

Worker Disability Planning and Preparedness Study

For
Council for Disability Awareness

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Sponsored by:



Council on Disability Awareness

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INTRODUCTION AND METHODOLOGY

The main study objective was to understand worker planning and preparedness for the possibility of losing their ability to earn a living because of illness or accident.

What did we hope to learn in the study?

- How workers define financial planning, and to what extent their definition includes disability planning
- How important workers feel it is to financially plan for and prepare for a disability
- To what degree workers have actually planned for and prepared for a disability
- How well workers understand disability programs that may provide disability benefits for which they may be eligible, such as employer provided benefits and Social Security Disability Insurance (SSDI)
- How workers feel about healthy lifestyles and how they relate to disability
- What education/information opportunities exist to raise awareness of the value of disability planning and preparedness

Why this topic?

- The Council for Disability Awareness (CDA) is a non-profit group focused on helping the American workforce become aware of the growing likelihood of becoming disabled and the financial consequences of disability. The CDA believes most workers are not planning adequately for the possibility of becoming disabled, and recognizes the need for great public attention to this critical financial issue.

Over 1,400 full-time workers ages 21 to 65 were surveyed in an internet study.

What was the methodology?

- An online survey was conducted among a total of 1,448 full-time workers, including:
 - 722 ages 21 to 35, to be called “young workers” in this report
 - 364 ages 36 to 50, to be called “middle career workers”
 - 362 ages 51 to 65, to be called “seasoned workers”
- Aside from age and full-time working status, there were no other qualifying criteria. However, in order to ensure respondents were representative of all full-time workers, the outgoing survey invitations were sent to a sample that was balanced such that all who were screened for the survey were representative of U.S. demographics in terms of age, education, gender, and race/ethnicity.
- In addition, weights were applied so that the total findings reflect the actual age distribution of workers in the U.S.
- The questionnaire was fielded online from January 18 to January 31, 2008 using Greenfield Online’s panel.
- Questionnaires completed in less than two minutes were excluded to ensure quality data. Most respondents completed the questionnaire in eight minutes or less.
- Assuming the panel sample is equivalent to a random sample of the targeted workers, the margin of error for this study at the 95% confidence level is approximately plus or minus three percentage points. The margin of error for findings related specifically to young workers is plus or minus four percentage points, and for the other age groups, five percentage points.

KEY FINDINGS

Key Findings

Most workers define financial planning in the context of retirement savings, investments, education savings, and budgeting. Much less attention is given to protecting assets and income.

- Most full-time workers think that financial planning is about saving for retirement (80%) and building up investments and savings (72%). About six in ten think of it as also encompassing saving for their children's education (63% among those with children under age 18) and budgeting for normal living expenses (59%).
- By contrast, only one in three associate financial planning with protecting assets and income (38%), tax planning (33%), or saving for a home purchase (32%).

Nearly nine in ten workers believe that people should plan in their 20s or 30s in case an income limiting disability should occur (86%). Only half of all workers have actually planned for this possibility (50%), and only half have even discussed disability planning (46%).

- Young workers are far more likely to be caught unprepared; only 43% of them have determined how they would pay for their living expenses if they lost their employment income for several months due to an unexpected injury or illness, compared to 59% of seasoned workers who have.

Young workers – Ages 21 to 35
Middle career workers – Ages 36 to 50
Seasoned workers – Ages 51 to 65

Key Findings

Workers recognize that their earning power is an important contributor to their long-term financial security.

- When asked what is most valuable in helping them achieve long-term financial security, far more workers rank their ability to earn a living as number one (53%) than assets such as retirement savings (17%), other savings and investments (12%), their home (12%), medical insurance (5%), or personal possessions (1%).
- Young workers are even more likely than seasoned workers to rank their earning power as most valuable (55% vs. 48%), perhaps because they have had less time to build up their other assets.

The large majority of workers are concerned about how they would pay their living expenses if they were disabled (82%), yet most are not prepared if such a disability were to extend for any significant length of time. Seven in ten could cover their expenses for six months or less.

- Young workers are far less prepared financially than older workers are for the possibility of a disability. Six in ten young workers say if they were disabled and lost their income, they could cover expenses for no more than three months (58%), whereas only 36% of seasoned workers are in this financial position.
- Other vulnerable subgroups who estimate shorter durations over which they could cover their living expenses without working include: women (51% vs. 44% of men who say they could cover three months or less) and unmarried workers (56% vs. 43% of married workers). Those with less than \$50,000 in household income are three times as likely as those with at least \$100,000 to say they could pay for no more than three months (62% vs. 19%).

Key Findings

Workers cite a patchwork of income sources that they believe they would use in case of a year long disability. Many workers would rely on spouse/partner income (62%), help from family or friends (42%), and employer-paid leave (42%).

- Seasoned workers tend to rely more than young workers do on disability insurance (52% vs. 31%), retirement savings (31% vs. 17%), and SSDI (36% vs. 26%).
- Young workers are more likely than seasoned workers to say they would use sources that are less reliable, including help from family/friends (59% vs. 22%), selling possessions (39% vs. 25%), and using credit card debt (27% vs. 10%).

There is a clear need for more information and education about resources that may be available to help during disability.

- One in three do not have a basic understanding of who is eligible for SSDI (35%), and nine in ten admit they do not understand the program very well (91%).
- There is considerable lack of clarity around employer-sponsored programs as well. Only half of workers who are given leave benefits feel they understand them very well (50%), and only three in ten of those who are offered long-term disability coverage understand it very well (28%).

Employer-sponsored healthy lifestyle programs can play a role in preventing worker disability.

- More than half of workers whose employers offer programs to help them lead a healthy lifestyle say they participate in the programs (54%).
- Three-quarters of those who do not currently have such programs at work express interest in them (75%).
- Eight in ten workers are motivated to live a healthier lifestyle once they learn that it would reduce their chances of experiencing a long-term disability (79%).

