

Is Disability Insurance a Luxury Good in America?



The Council for Disability Awareness (CDA) released a report today that suggests the answer is “yes.”

Portland, ME, March 3, 2020 — The CDA 2019 Disability Awareness Survey analyzed why lower-to-moderate income consumers, those earning between \$25,000 - \$50,000, don't have disability insurance. Among the responses, the most significant reason was, “I can't afford it.” And almost 40 percent of those consumers in the lowest income band reported their savings—if they had any—would last less than one month.

In complementary work, the Bureau of Labor Statistics Employee Benefits Survey data indicated that 63 percent of the highest income consumers in America have access to employer-paid short- (STD) and long-term disability (LTD) insurance benefits. However, only 18 percent of the lowest income

consumers have access to STD and just 6 percent have LTD. This troubling disconnect amplifies the uphill battle many low-income

consumers may experience if there is disruption to their regular income.

Fred Schott, Director of Operations for The CDA, said, “Through our survey, we learned there is a much greater risk for lower-to-moderate income consumers to withstand the financial shock of not receiving a regular paycheck because of an injury, illness or pregnancy.

These findings tell us that the challenge lower-to-moderate income consumers face is more than just a matter of disability-insurance access and affordability. It's a matter of financial wellness.”

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About the Study

Purpose and Methodology

This report presents the results of an online survey conducted by Greenwald & Associates on behalf of the Council for Disability Awareness. The purpose of the study was to gather information from full-time employees about factors that influenced their choices of employee benefits, the impact of life stressors such as caregiving and debt, and the extent to which they are aware of—and prepared for—the likelihood of a period of disability affecting them.

Information for this study was gathered through a 16-minute online survey with a total of 2,234 consumers between the ages of 21 and 68 who are employed full-time and have a minimum household income of \$25,000 or more. This total includes representative samples of Hispanics/Latinos, African Americans and Asian Americans.

Respondents for the survey were recruited through the ResearchNow online panel. Online interviewing took place from March 12, 2019 through April 1, 2019.

Study Sponsors

This study was funded by the following CDA member companies. The Council for Disability Awareness and its members are committed to helping working adults understand the importance of having alternate sources of income for times when people cannot work due to illness, injury, or pregnancy.



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Disability Risk in America

Millions of working Americans are facing a growing crisis: a lack of adequate disability insurance coverage. Today, the absence of emergency savings, rising medical costs, and an overall trend of fewer employers offering benefits to workers have created a critical blind spot for many American workers and their families. Without some kind of income protection, more Americans are experiencing severe financial difficulty if they need to miss work due to illness, injury or pregnancy.

2019 Critical Facts

- **More than one in four of today's 20-year-olds** can expect to be out of work for at least a year because of a disabling condition before they reach the normal retirement age.¹
- **At least 51 million working adults** in the United States are without disability insurance other than the basic coverage available through Social Security.²
- **Only 40 percent of US households** have at least \$6,275 in liquid savings. That is what it would take a family of four to replace income at the poverty level for three months.³
- **Four out of ten American adults** indicate they can't pay an unexpected \$400 bill without having to carry a balance on their credit card or borrow money from friends, family, or the bank.⁴

1 Social Security Administration, Disability and Death Probability, Tables for Insured Workers Born in 1998 <https://www.ssa.gov/oact/NOTES/ran6/an2018-6.pdf>, Table A.

2 American Council of Life Insurers, Assessing Americans' Financial, Retirement Security, unpublished data from study released in September 2017 as https://www.acli.com/-/media/ACLI/Public/Files/PDFs-PUBLIC-SITE/Public-Industry-Facts/Assessments_Report_082917.ashx?la=en

ACLI found that 54.3% of non-retired households (51.3 million in total) did not report having disability insurance. Assuming there is at least one adult in each household, this means the number of "uncovered" adults is at least equal to the number of "uncovered" households.

3 Prosperity Now, Vulnerability in the Face of Economic Uncertainty: Key Findings from the 2019 Prosperity Now Scorecard https://prosperitynow.org/sites/default/files/resources/2019_Scorecard_Key_Findings.pdf, page 4. Census Bureau Data, Survey of Income and Program Participation.

4 Federal Reserve, Report on the Economic Well-Being of U.S. Households in 2017 – May 2018. <https://www.federalreserve.gov/publications/2018-economic-well-being-of-us-households-in-2017-dealing-with-unexpected-expenses.htm>, Figure 11

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About The Council for Disability Awareness

The Council for Disability Awareness (The CDA) is a national nonprofit organization dedicated to helping working adults understand the importance of having alternate sources of income for times when they cannot work due to illness, injury, or pregnancy. The CDA is a business council that acts as a hub of knowledge for the media and wider public: curating information, releasing research reports, and acting as an industry source for journalists.



The CDA website:
DisabilityCanHappen.org

The CDA on social media:



Carol Harnett, President

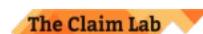
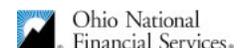
Carol Harnett is a thought leader, speaker, and writer in the fields of general employee benefits, health and productivity management, and value-based health.

She authors the employee benefits column for *Human Resource Executive* and hosts the podcast, *The Financial Health and Income Network*.

Previous to her work for The CDA, Harnett held key positions in the insurance industry as the Vice President and National Disability and Life Practice Leader for The Hartford and The Prudential's Director of Resources and Rehabilitation Services. She also led the Kessler Institute for Rehabilitation's industrial medicine department. Harnett sits on the Board of Directors of Disabled Sports/USA.

Member Companies

The CDA is a 501(c)6 nonprofit organization whose members include leading insurance companies:



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