



Consumer Federation of America



FOR IMMEDIATE RELEASE

Monday, June 8, 2015

CONTACTS

Jack Gillis, CFA, 202-737-0766

MC Guenther, Unum, 866-750-8686

**SMALL EMPLOYERS RECOGNIZE NEED
FOR LONG-TERM DISABILITY INSURANCE (LTD), BUT MANY NOT
SURE
OF ITS COST, BENEFITS AND EMPLOYEES' VIEWS**

Most Small Employers Offering LTD Think It Benefits Them and Their Employees

WASHINGTON (June 8, 2015) – Today, the Consumer Federation of America (CFA) and Unum released the results of a survey of more than 500 benefits decision-makers at small employers regarding their views on long-term disability insurance (LTD). The findings reveal that employers, whether they offer the benefit or not, understand the value of this insurance for employees, and that those who offer it also believe it serves the interests of their company. Employers not offering LTD are more likely to overestimate the cost of this insurance, underestimate the desire of employees for this coverage, and to experience difficulty managing disabled employees and their absences.

“In general, group disability insurance serves the interests of small employers and their employees,” noted Stephen Brobeck, CFA’s Executive Director. “By making this insurance available, employers help protect the personal income needed by consumers,” he added.

The research released today represents the third [joint research effort](#) by CFA and Unum. In April 2012, the two organizations [released the findings](#) of a nationwide survey of employee attitudes and knowledge about disability insurance, and in September 2013, they [released a report](#) based on interviews with individuals who had become disabled and were receiving disability benefits through their employer’s plan.

“The ability to earn a living – our income – is the most valuable asset we have, and protecting that asset is increasingly important,” said Richard P. McKenney, president and CEO of Unum. “Small employers can play a significant role in helping their employees insure against some very real risks to their financial stability.”

Large Majority of Employers Agree That LTD Provides Important Financial Protection

Employers overwhelmingly (94%) disagree that “most employees have enough savings to cover normal living expenses if they become unable to work due to illness or injury.” And only a small minority of all respondents (13%) believes that Social Security and workers’ compensation “will cover most of a worker’s income if they become injured or ill.”

Thus, it is not surprising that a large percent of employers believe that most (60% or more) of their employees would face significant financial hardship, like home foreclosure or bankruptcy, if they were disabled and unable to work for at least six months.” Moreover, 86% of those interviewed agree that it is important “for employees to have long-term disability to protect them financially if they became disabled.”

However, according to LIMRA, less than half (47%) of employers with 10-99 employees offered long term disability insurance in 2014.¹ And, based on the current survey results, less than half of these small employers have a policy in place for handling employee absences due to serious illness or injury.

Employers Without LTD Often Misunderstand Employee Interest and Benefit Costs

Many employers without LTD cited employee resistance. When asked why their company did not offer LTD, about two-thirds (64%) indicated that “the cost is too high for employees” and more than half (57%) said that “not enough employees will enroll.” Many (40%) said that “employees would not value or appreciate the benefit.” Yet, a survey conducted in 2012 found that 86% of U.S. workers would choose to have disability insurance, even if they had to pay some of the cost for it.²

While 6 in 10 (59%) employers without LTD cite cost to the employer as a major reason for not offering it, many of these employers (38%) also admit that they are not knowledgeable about what the monthly premiums would be. And in fact, the results of the survey reveal that employers without LTD probably *overestimate* the cost of providing the benefit. Although 42% of employers without LTD thought that the benefit would cost \$30 or more per worker, a considerably lower percentage (30%) of employers that offer the benefit indicated that the premium was \$30/month or more per worker. Based on industry data, the typical range for LTD premium per month in employer sponsored programs is \$20-\$30.³

Employers With LTD Think It Benefits Both Them and Their Employees

Employers with LTD believe that this coverage serves the interests of its employees. A large majority (86%) says that employees value and appreciate the benefit. Eight in 10 (81%) also believe that offering LTD is “what a responsible employer does.”

“An employee shouldn’t have to worry or stress about paying bills or expenses while dealing with an injury or illness.”

But they also believe it is not just the employees that benefit from this coverage: 82% report that attracting and retaining employees is a reason for offering LTD and more than half (55%) say they offer it in order to reduce company costs if an employee goes out on disability.

¹ LIMRA, “Keeping Up with the Times” (2015).

² Consumer Federation of America and Unum, “Employee Knowledge and Attitudes about Employer-Provided Disability Insurance” (2012).

³ LIMRA, “Quarterly U.S. Group Disability Sales and In Force Survey” (2014) and Unum Internal Data (2014).

Half (50%) say that offering LTD also improves productivity and “gets employees back to work faster.”

“It will provide a peace of mind and allow them the recovery that they need to enable them to heal as quickly as possible.”

Indeed, employers offering LTD seem to have an easier time managing disability-related absences. Those who offer LTD were far less likely than those who do not to say that their experience managing a disabled employee’s absence was difficult (28% versus 46% of those who did not offer LTD).

About the Survey

This online survey of benefits decision-makers was conducted by independent research firm Greenwald & Associates on behalf of CFA and Unum in April 2015. A total of 504 benefits decision-makers at companies with 10-99 employees participated in the survey. Additional information is available at unum.com/cfastudy.

CFA is a non-profit association of nearly 300 consumer groups that was established in 1968 to advance the consumer interest through research, advocacy, and education.

Unum (NYSE: UNM) is a leading provider of employee benefits in the United States and United Kingdom.