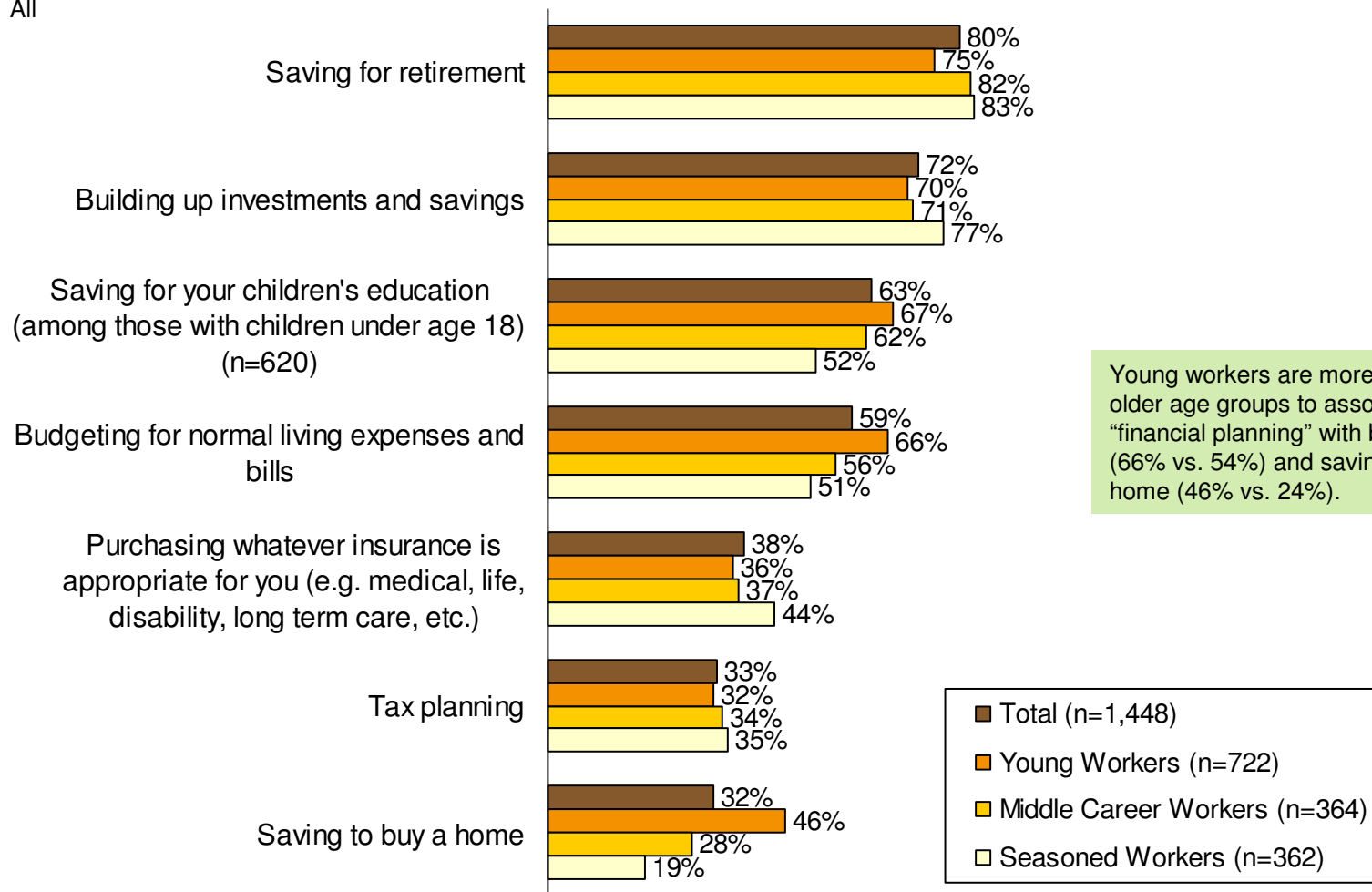
DETAILED FINDINGS

The term “financial planning” is strongly associated with saving for retirement and building investments. Most workers do not include protecting those or other assets as part of financial planning.

What Is Included in the Term "Financial Planning"

When you hear the term "financial planning," which of the following financial topics do you think of?

Base: All



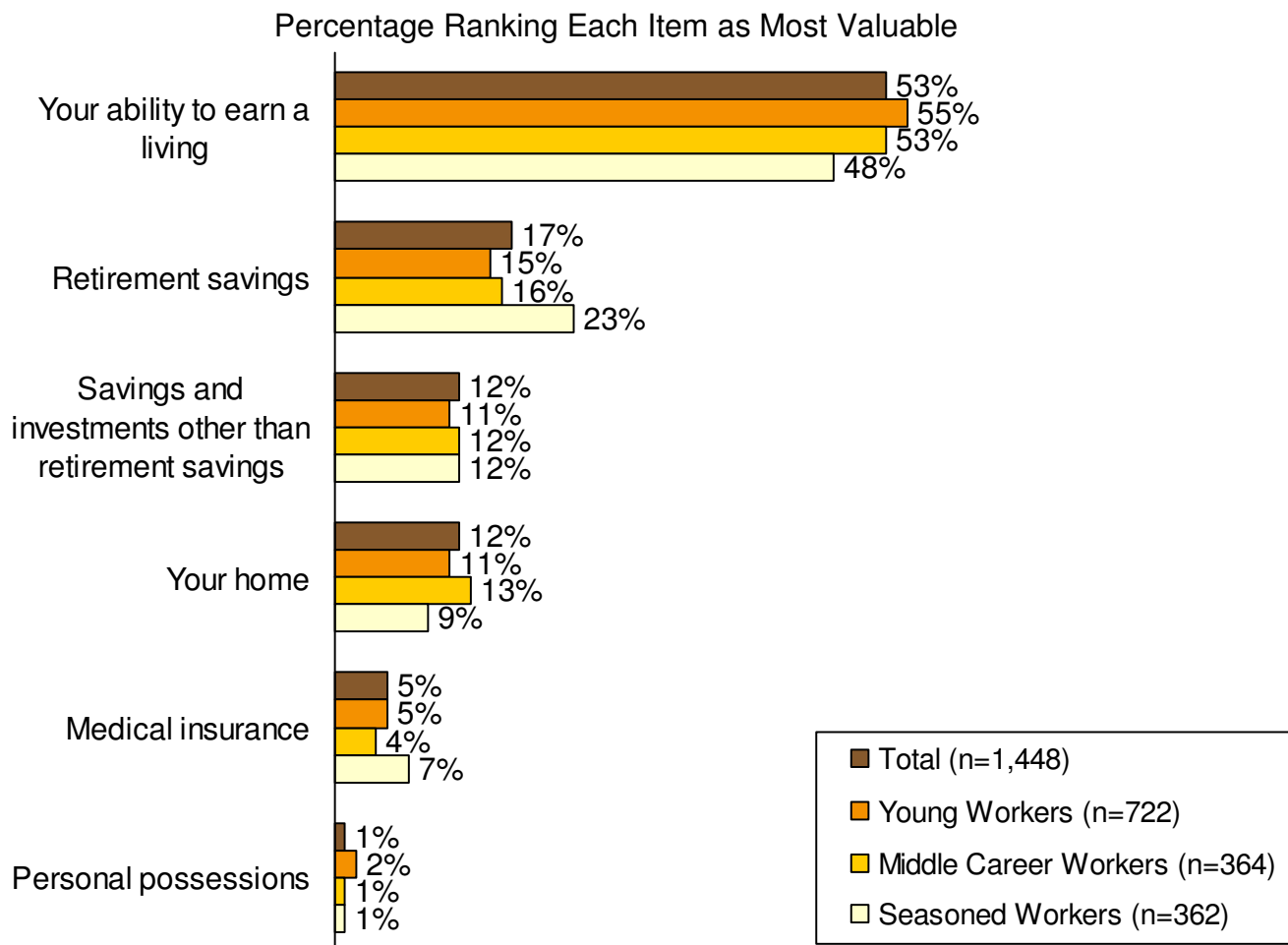
Young workers are more likely than the older age groups to associate the term “financial planning” with budgeting (66% vs. 54%) and saving to buy a home (46% vs. 24%).

Half of workers believe their ability to earn a living is the most important contributor to their long-term financial security. This is three times as many as rank retirement savings the most important.

What Is Most Valuable in Helping Achieve Long-Term Financial Security

How valuable are each of the following in helping you achieve long-term financial security?

Base: All

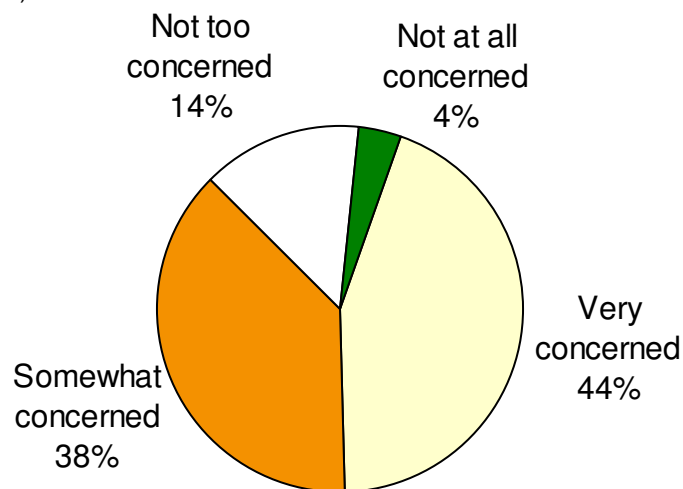


Eight in ten workers are concerned about how they would pay their living expenses if they had to miss work for six months or longer due to disability.

Level of Concern About Paying for Living Expenses if Disabled for Six Months or Longer

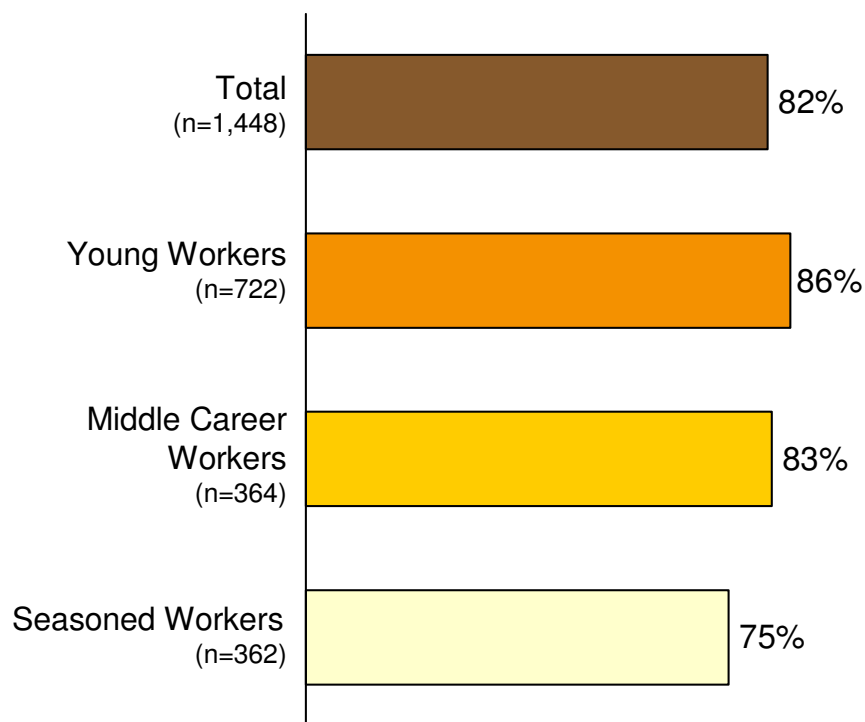
How concerned are you about how you would pay for your living expenses and bills if an unexpected injury or sickness caused you to miss work and lose your employment income for six months or longer?

