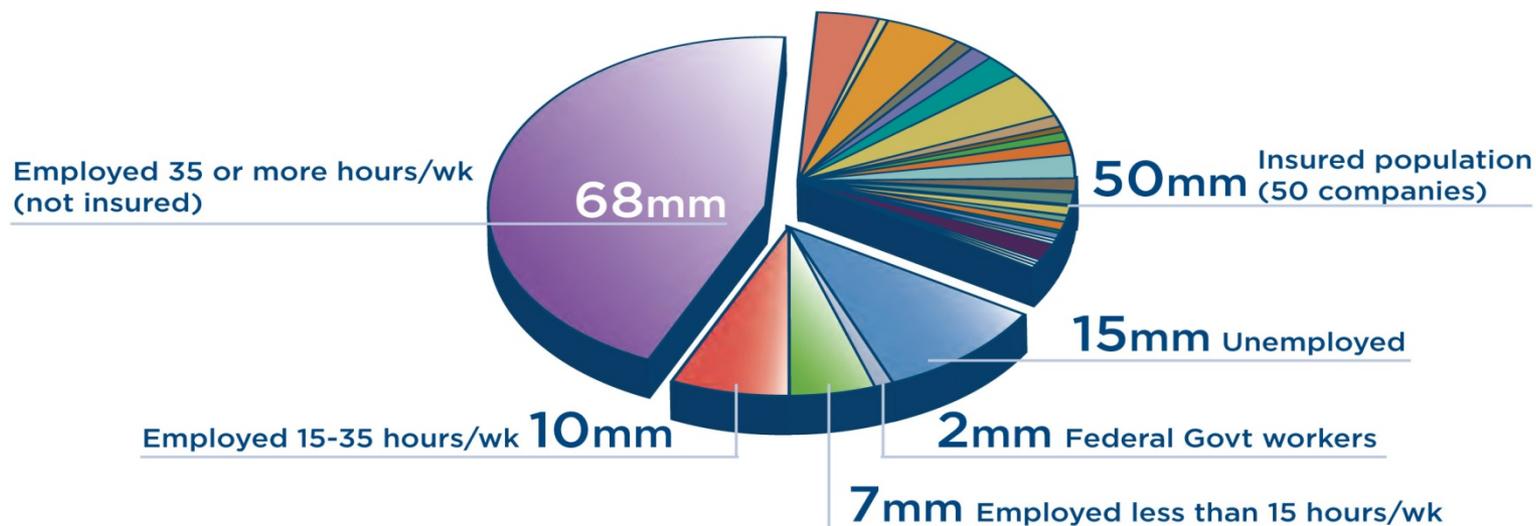
U.S. Civilian Labor Force Disability Insurance Penetration



U.S. Civilian Labor Force: 153 million workers



U.S. Civilian Labor Force Disability Insurance Penetration



Statistics derived and calculated from the following sources:

- U.S. Bureau of Labor Statistics
- Council for Disability Awareness Research
- Eastbridge Consulting Group
- JHA

CDA Overview



What is The Council for Disability Awareness?



- CDA is about:

- Educating, communicating and raising awareness
- Helping workers, employers, advisors, family members, media and any interested others understand the risk and impact of disability
- Helping workers avoid disability where possible
- Helping workers plan appropriately for the possibility of an income limiting disability

- CDA is not about:

- Selling
- Product
- Lobbying

A rising tide lifts all boats...
~ *John F. Kennedy*

CDA Member Companies...



Disability Divide Research



The Disability Divide Series

A series of research projects probing the gaps between what **employees, advisors and employers** believe — and the realities — about the potential for an income-threatening disability.

Phase I: Consumers – Completed*
Phase II: Advisors - In Process
Phase III: Employers - Spring 2011

