



Consumer Federation of America



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NEW REPORT FROM CFA AND UNUM REVEALS CRITICAL ROLE OF WORKPLACE DISABILITY BENEFITS

Interviews detail the financial and emotional benefits of this insurance and urge employers to offer the coverage and explain it more adequately

WASHINGTON (Sept. 23, 2013) – The power of disability benefits to protect the financial stability of individuals and families becomes vividly clear in hundreds of interviews recently conducted by the Consumer Federation of America (CFA) in partnership with Unum. More than 400 recipients of employer-sponsored disability benefits shared their stories with researchers – stories of unexpected injury or illness – and the critical benefits that allowed them to pay the bills, keep their homes and support their families. ([Full Report](#))

“My life would have been a whole lot worse without my employer’s disability insurance, because I wouldn’t have been able to pay my bills, which would have meant I would have probably turned to welfare or Medicaid,” said Vicki Burhenn, 65, a former health care office coordinator from Indiana. “That would have hurt me emotionally to think that I could not provide for or take care of myself, and it would have limited what I could do with my kids and grandkids. It probably would have limited my health, my recovery period.”

Burhenn is one of 407 people who were interviewed to help promote understanding of the value of employer-sponsored disability insurance. Independent research firm Mathew Greenwald & Associates spoke with individuals who had received at least six months of long term disability benefits from Unum. These beneficiaries represent the 650,000 disabled workers who received more than \$9 billion in long term disability benefits through employer-sponsored disability coverage in 2012.

Interviewees were assured of confidentiality – neither Unum nor CFA could match up survey responses with the individuals providing them. In follow-up interviews, the researchers did receive permission from a group of beneficiaries who were willing to share their experiences publicly.

Dawn-Michelle Wyzard, 37, works for a major health insurer in Louisville and has used disability benefits twice in the past five years while recovering from back surgeries. “There is no way I could have possibly survived surgery financially - and been off work - had the disability insurance not been there,” she said.

“Beneficiaries told us that disability insurance payments played an essential role in protecting their financial and emotional lives,” said Stephen Brobeck, CFA’s Executive Director. “This employer-provided insurance clearly represents an important part of the social safety net.”

Group disability insurance provides income protection to employees unable to work because of injury or illness. Depending on the specific plan, within one week to six months after an employee stops working, he or she begins receiving payments equal to about 60 percent of his or her income. Only about one-third of private sector workers are protected by long-term disability insurance, whose monthly premiums – paid for by the employer, employee, or some combination – usually range between \$10 and \$30.

Employer-sponsored disability insurance provides income protection that is not available from workers’ compensation or Social Security Disability Insurance (SSDI). Even when SSDI benefits – which average \$13,500 a year – are eventually received, employer-sponsored coverage often supplements these payments.

“These stories from disability beneficiaries underscore just how important it is for working Americans to protect their most important asset – their income,” said Thomas R. Watjen, president and CEO of Unum. “A disabling illness or injury can cause real financial hardship for many individuals and their families, and disability insurance creates a backstop against significant income loss during the period of absence and recovery.”

Disability Payments Mitigate Income Loss

Because disability benefits typically replace 60 percent of pre-disability income, beneficiaries did report a reduced standard of living. Eighty-five percent said they had to cut back or stop saving for retirement. Fifty-eight percent said they skipped or delayed some medical, dental, or vision care for themselves or family members. And 57 percent said they had to cut back on spending “to the point of an uncomfortable lifestyle.”

But most beneficiaries also reported that their disability payments played a critical role in preserving an adequate standard of living.

- 23 percent missed a mortgage or rent payment, but without the disability benefits, an additional 49 percent said they would have missed a payment.

- 14 percent had to move out of their home because they could no longer afford to live there, but without disability benefits, an additional 44 percent said they would have had to move.
- 42 percent missed at least one payment for bills or consumer loans, but without disability coverage, an additional 41 percent said they would have missed a payment.
- 31 percent applied for community or government assistance to help pay for food, but without disability benefits, an additional 33 percent would have applied.

For more information please refer to this [Infographic](#).

Typical comments from beneficiaries were:

- “I probably would have been on the street. I certainly would have lost the house.” (Woman in her 50s)
- “I would have been forced to declare bankruptcy. I would have probably lost my house and my cars.” (Man in his 50s)
- “I would have lost my home. I would have been homeless and living in a shelter with my daughters. I wouldn’t have been able to afford food or gas for the car to get them to school.” (Woman in her 40s)
- “I have a neuro-muscular disease and I would not have been able to afford to pay for the medicine and support myself at the time. I would not have been able to survive.” (Woman in her 50s)

Disability Payments Lessen Social, Psychological, and Health-Related Problems

Beneficiaries reported not just financial, but also social, psychological, and health-related benefits of disability payments.

- 77 percent said disability benefits helped them avoid strain with spouse or partner.
- 78 percent said benefits helped them maintain their self-esteem as a provider for their family.
- 88 percent said benefits helped them maintain a healthy emotional outlook.
- 68 percent said their health would have been worse without benefits.

Typical comments from beneficiaries were:

- “I probably would have gone off the deep end. It would have been too much to bear with the health problems I have.” (Woman in her 50s)
- “I would have felt awful, scared, stressed.” (Man in his 20s)
- “Without the benefit payments there would have been home pressures. I would have felt dependent, where I don’t have control of my life, trapped, child-like.” (Woman in her 40s)

Beneficiaries Strongly Support Expansion of Disability Insurance Programs and Information about This Coverage

Nearly all beneficiaries (95 percent) agreed that they would encourage other people to get disability insurance through their employers, and nearly three-fifths (58 percent) said their disability benefits made them feel more favorable about their employer. A large majority (85 percent) agreed that employers should automatically enroll new employees in disability insurance, allowing them to opt out of this coverage if they did not want it.

- “I feel that it is important – for any and all employers – to offer this to their employees. One second can change your life. You can go hungry or lose your house. I think it is extremely important.” (Woman in her 40s)
- “I’m glad they made me take it. Because it wasn’t a volunteer thing, and I didn’t think that way.” (Woman in her 40s)
- “... any employer that offers disability insurance shows that they care. To me that's very important because your life can change.” (Man in his 50s)

A large majority of beneficiaries (88 percent) said that employers should do a better job of explaining disability insurance. And many (85 percent) agreed that government should inform the public about the risk of becoming disabled and its financial impact.

- “Employers should sit down and explain to the employees about their long term and short term disability coverage, because they don't know what's going to happen, and everyone should. I've made sure to tell everyone about everything, to get the insurance. Because without it, I don't know what I would have done.” (Woman in her 50s)

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. Last year, the two organizations released the results of a [survey](#) of nearly 1,200 U.S. workers on their knowledge of and attitudes about disability insurance. In the coming year, CFA and Unum will continue efforts to inform the general public, employers, and policymakers about this type of insurance.

The [CFA-Unum survey](#) of benefits recipients was conducted by Mathew Greenwald & Associates in May 2013. The completed sample of 407 benefits recipients was drawn from Unum’s customer base of long term disability beneficiaries. The customer groups Unum covers are largely representative of U.S. employers with regard to industry and number of employees. Additional information about the survey methodology is available in the [full report](#).