Base: All
(n=1,448)



Young workers show greater concern (86% very/somewhat concerned) than seasoned workers do (75%).

Percentage Very/Somewhat Concerned

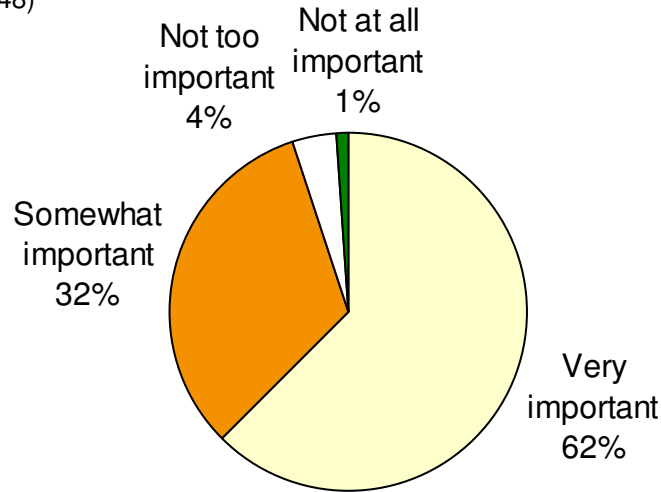


Nearly all workers feel it is important for people their age to think about how to cover their expenses in case of a disability.

Importance of Thinking About How Living Expenses Would Be Paid in Case of Disability at Current Age

How important do you think it is for someone your age to have thought about how they would pay for their living expenses and bills if an unexpected injury or sickness causes them to miss work and lose their employment income?

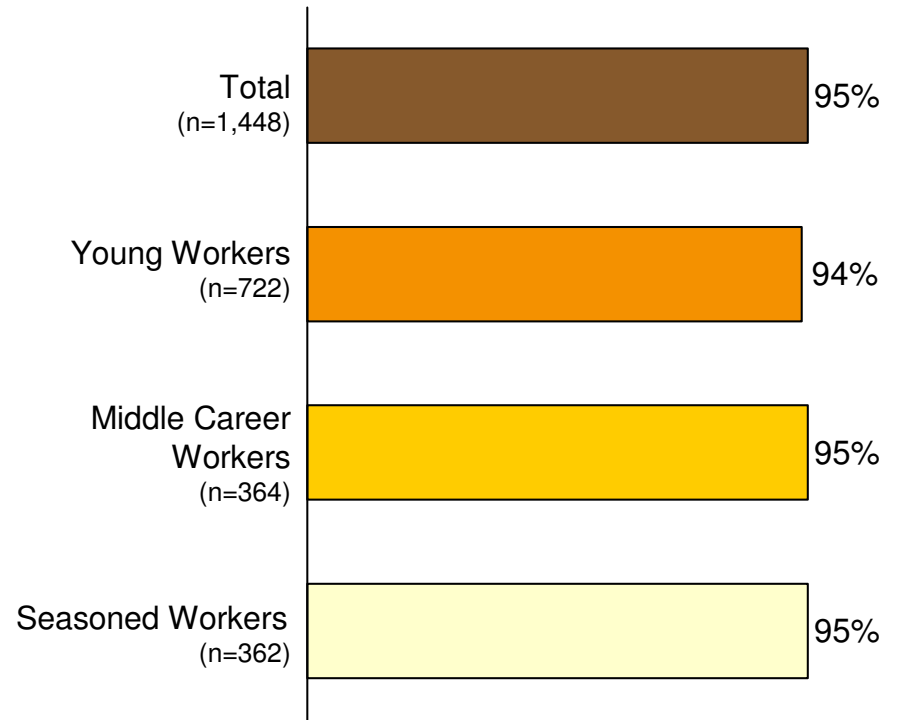
Base: All
(n=1,448)



Women, minorities, and those in lower income households are most likely to consider this type of planning highly important.

- 66% of women vs. 58% of men say this is very important.
- Minorities sense this importance more than whites (71% vs. 59% very important).
- 68% of workers in households with less than \$50,000 in income rate this planning as very important, compared to 57% of workers with higher incomes.

Percentage Very/Somewhat Important

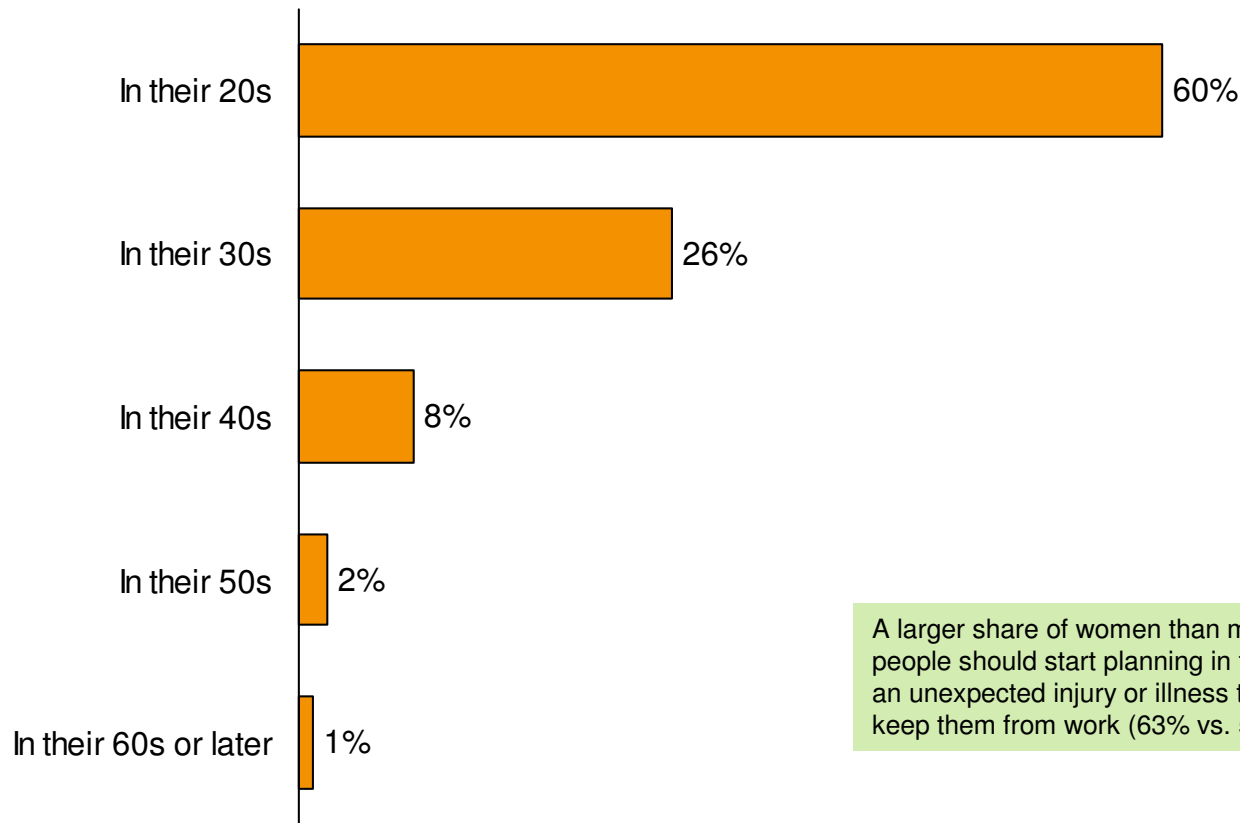


In fact, almost nine in ten workers believe people should begin planning in their 20s or 30s for the possibility of lost work/income due to disability.

Age at Which It Is Important to Plan Financially for an Unexpected Disability

At what age do you think it is important for people to start planning financially, in case they have an unexpected injury or sickness that causes them to miss work and lose their employment income?