*Download available at:
www.disabilitycanhappen.org



Key Finding – Phase I – Consumers

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



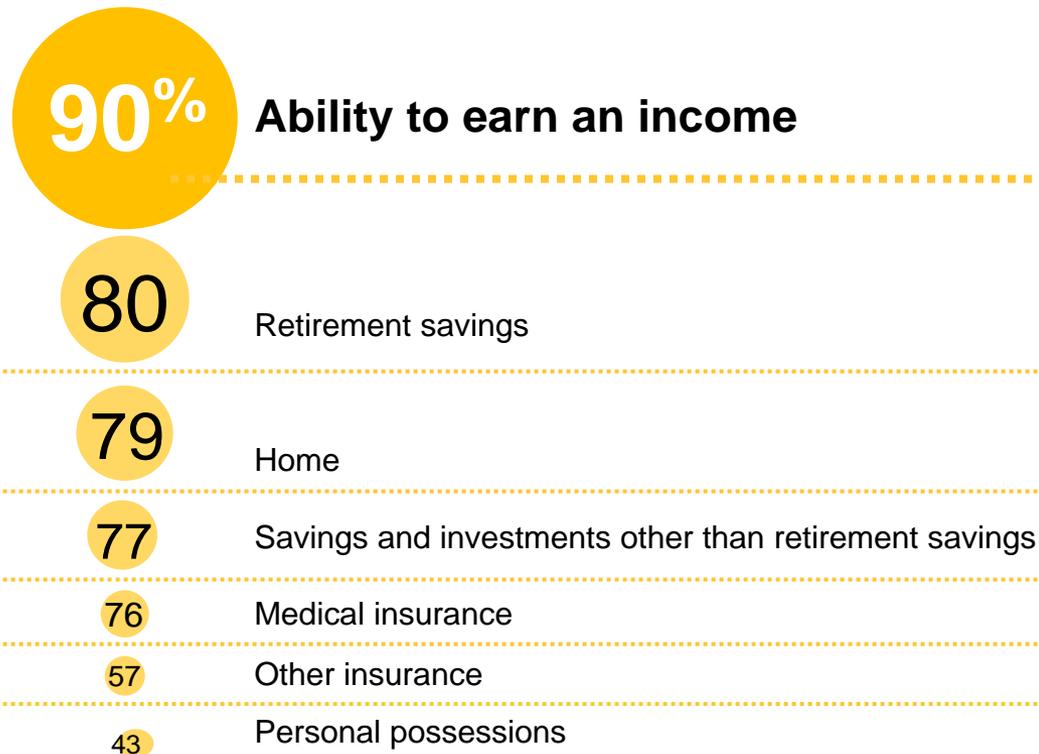
and **the realities**
about disability.

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.

- **Nearly 40%** have not thought about protecting it.
- **Only 22%** said they have disability insurance so (*they think*) it's not of concern.
- **Only 13%** said they have enough savings to pay bills.

HOW EMPLOYEES ACT

Attitudes towards preparing 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 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

83%

“It can happen to anyone at any time.”

6

“Most disabilities can be avoided through healthy lifestyles.”

5

“It happens infrequently.”

3

“Disabilities are usually the result of someone being careless.”

2

Other

1

“Most people who become disabled have inherited certain traits that cause them to be that way.”

Employees deny the likelihood that a disability could happen to them.

- **64%** think their odds of disability are **1% or 2%** during their working years
- The **actual odds** are at least **10 times higher** than employees think
- Wage Earners don't (won't? can't?) believe their present "good" health could change
- They believe "their" chances....are lower than the "other guy's"

RESEARCH FINDINGS

odds of becoming disabled	%	% of respondents who believed these were the odds of the "average" American becoming disabled:	% of respondents who believed these were the odds of becoming disabled themselves:
1 in 100	1%	31%	44%
1 in 50	2%	23%	20%
1 in 25	4%	23%	14%
1 in 10	10%	14%	10%
1 in 5	20%	5%	5%
1 in 3	33%	4%	7%

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

NOTE:
Knowing someone with a disability causes employees to perceive their own chances are higher

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.
- Visible, one time, **catastrophic** events are perceived as common causes

EMPLOYEE PERCEPTIONS

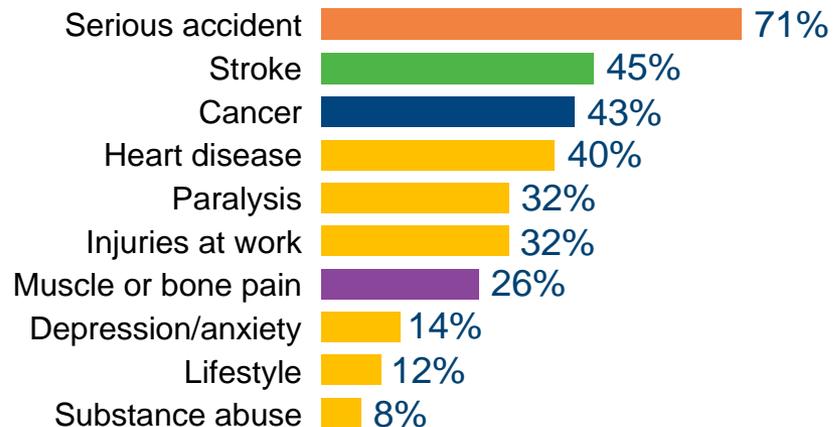
% of employees who think disabilities are very or somewhat likely to be caused by a serious accident



Serious accident

www.disabilitycanhappen.org

% 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



Injuries

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

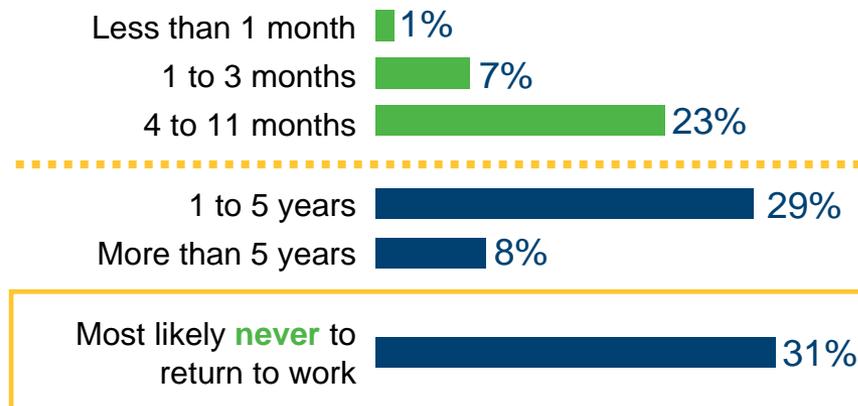
Employees think most disabilities will last a long time.

