

## WHY DON'T YOU HAVE DISABILITY INCOME INSURANCE?

*If you are injured or ill, it could help you keep afloat financially.*

Provided by *Benedict A. Mitchell Jr.*

**If you can't work and pay your bills, how are you going to cope?** Let's say an injury or illness prevents you from doing your job. How do you deal with the lost income?

Disability income insurance provides an answer. Few of us opt for such coverage, even though it may help us maintain our income (and quality of life) in a crisis.

A case in point: the non-profit Consumer Federation of America just polled 1,200 private-sector U.S. workers and found that two-thirds of them had no such coverage.<sup>1</sup>

Mention that to most employees, and they may just shrug. Who cares, who wants to buy more insurance, especially coverage you don't think you'll need?

The skepticism is understandable, because we never believe we will be disabled. We don't dare think about it. Additionally, few of us comprehend the varieties of "disability" that we could end up experiencing.

The non-profit Council of Disability Awareness notes that 90% of disability claims in the U.S. are unrelated to workplace injury. Rather, they are filed for acute or chronic illnesses or health conditions. Musculoskeletal disorders (such as arthritis, spine and joint disorders, fibromyalgia and back pain) represent the largest percentage of disability claims, more than any other condition.<sup>1,2</sup>

**Do you think you don't need disability coverage? Think again.** It may shock you how little of your wages you can replace. You can only get workers compensation if your injury or illness is job-related - but less than 5% of disabling illnesses or injuries are. Social Security disability benefits typically provide about \$1,100 per month - not exactly the income you want. Additionally, it might take a year or more for you to get your first check. In 2009 (the midst of the Great Recession), the SSA denied 65% of initial SSDI claim applications.<sup>1,3,4</sup>

This is why disability income insurance can be so useful. Some of these policies allow payments to start just a week after an employee stops working, and many of them will provide coverage in the neighborhood of 60% of a worker's salary.<sup>1</sup>

**What are your chances of becoming disabled during your working years?** As a 2011 Social Security Administration Fact Sheet notes, just over 25% of today's 20-year-olds are projected to become disabled before they retire. More than 5% of U.S. wage earners - 8.3 million people - were getting SSDI in 2011.<sup>4</sup>

The Society of Actuaries finds that once someone is disabled for 90 days, the average length of disability is two years. The CDA reports that the average long-term disability claim has a duration of 31.2 months.<sup>1,4</sup>

**If your income drops, your stress level could soar.** Do you know someone who has had to quit their job or walk away from their profession due to a disability? Then you've seen the financial stress that can result.

Even if you don't know someone facing such financial pressure, you have probably read stories that touched your heart, stories of economic hardship that can be traced back to a disability. A hard-working man or woman loses a home to foreclosure; a couple separates or divorces under economically trying circumstances; a single parent with children has to accept charity from a food bank or becomes homeless. In too many of these stories, a sudden disability is an underlying cause.

If you die, your income stops and so do your expenses. If you are disabled and can't work, your income stops ... *but your expenses keep piling up.* In fact, with the cost of medical treatment, your expenses may balloon.

**It's time to start thinking about disability insurance.** We'd all like to believe that we'll never be disabled. But the reality is ... it could happen to you. If it does, how will your family manage? Are you prepared?

May is Disability Income Insurance Awareness Month - a good time to make people aware of this coverage. If your employer doesn't offer or provide you with disability income insurance, take some time to look at some of the options available. You don't always know what the future holds; if you become disabled, this insurance may give you added economic stability.

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**Citations.**

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