Base: All
(n=1,448)



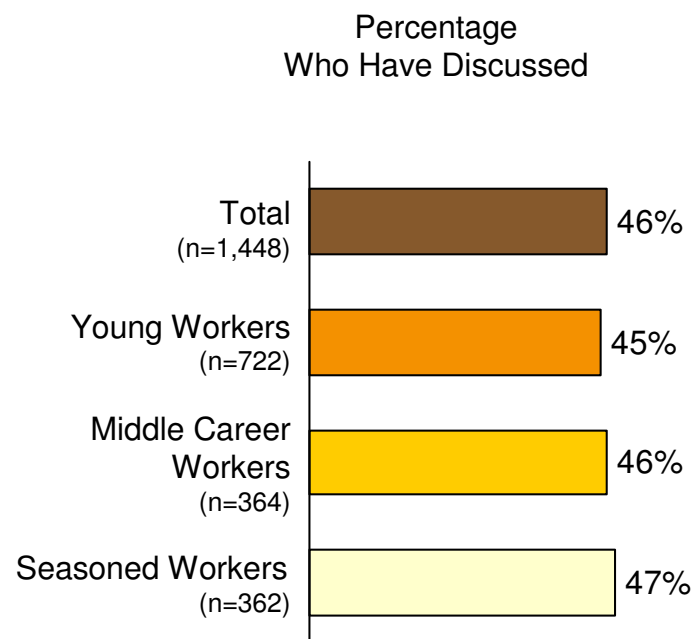
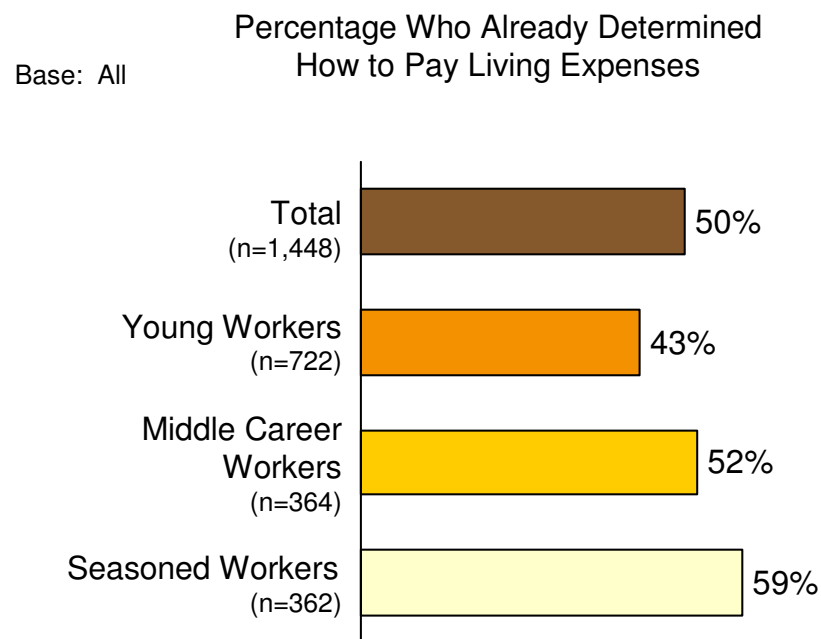
A larger share of women than men say people should start planning in their 20s for an unexpected injury or illness that would keep them from work (63% vs. 56%).

In spite of believing such planning is important, only half of workers have determined how they would cover their expenses if they missed work due to disability, and only half have even discussed it.

Determination and Discussion of How to Pay Living Expenses in Case of Disability

Prior to this survey, had you determined how you would continue to pay for your living expenses and bills if an unexpected injury or sickness caused you to miss work and lose your employment income for several months or longer?

Have you ever discussed with anyone...how you would continue to pay for your living expenses and bills if an unexpected injury or sickness prevented you from working for several months or longer?



A notably smaller share of young workers have determined how they would pay their living expenses if they became disabled (43% vs. 59% of seasoned workers).

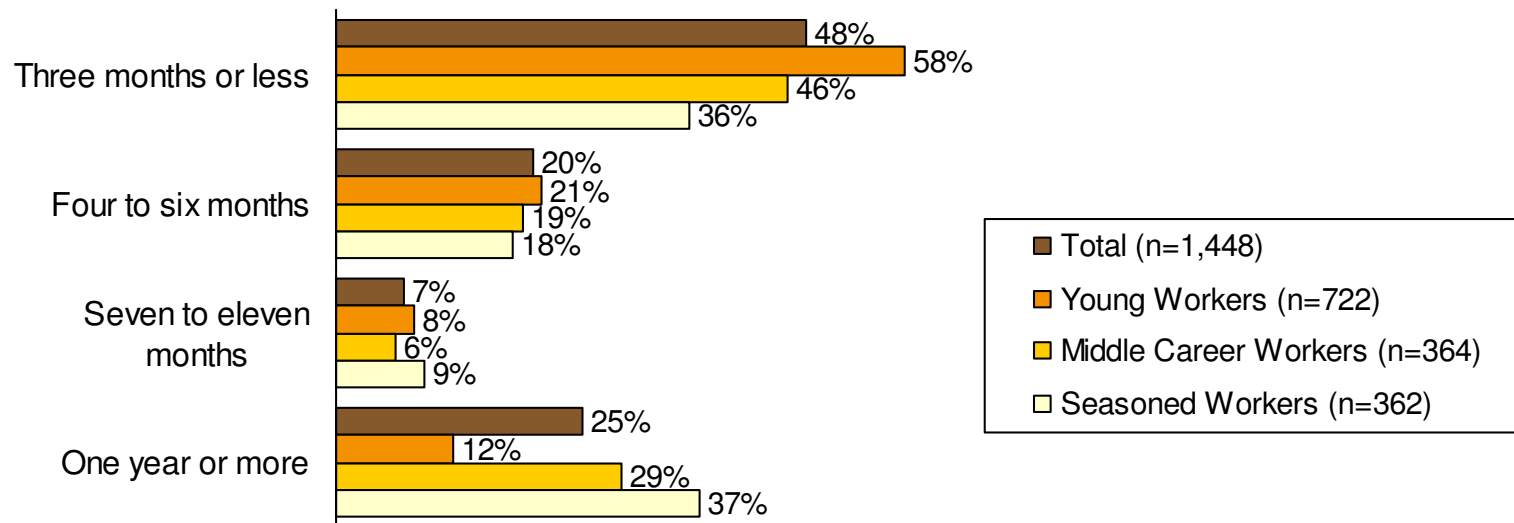
Such planning rises with income (42% for <\$50,000 vs. 69% for \$100,000+).

Seven in ten workers say they could not cover expenses for more than six months if they missed work due to injury or sickness.

How Long Expenses Could Be Paid in Case Of Disability

For how long do you think you could continue to pay for your normal living expenses and bills if an injury or sickness caused you to miss work and lose your employment income?

Base: All



Workers who are young, female, unmarried, or lower income are more vulnerable than others.