Nearly:

- **70%** said a disability would keep a person out of work for 1 year or more.
- One-third said a person with a disability 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 employees don't have long-term disability protection.

Industry statistics reveal:

70%

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

Yet. . .

- **Often fewer than one half choose it** when it's offered at work

In addition:

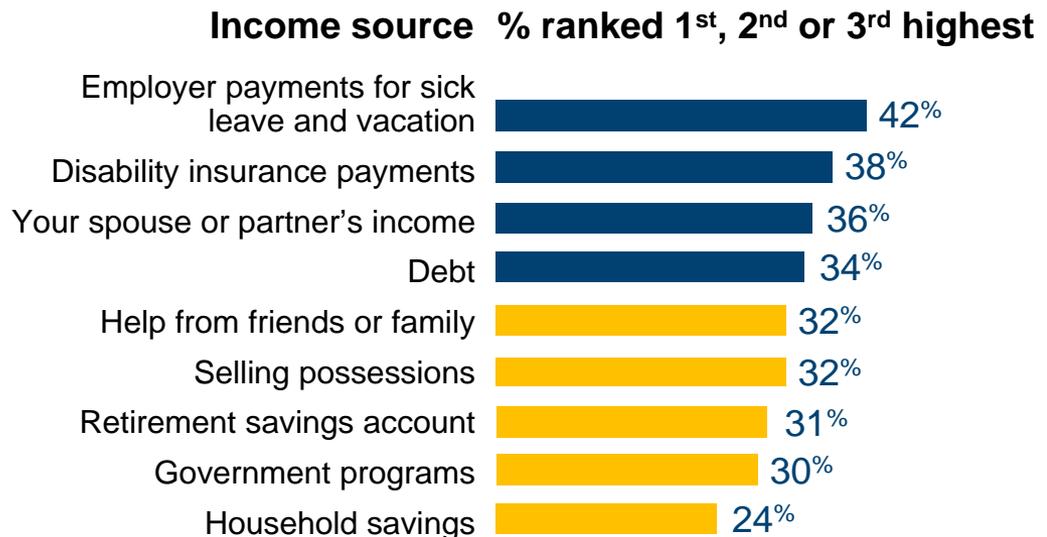
- **Fewer than 5% of disabilities** are caused by on-the-job injuries that qualify for workers' comp
- **Qualifying for Social Security Disability Insurance** is difficult

Employees 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, credit cards and loans.**

EMPLOYEE REACTIONS

Where would the money come from to pay my bills?



