

Facts from LIMRA

2013 Disability Insurance Awareness Month

Recent studies reveal that employed consumers have a great deal of misunderstanding about disability insurance. Using data from the Council for Disability Awareness (CDA) and the Social Security Disability Insurance (SSDI) program, LIMRA has put together a “Myths and Facts” sheet to help workers better understand the importance of disability insurance.

Myth: *The chances of becoming disabled are slim, around one in one hundred chance.*

Fact: The Social Security Administration estimates that one out of three Americans entering the workforce today will become disabled before they retire. While employees think the odds are small, a sudden interruption of income could have serious financial consequences.

Myth: *Most disabilities are work-related and covered by workers’ compensation benefits.*

Fact: Nearly 90 percent of disabilities are not work related and therefore are not covered by workers’ compensation.

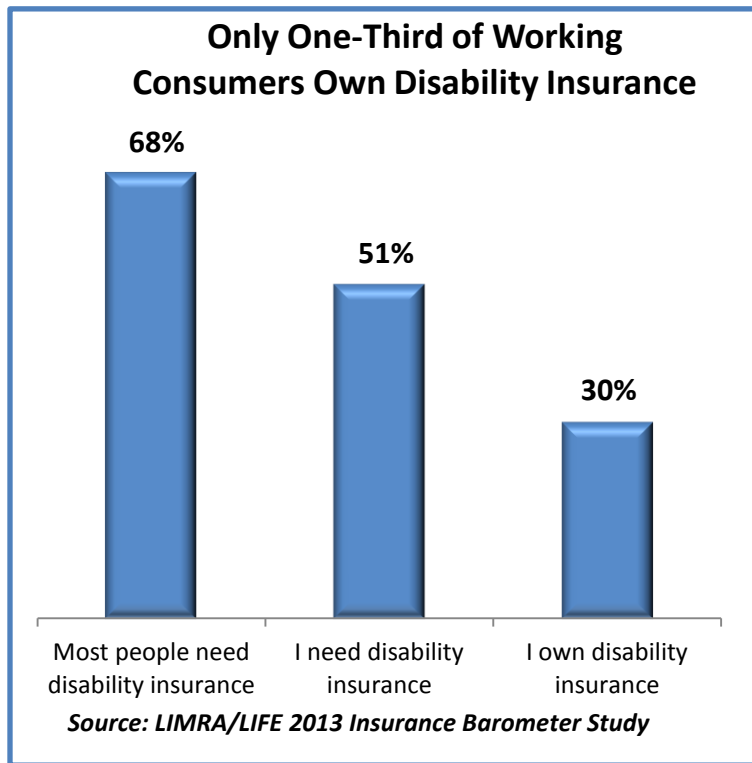
Also, illness, not accidents are responsible for most of the disabilities people suffer.

Myth: *Most disabilities are caused by catastrophic, one-time events, such as serious accidents or injuries.*

Fact: Insurance statistics show that only nine percent of long-term disabilities actually resulted from serious accidents. The top causes of disability are often triggered by more common, chronic conditions, including one out of four caused by muscle and bone disorders like back problems, joint pain and muscle pain.

Myth: *Sick leave and vacation time can be used to cover expenses during a disability.*

Fact: While sick leave and vacation time are certainly helpful, the benefits from them usually run out in a matter of weeks—at a time when the expenses are often increasing. In many cases, a disability can last for three months.



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Myth: Disability insurance isn't as important for women because men are more likely to become disabled.

Fact: The disability rate is increasing more rapidly for women than men. The percentage of covered female workers receiving SSDI payments in 2011 (5.6 percent) was 58 percent higher than 10 years earlier (3.6 percent in 2001), while the percentage of covered male workers receiving SSDI grew by 44 percent during the same period. Since more than 70 percent of American households are rely on two incomes, it is important that **both** men and women workers protect their income with disability insurance.

Myth: If suffering from a permanent disability, just enroll with Social Security Disability Insurance.

Fact: Currently 65 percent of applications for Social Security disability benefits are initially denied. The average SSDI monthly benefit at the end of 2011 was \$1,111. The average for male recipients was \$1,237 and for females was \$972. Owning individual disability insurance could ensure families faced with losing a paycheck due to disability could meet more of their day-to-day living expenses.

Advisors need to talk to their clients about disability insurance, beginning with basic products to avoid "sticker shock," and add features as the client indicates comfort level.

Information sources: LIMRA, LIFE Foundation, Council for Disability Awareness (CDA) and Social Security Disability Insurance (SSDI)

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