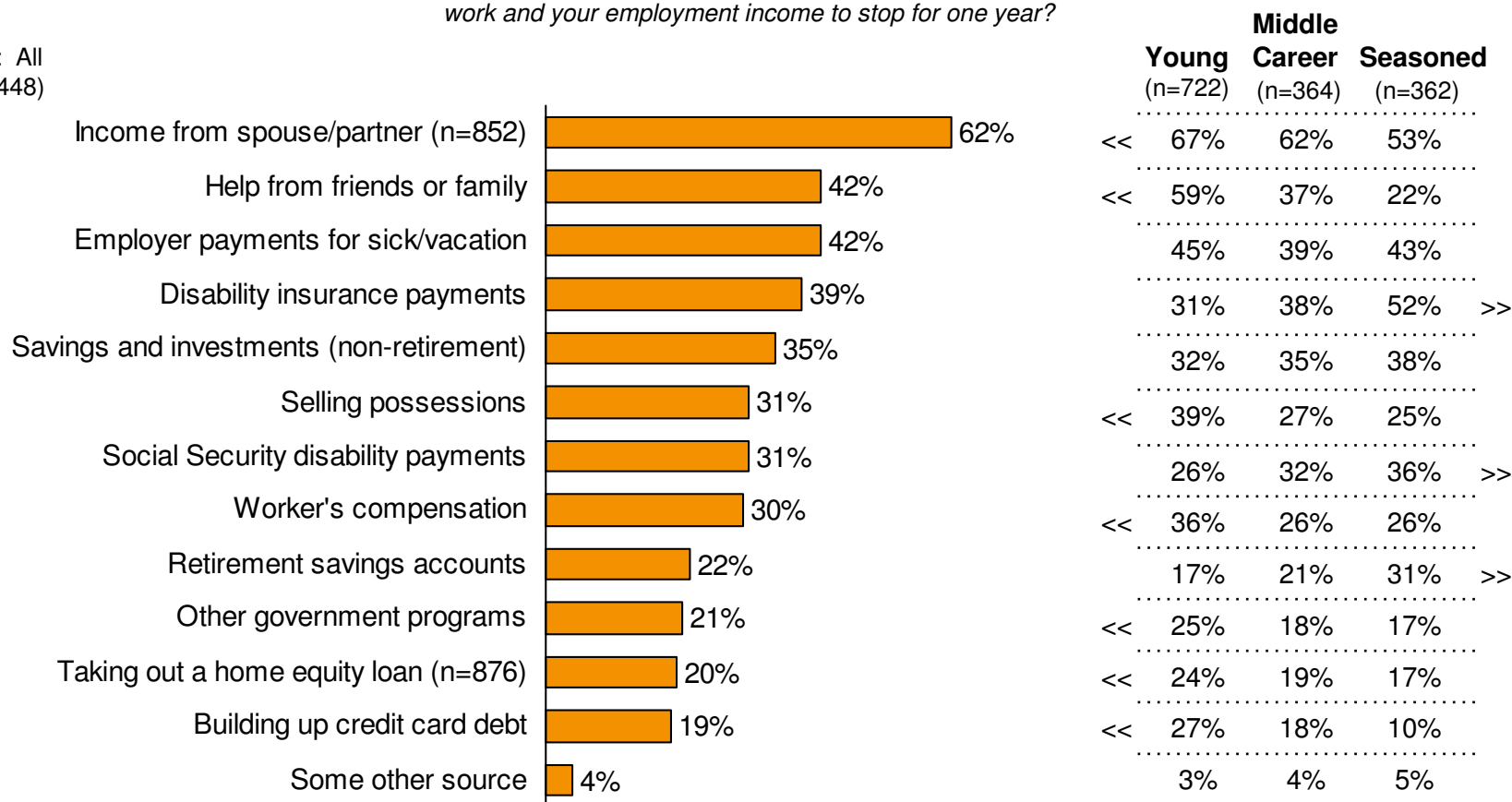
- Six in ten young workers can cover expenses for three months or less (58%), compared to 36% of seasoned workers who say the same.
- Women are more apt to put themselves in the three months or less category (51% vs. 44% of men).
- Also, unmarried workers estimate shorter periods of time than do married individuals (56% vs. 43% three months or less).
- Workers' ability to cover expenses for a longer period of time rises in relation to household income.

If they were disabled for a year, workers piece together income from varied sources to pay their bills. Top among them: income from a spouse, help from family/friends, and employer leave benefits.

Sources of Money for Living Expenses if Disabled for One Year

Where would you most likely get the money to continue to pay for your normal living expenses and bills if an injury or sickness caused you to miss work and your employment income to stop for one year?

Base: All
(n=1,448)



Seasoned workers are more likely than young workers to rely on disability insurance, retirement savings, and SSDI. Young workers are more likely to tap into family/friends, use credit card debt, sell possessions, and use spousal income.

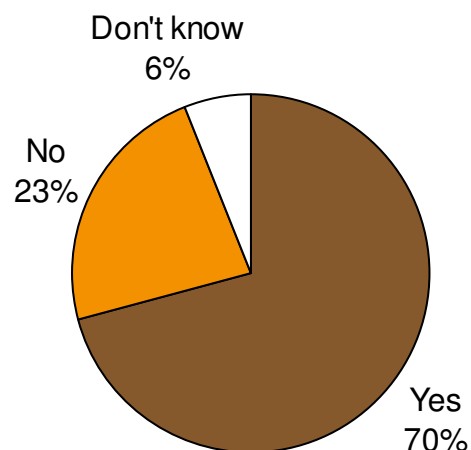
<< Younger workers are more likely
>> Older workers are more likely

Seven in ten workers report that their employer offers sick leave or other time-off programs, yet only half who have such benefits feel they understand them very well.

Availability and Understanding of Employer Sick Leave or Time-Off Programs

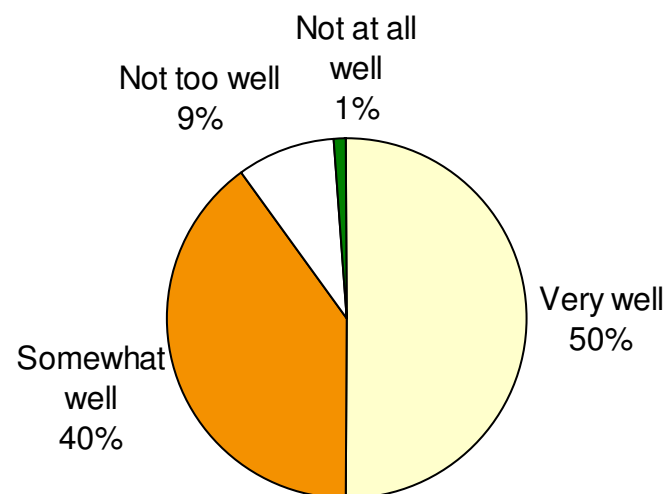
Does your employer have sick leave or other time-off programs that allow you to be paid when you are out sick for a short period of time?

Base: Employed by a company
(n=1,373)



Overall, how well do you understand your sick leave and time-off programs?

Base: Employer offers leave time
(n=973)



A strong understanding of employer leave programs is more common among seasoned workers (55% say they understand very well) than among young workers (45%).

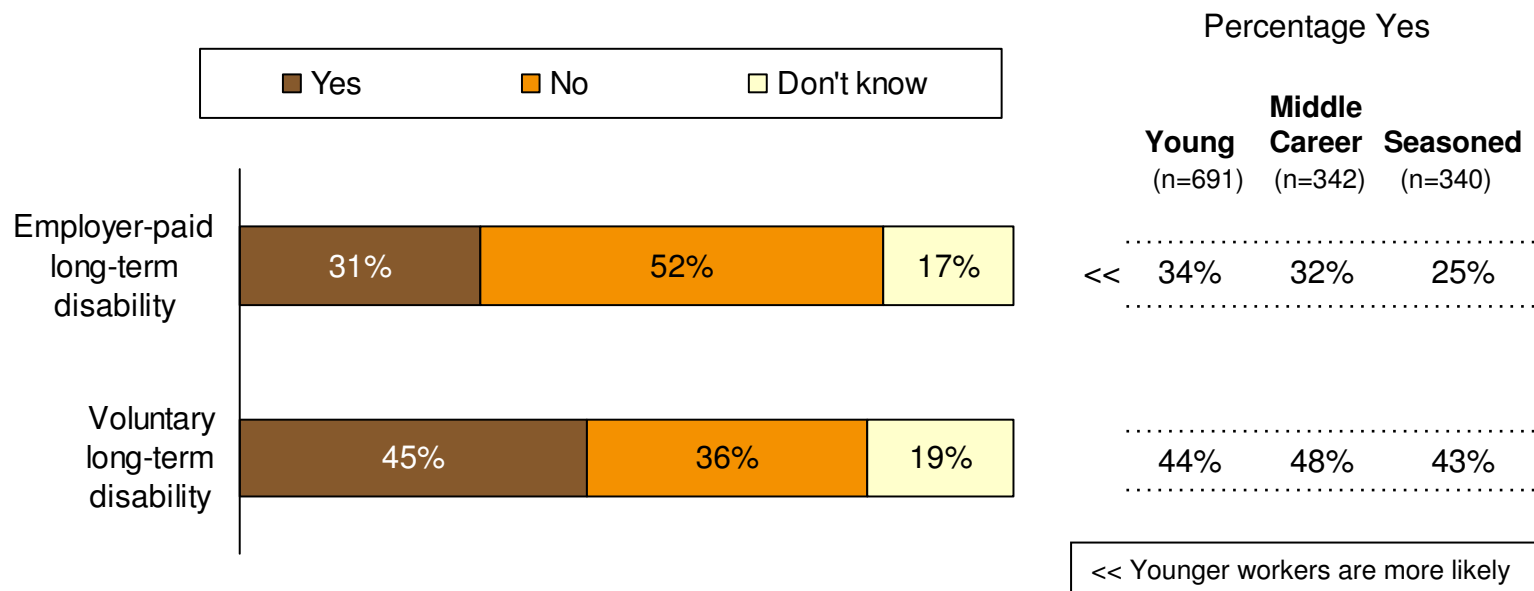
More than four in ten workers have long-term disability coverage through their employer—either employer-paid or voluntary. Nearly one in five do not know if their employer offers this type of coverage.

Availability of Employer-Paid and Employee-Paid Long-Term Disability Coverage

Does your employer give you a long-term disability plan where the employer pays for the coverage?