Key Finding – Phase II – Advisers

There is a gap
between **advisers’
predictions...**

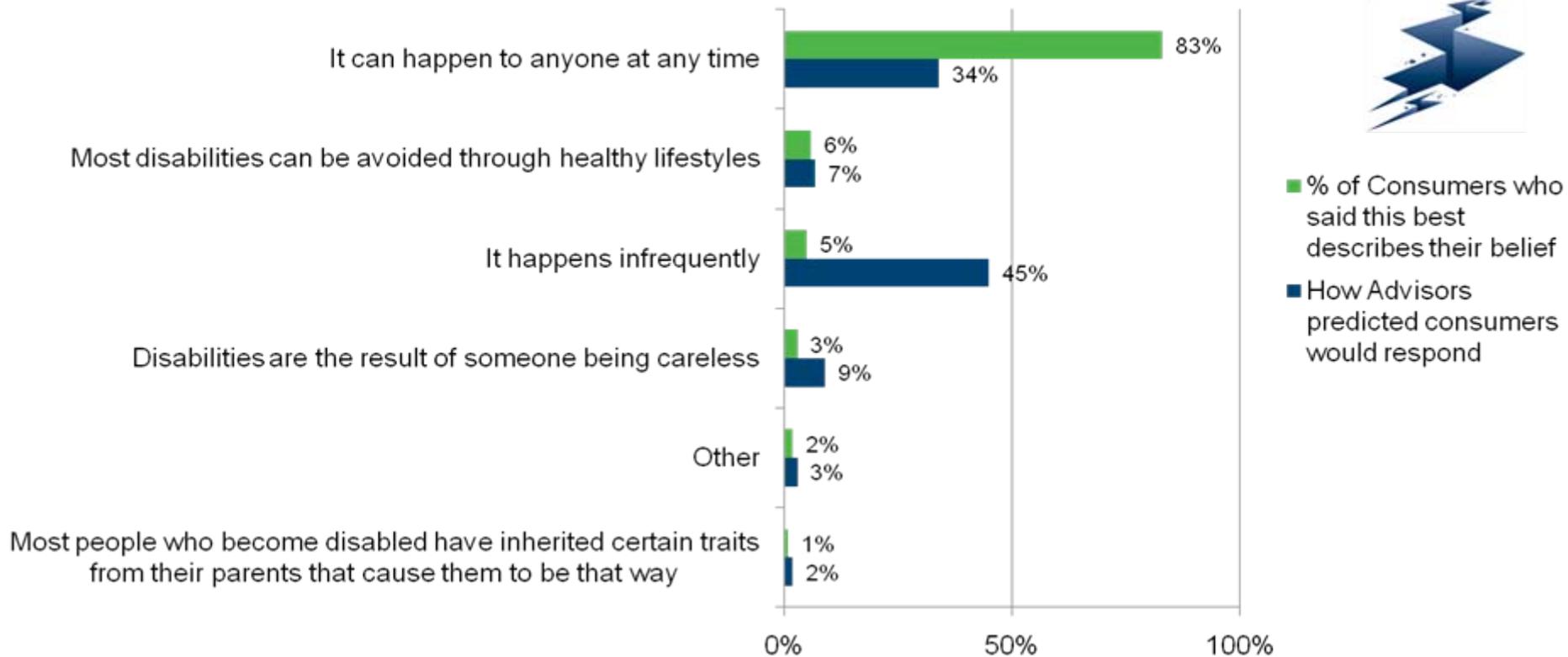


...and **wage earners’
perceptions** about
disability.

Wage Earners

Advisors

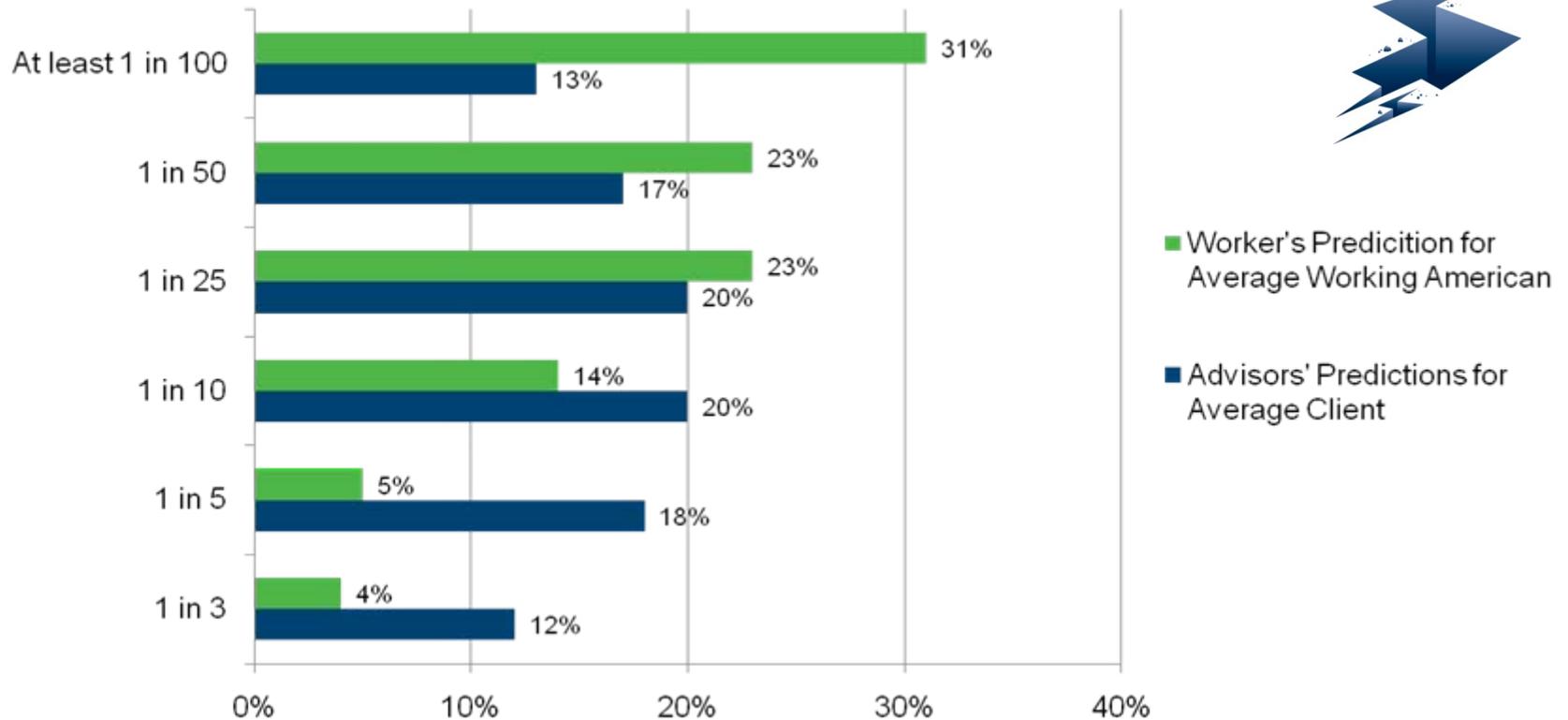
Which of the following best describes your belief about disability?



