



Recession Risks Make it More Important than Ever to Plan for Disability

Ever wonder what you would do for money if you couldn't work because of injury or illness? If not, you're not alone; more than half of all Americans have never discussed with anyone how they would continue paying their bills if they became temporarily disabled, a new survey reveals. The good news is that it is possible to protect yourself from the financial impact of disability – by planning ahead.

“While there may not be much you can do about the housing crisis or the recession – or how either of those factors will affect the economy – you can do something about the threat of disability and its impact on your personal finances,” says Robert Taylor, president of the Council for Disability Awareness, which sponsored the recent survey on American's knowledge of and attitudes about disability.

Among the findings of the CDA Worker Disability Planning and Preparedness Study:

- More than half (56 percent) have never discussed disability planning.
- While most workers rate their earning ability as the most important factor in their long-term financial security, two out of three don't even think about disability when they discuss financial planning.
- Most believe they could rely on a patchwork of income sources, including help from family and friends, retirement savings, home equity loans and credit cards if they were out of work for a year.
- Sixty two percent would count on a spouse's or partner's income for support, despite the fact that the majority of American households – even those that are two-income – live paycheck to paycheck and have a negative savings rate.

Americans are also confused about employer-sponsored disability programs and the Social Security Disability Insurance program, the survey indicates:

- Only half of workers who would receive employer-sponsored sick leave benefits feel they understand them very well.
- Of those whose employers offer a long-term disability program, just 28 percent said they understood the program.
- Nearly 20 percent of survey respondents weren't even sure if their employers offered such a program.
- One in three surveyed workers does not understand or is not aware of Social Security Disability Insurance, a key disability program for 150 million workers across America.

“The survey underscores the need for workers to incorporate the financial risks associated with disability into their financial planning mindset and actions,” Taylor says. “The ability to earn a living is the most important driver of financial security for the majority of people; it needs to be valued like a retirement fund, savings account or a home.”

Visit the CDA Web site for more information: www.disabilitycanhappen.org

The Council for Disability Awareness



Taylor offers the following tips to begin incorporating disability awareness into your financial planning efforts:

- Talk to your employer's human resources department to find out what – if any – support you could expect from your employer in case of disability. Consider asking for a meeting with the department's benefits expert to get a better understanding of your employer's disability program and policies.
- If you haven't already done so, prepare a budget. Pay special attention to alternative sources of income, ones that you could rely upon to help meet your monthly needs if you were out of work.
- Educate yourself on the Social Security Disability Income program.
- Visit the CDA's Web site, www.disabilitycanhappen.org, where you will find tools that can help you estimate what your income and expenses might look like during a disability, and can provide you with a guide for developing a personal action plan. You can access a financial review, facts and figures about disability, real-life stories, current articles, and tips for a healthy lifestyle that can help you avoid disability in the first place.

“Broader awareness and education about available disability programs is a critical starting point to helping more workers assume responsibility for their long-term financial security, which continues to shift to the American worker,” Taylor says. “When workers understand the impact of disability on their finances and the resources available to them, they will take more informed actions to protect their financial stability.”

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