Does your employer offer you a voluntary long-term disability plan where you pay for part or all of the premium if you want the coverage?

Base: Employed by a company
(n=1,373)



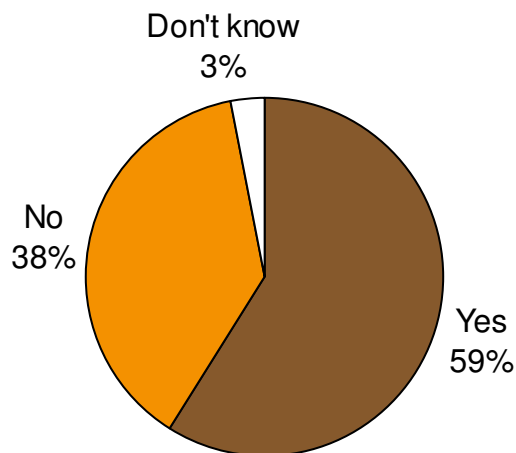
Lack of knowledge about whether the employer provides coverage is more prevalent among young workers. About one in four do not know if their employer offers employer-paid coverage (23%), or voluntary coverage (24%).

Six in ten workers who are offered voluntary long-term disability at work say they participate in the plan. Participation increases with age and household income.

Participation in Employer Sponsored Voluntary Long-Term Disability Plan

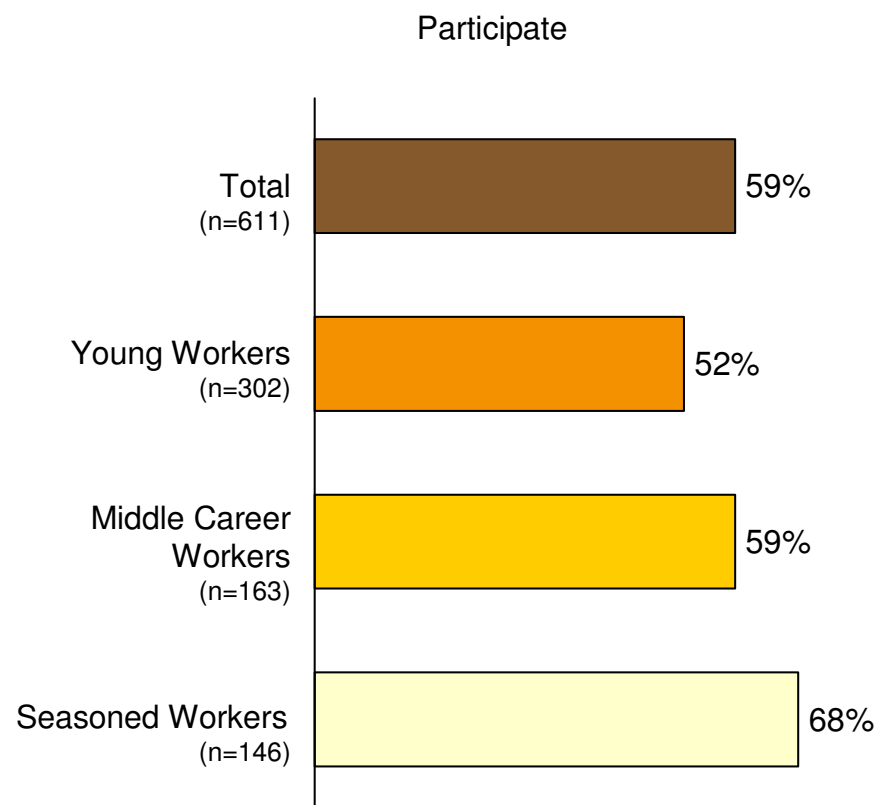
Do you currently participate in the voluntary long-term disability plan that your employer offers?

Base: Employer offers voluntary LTD
(n=611)



Participation in employer-sponsored voluntary long-term disability plans increases with age. Among young workers, half participate (52%), compared to two-thirds of seasoned workers (68%).

Workers with a household income of at least \$50,000 are more likely than those with lower income to participate in a voluntary worksite plan (63% vs. 52%).

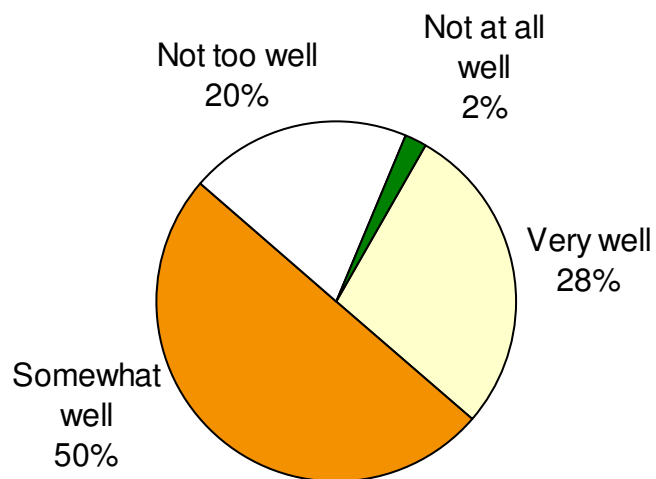


Only three in ten workers whose employers offer long-term disability coverage understand it very well.

How Well Long-Term Disability Plans Are Understood

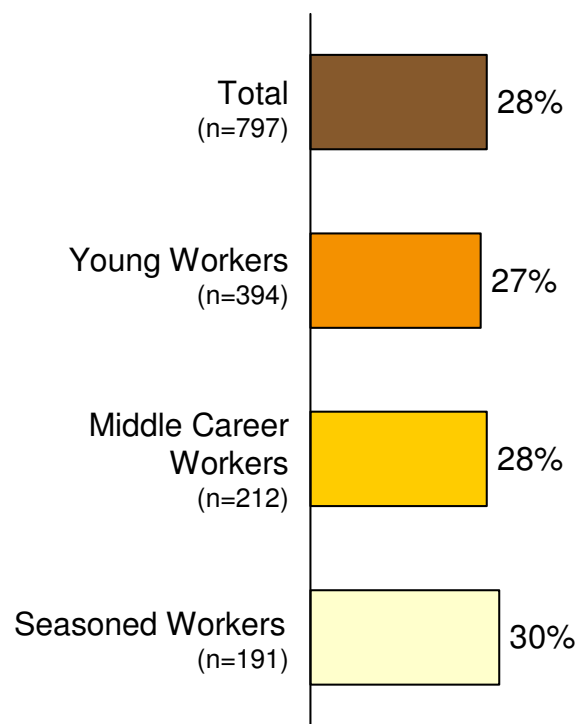
Overall, how well do you understand your employer's long-term disability plan—such as how you qualify for benefit payments, how much it pays, and for how long it pays?

Base: Employer offers group or voluntary LTD
(n=797)



Women are more likely than men to say they do not understand the program well (25% vs. 16% of men).

Percentage Understanding Very Well



There is a lack of basic knowledge about Social Security benefits. Nearly one in four do not understand Social Security retirement benefits, and one in three do not understand SSDI.

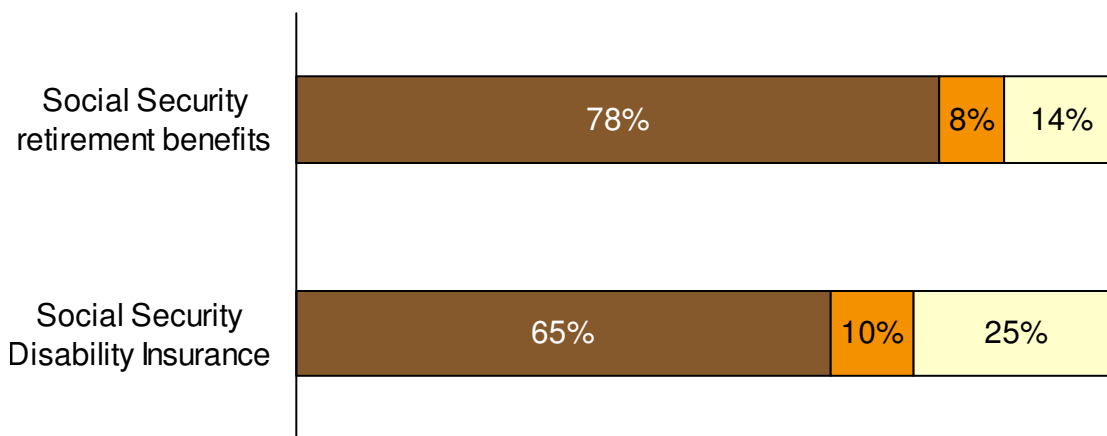
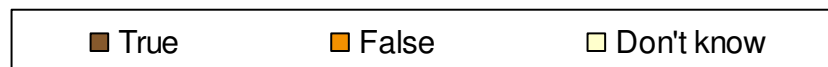
Awareness of Eligibility for Social Security Retirement and Disability Benefits

Please indicate whether the following statements are true or false:

Most full-time employees will become eligible for Social Security retirement benefits between the ages of 62 and 67.