Wage Earners

Advisors

Prediction for average odds of disability

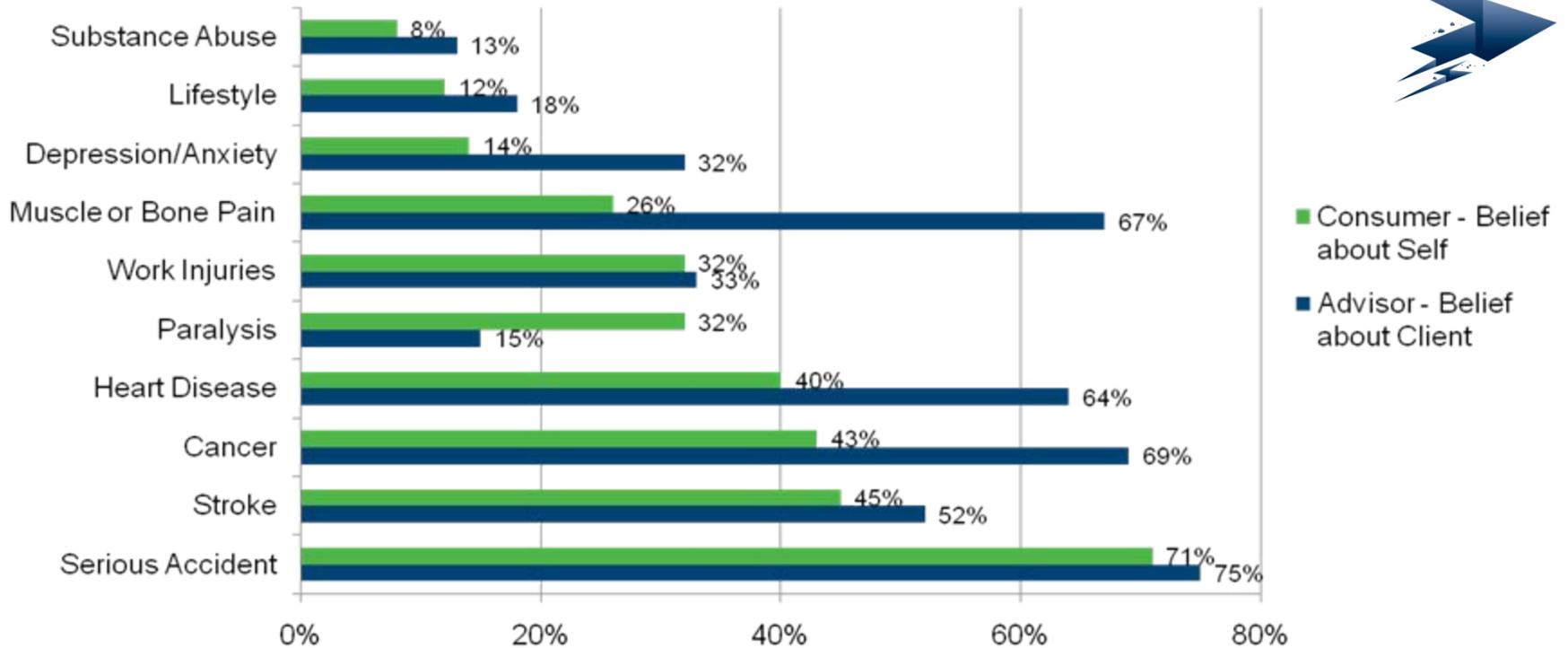


Wage Earners

Advisors

If you were to become disabled, what would be the likely cause?