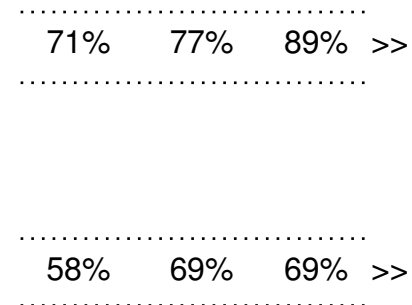
Most full-time employees may be eligible for Social Security Disability Insurance (SSDI) if they become disabled before the age of 65.

Base: All
(n=1,448)



Percentage True

Middle
Young Career Seasoned
 (n=722) (n=364) (n=362)



>> Older workers are more likely

Workers' understanding of basic Social Security retirement and disability benefits increases with age.

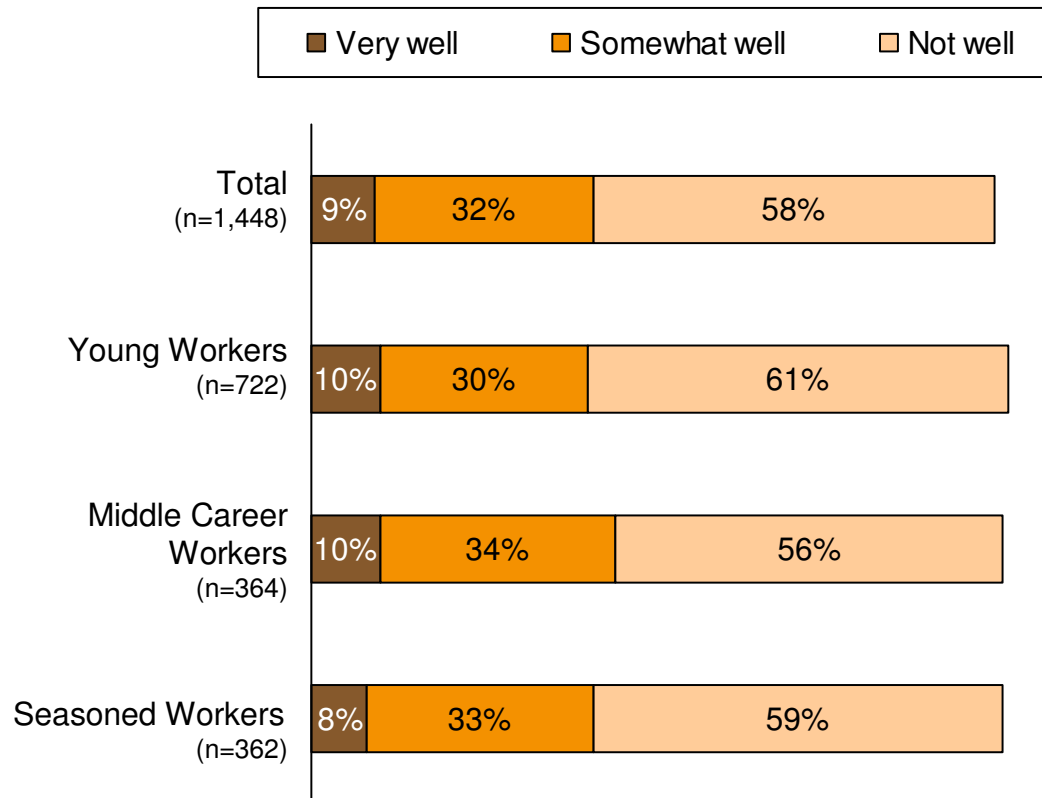
Four in ten younger workers do not understand the basics of SSDI benefits.

Nine out of ten workers do not have a strong understanding of Social Security Disability Insurance.

Understanding of Social Security Disability Insurance

Overall, how well do you understand the Social Security Disability Insurance (SSDI) program—such as how you qualify for benefit payments, how much it pays, and for how long it pays?

Base: All



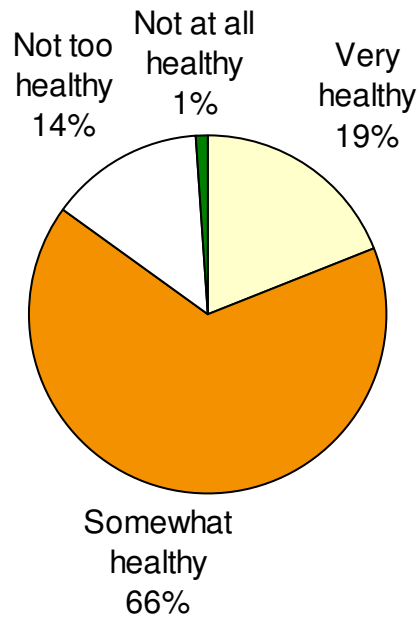
A larger share of men than women claim to understand SSDI at least somewhat well (47% vs. 37%).

Over eight in ten workers believe they lead a somewhat or very healthy lifestyle.

Healthiness of Lifestyle

In general, how healthy is your lifestyle?

Base: All
(n=1,448)



Worker perceptions of the healthiness of their lifestyle increase with both education and income levels. College grads are twice as likely as those with less education to say they lead a very healthy lifestyle (28% vs. 14%). Similarly, 26% of workers in \$100,000+ households claim to live a very healthy lifestyle, compared to 14% of those in households with less than \$50,000 in income.

Percentage Very/Somewhat Healthy Lifestyle

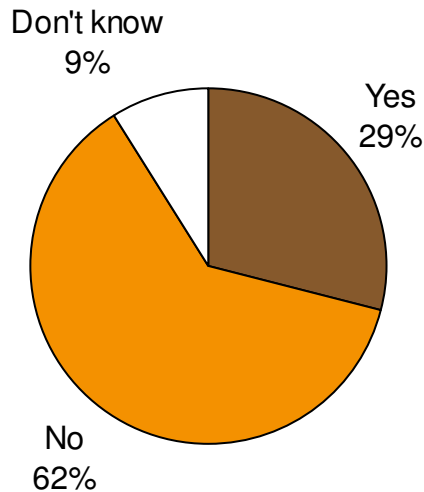


Three in ten workers say their employer sponsors programs to promote a healthy lifestyle. Half of workers take advantage of them.

Availability of Employer-Sponsored Programs to Promote a Healthy Lifestyle

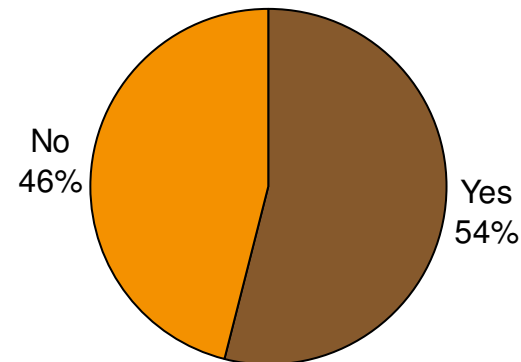
Does your employer offer any programs on how to help you lead a healthier lifestyle?

Base: Employed by a company
(n=1,373)



Are you participating in your employer's programs to help lead a healthier lifestyle?

Base: Employer offers health-oriented programs
(n=395)



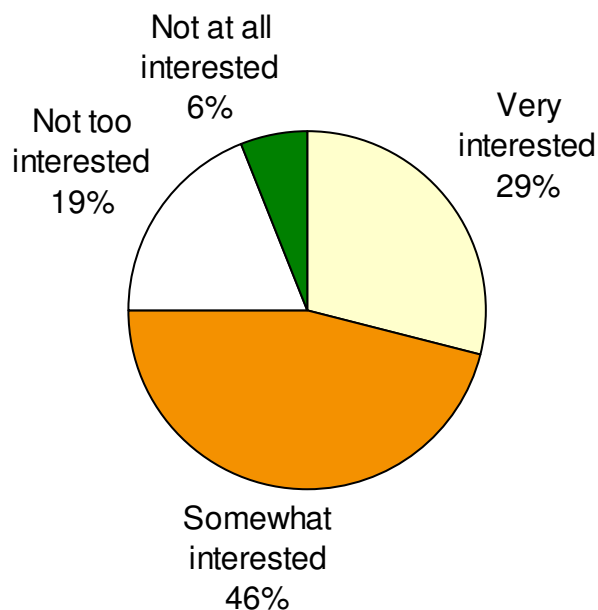
Workers of all ages are equally likely to participate in the programs.