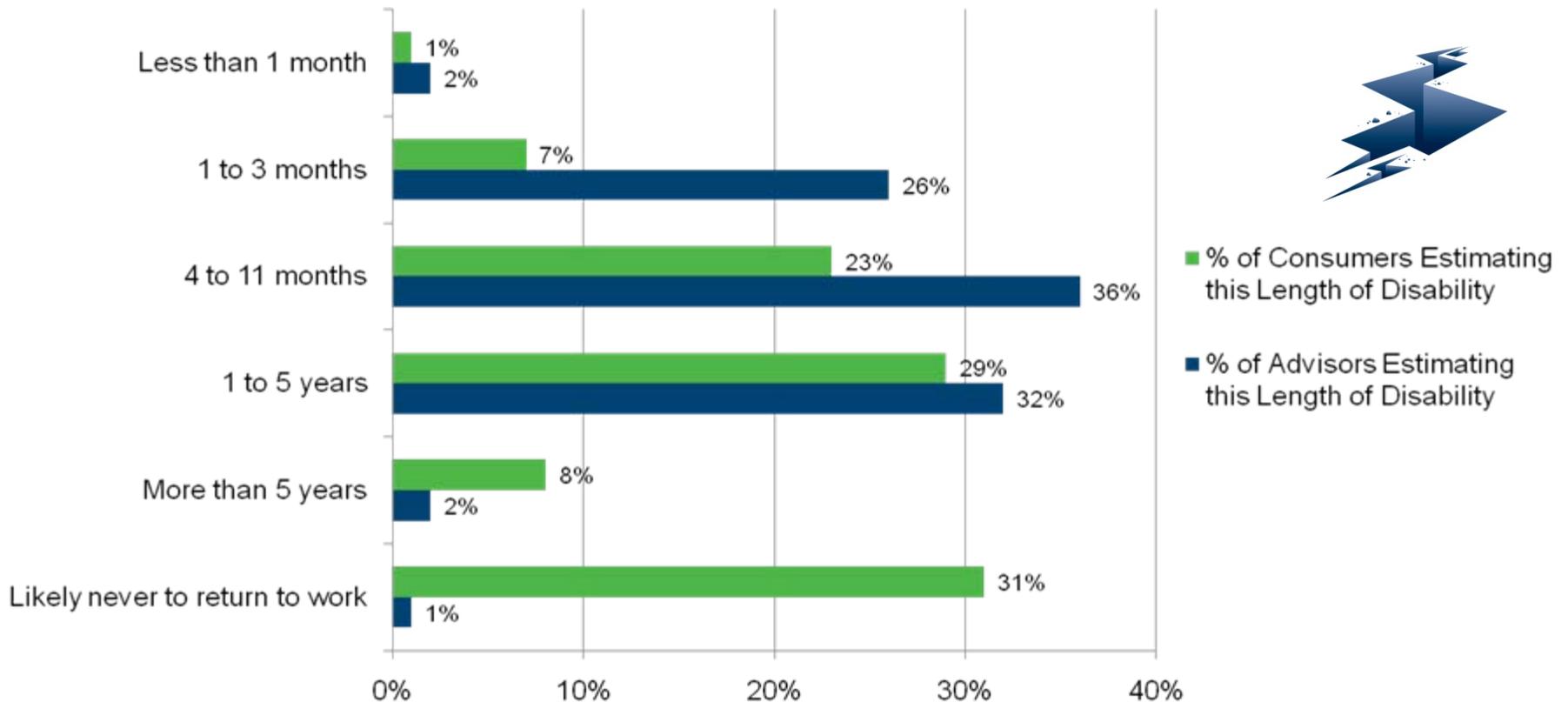
Predicted Causes of Disability



Wage Earners

Advisors

How long do you think a person who is disabled is typically out of work?

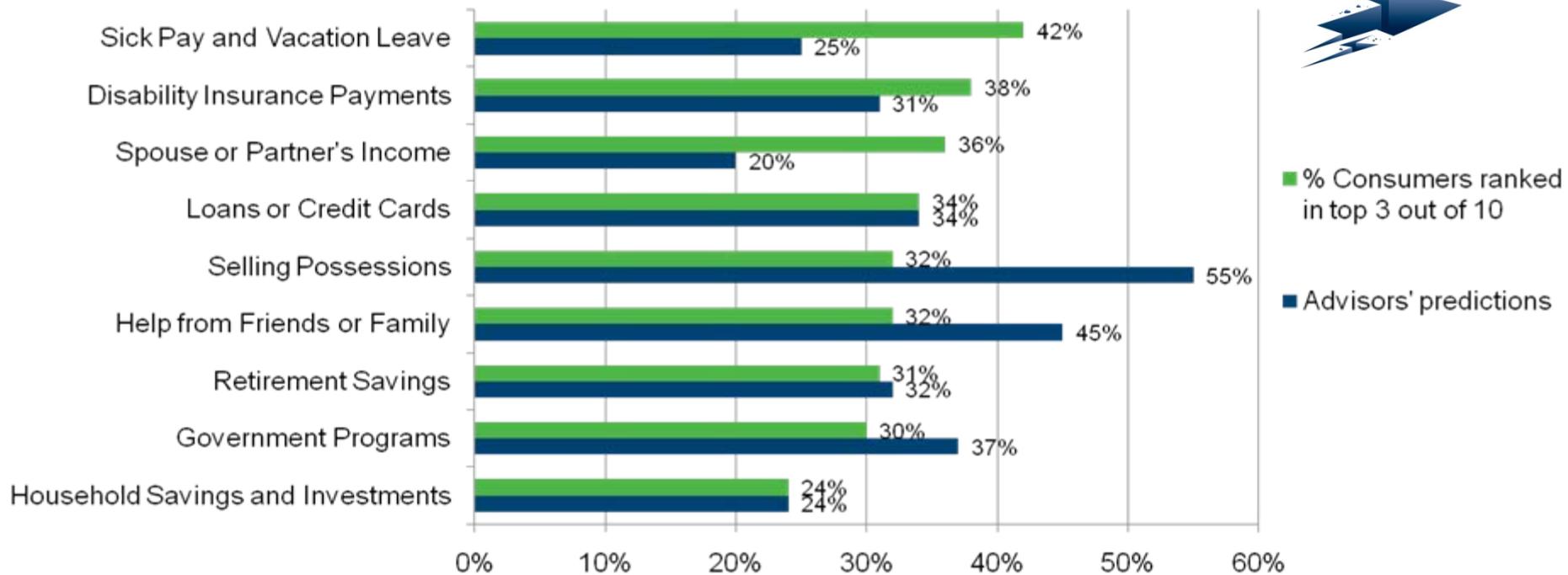


Wage Earners

Advisors

How would you pay your bills if your paycheck stopped?

Where would the money come?



Next Steps

Understand better what wage earners believe about disability.

Asking the right questions will lead to the right answers.

Educate wage earners about disability.

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

Review existing coverage and 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.

Help wage earners to take action.

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

Share your expertise.

Help them design and implement solutions to protect their income.

Tools and Resources





CDA Develops and Distributes Tools for:

- Employees
- Employers
- Advisors
- Media members
- Member companies

CDA carries out its mission of raising disability awareness among American wage earners by communicating directly with workers, but also by leveraging channels such as advisors, employers, the media, and insurance companies.

CDA Tools and Resources



- www.DisabilityCanHappen.org
- Disability Statistics – Common Causes – Disability Awareness Quiz
- Annual Long Term Disability Claim Studies
- Research Studies
- Charts and Graphs Library
- Personal Disability Quotient Calculator (Online and Paper; new Spanish version)
- Five Questions Every Worker Should Ask

CDA Tools and Resources (cont.)



- Interactive Financial Security Planning Tools
 - Income/Expense Review
 - Income Replacement Benefits Inventory
 - Personal Financial Security Plan
 - Disability Awareness Quiz
- Webinar: Disability Update: Timely Tips, Trends and Topics for 2010
- Real Life Stories
- Monica's Story Video
- Wellness Information and Links

Please Visit our
Website and Learn
About – *and Use* – the
Tools and Resources

Tools and Resources: Charts and Graphs Library



CDA 2010 Long-Term Disability Claims Survey Disability Claims by Diagnosis

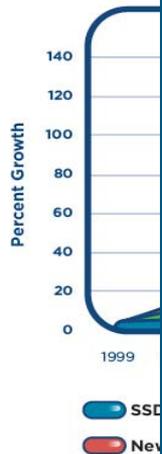
- Claim Diagnosis
- Musculoskeletal
 - Nervous System
 - Cardiovascular
 - Cancer and Neoplasms
 - Injuries and Poisonings
 - Mental Disorders
 - Respiratory
 - Symptoms, Signs, and Ill-Defined Conditions
 - Infections and Parasitic Diseases
 - Digestive System
 - Endocrine, Nutritional, and Metabolic Diseases
 - Genitourinary
 - Complications of Pregnancy, Childbirth, and the Puerperium
 - Skin and Subcutaneous Tissue
 - Congenital, Hereditary, and Neonatal Conditions and Disorders
 - Blood and Blood-Forming Organs
 - Other

Total:

* "New" claim in prior years.



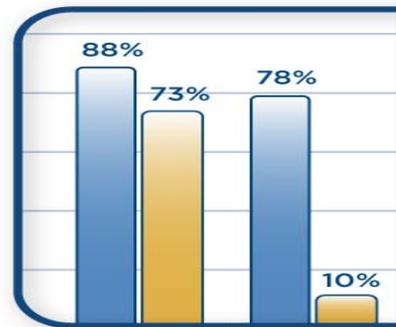
10 Year Percent Growth in Disability Claims Received



Source: S



Americans not protecting themselves



Percent that indicated they "would feel devastated in potential situation"

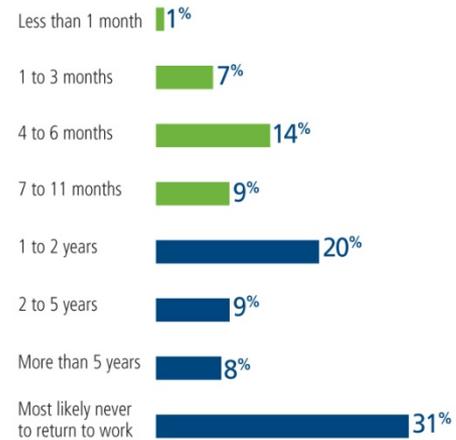
Source: © 2009 Data by Northwestern Mutual. All rights reserved.

Download CDA Graphs and Charts...
...add them to presentations, proposals and marketing materials



American wage earners believe disabilities will last a long time.