Three-quarters of workers who do not currently have wellness programs at work say they would be interested in participating if their employer offered them.

Interest in Employer-Sponsored Programs to Promote a Healthy Lifestyle

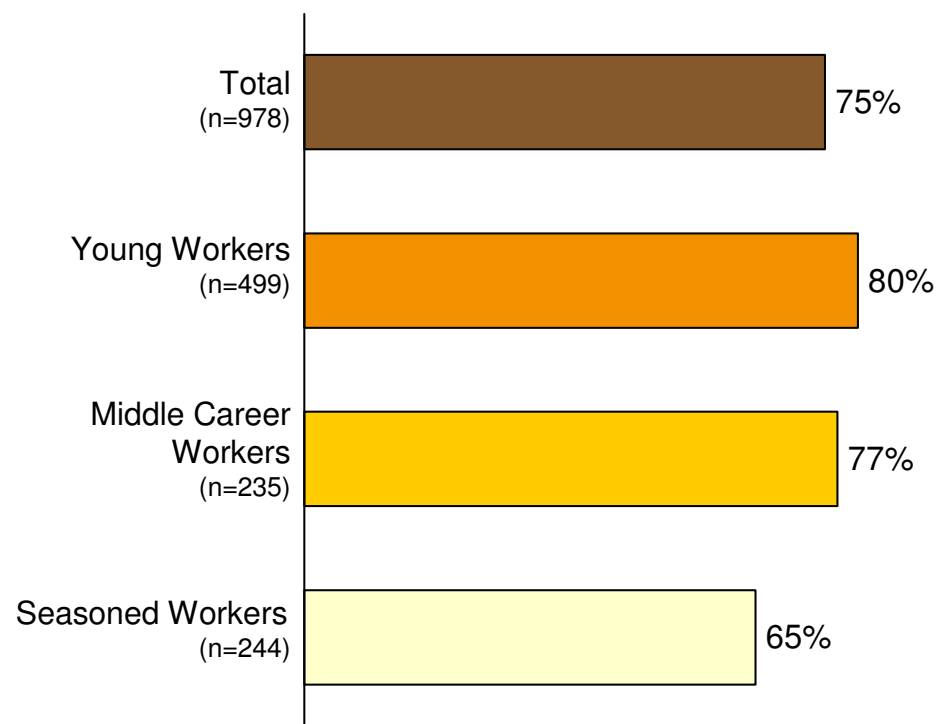
How interested would you be in participating in programs offered by your employer on how to help you lead a healthier lifestyle?

Base: Employer does not offer health-oriented programs (n=978)



Young and middle career workers are more interested in participating in employer sponsored health programs than are seasoned workers.

Percentage Very/Somewhat Interested



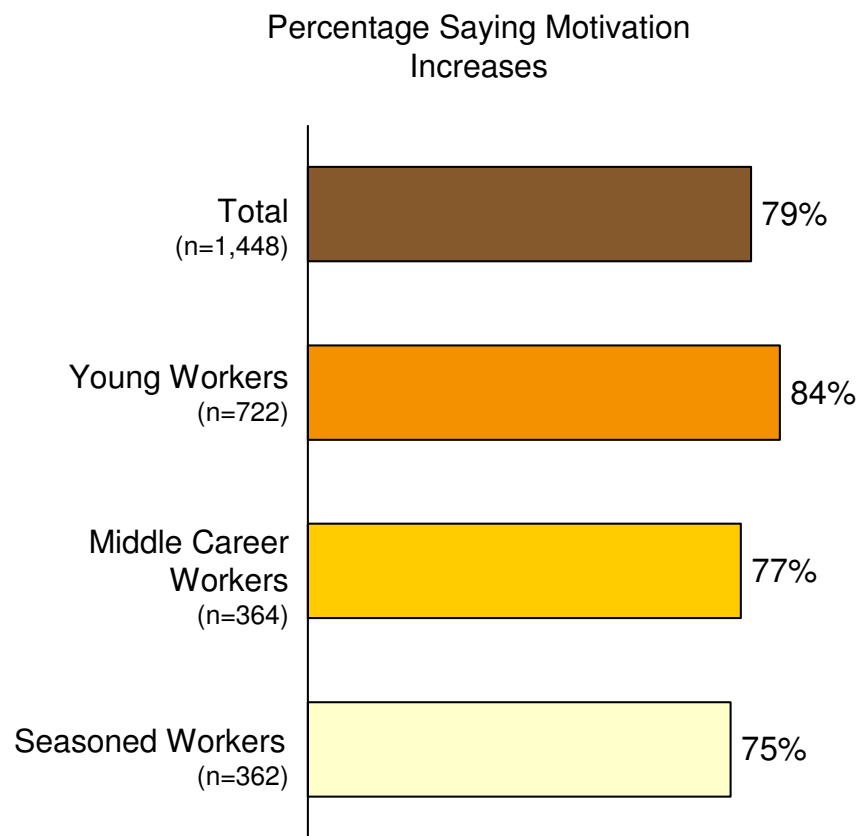
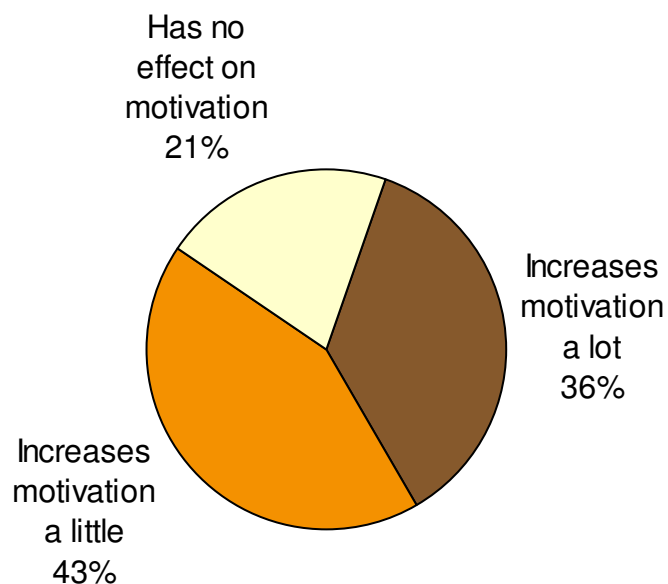
Eight in ten workers say knowing that a healthier lifestyle reduces the chances of disability increases their motivation to live a healthier lifestyle. This is particularly true for younger workers.

How Knowledge of Health-Disability Link Affects Motivation to Lead Healthy Lifestyle

Studies have shown that people who lead a healthier lifestyle—such as eating better, becoming more physically active, stopping smoking, losing weight—have a reduced chance of experiencing a long term disability.

How, if at all, does knowing this information affect your motivation to lead a healthy lifestyle?

Base: All
(n=1,448)



Demographics

	Total	Young Age 21-35	Middle Career Age 36-50	Seasoned Age 51-65
	(n=1448)	(n=722)	(n=364)	(n=362)
Male	47%	48%	48%	45%
Female	53	52	52	55
Caucasian/White	73%	62%	75%	88%
African-American/Black	13	17	12	9
Hispanic/Latino	10	14	10	2
Asian/Pacific Islander	5	9	4	1
Other	2	2	2	1
High school graduate or less	33%	33%	33%	33%
Technical or vocational school	7	6	8	7
Some college	27	31	25	26
Bachelors degree	18	19	18	17
Post graduate work	4	4	5	3
Graduate degree	11	8	11	15
Single	23%	39%	18%	7%
Married	49	39	52	58
Living with a partner	11	15	11	6
Separated or divorced	14	7	17	23
Widowed	2	*	2	6

* Less than 1%

Demographics

	Total	Young Age 21-35	Middle Career Age 36-50	Seasoned Age 51-65
	(n=1448)	(n=722)	(n=364)	(n=362)
Children under 18 in household	42%	54%	46%	17%
No children under 18	58	46	54	83
Own home	63%	49%	68%	75%
Rent home	37	51	32	25
Work for a company	89%	92%	88%	86%
Work for yourself	5	4	6	6
Work for your own company	6	4	6	8
Less than \$50,000 household income	48%	56%	45%	43%
\$50,000 to \$99,999 household income	39	36	42	40
\$100,000 or more household income	13	8	13	18
Respondent's employment income as percentage of total household income				
Less than 30% of total	10%	12%	10%	8%
30% to 59% of total	28	30	28	24
60% or more of total	62	58	62	68

* Less than 1%