% of respondents who believe that a typical disability lasts the following lengths of time

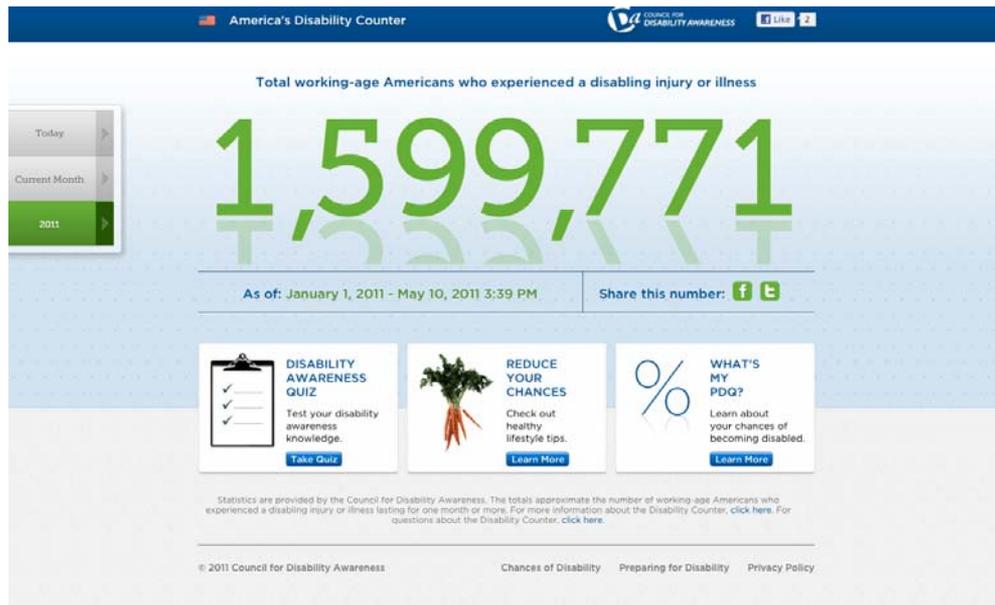


Source: The Disability Divide, CDA 2010 Consumer Disability Awareness Study

CDA Tools and Resources (cont.)



- New Stuff Coming Soon:
 - Advisor Disability Divide Report
 - 2011 Long Term Disability Claim Study
 - CDA on Facebook
 - CDA's www.DisabilityCounter.org:



Please Visit our Website and Learn About – *and Use* – the Tools and Resources

Media Outreach



Media Outreach: CDA in the News



Special Advertising Section
DISABILITY INSURANCE
 (May is Disability Insurance Awareness Month)

Preparing for the Unexpected

THE WALL STREET JOURNAL

EmployeeBenefit news

FEATURED: **Numbers to live by**

NEWS RELEASE: **Firms adjust to FMLA revamp**

ALSO INSIDE: **Softening the blow of bad benefits news**

THE WALL STREET JOURNAL

Los Angeles Times

LIFE INSURANCE SELLING

Field-tested solutions for today's strategic producer

The CLARK HOWARD SHOW



Special Advertising Section
DISABILITY INSURANCE
 (May is Disability Insurance Awareness Month)

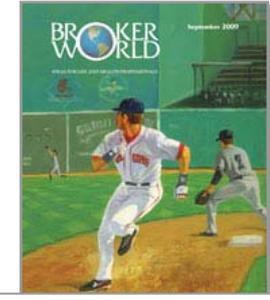
PROTECTING THE American Dream
 For financial security, disability insurance tops the list

THE WALL STREET JOURNAL

A part of the reason for LIFE and president Barack Obama's call for a national day of disability awareness is that many Americans are not prepared for the possibility of becoming disabled. The fact is, according to a new study by the Social Security Administration, one in four Americans will be disabled at some point in their lives. The study also found that the average age of onset of disability is 54, and that the average duration of disability is 19 years. This means that many Americans will spend a significant portion of their lives unable to work and unable to support themselves. Disability insurance is the best way to protect against this risk. It provides a steady stream of income to help cover living expenses, medical bills, and other costs. If you're not already protected, it's time to consider disability insurance. It's the best way to protect your American Dream.

Employee Benefit Plan Review

THE WALL STREET JOURNAL



SRM
 SOCIETY FOR HUMAN RESOURCE MANAGEMENT

Leading People. Leading Organization.

LIFE & HEALTH

National Underwriter
 THE MOST TRUSTED NAME IN INSURANCE NEWS

By Russ Banham

The private agony of losing a steady paycheck and then being unable to come up with the money for the monthly mortgage bill may sound like a worst-case scenario. But for many Americans, it's a reality. In the last few years, the financial crisis has hit many Americans hard, and the result is a growing number of people who are unable to work and unable to support themselves. Disability insurance is the best way to protect against this risk. It provides a steady stream of income to help cover living expenses, medical bills, and other costs. If you're not already protected, it's time to consider disability insurance. It's the best way to protect your American Dream.

The New York Times

asj AGENT'S SALES JOURNAL

Council for Disability Awareness Resources

Link to the Phase I Disability Divide Report

<http://www.disabilitycanhappen.org/research/producer/>

Personal Disability Quotient (PDQ) Calculator

www.whatsmypdq.org

Council for Disability Awareness

www.disabilitycanhappen.org

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The Disability Divide

Workers, Advisors and Perceptions of the Disability Risk

May 18, 2011

Thank You!



Barry Lundquist, CLU – *President*

www.disabilitycanhappen.org

Please contact your local Plus Group office for more information. Go to www.plusgroupus.com ...
...or call 800/831-1018