

## **Disability: What You Don't Know CAN Hurt You – The Top Five Facts**

The average adult rushes off each weekday morning to work or school, focused on the busy day ahead. No one ever thinks that one day, suddenly, their life will be changed forever by a sudden, unexpected disability.

The U.S. Social Security Administration estimates that one in four of today's 20-year-olds will become disabled before they retire – a probability higher than most realize.

According to the findings of a new study by The State Farm® Center for Women and Financial Services at The American College – the nation's leading authority on economic issues and opportunities for American women – most people lack knowledge about the health risks, consequences and financial preparation needed to face a disability.

“Our research revealed a great need to educate Americans, particularly women, about the high incidence of disability, and the need to better prepare for the financial impact that a disability can have on lives and families, said Mary Quist-Newins, ChFC®, CLU®, CFP®, Director of The State Farm Center for Women and Financial Services at The American College. “For most Americans, their ability to earn an income is their most valuable asset and few have planned for the loss of this ability, putting their financial futures at great risk.”

In conjunction with Disability Insurance Awareness Month and The American College's new study, here are five facts about disability that many Americans may find surprising:

### **Fact 1: Leading Cause of Disability Often Mistaken**

The overwhelming majority of respondents (97 percent) failed to correctly identify arthritis as the leading cause of disability. The largest group of respondents, 30 percent, misidentified “accidents” as the leading cause. In reality,

work-related accidents account for less than 5 percent of disabilities. The remaining 95 percent are caused by chronic illnesses, according to the Council for Disability Awareness.

### **Fact 2: Women's Higher Incidence of Disability Unacknowledged**

The Centers for Disease Control and Prevention have found higher rates of disability reported by females across all age groups when compared to males. Arthritis disproportionately impacts women, leaving them particularly vulnerable to financial hardship stemming from a loss or reduction of income. Women (18 percent) also express more concern about the impact a disability could have on their financial situation versus men (12 percent), according to The American College survey.

### **Fact 3: Financial Consequences of Disability Can be Severe**

Most people are unaware of the earning power that is lost over a lifetime if a disability occurs. For example, someone with an annual income of \$50,000, who works for 40 years, is projected to make more than \$2 million in future earnings. A loss of these earnings can be detrimental for an individual or family's livelihood and future.

These financial consequences may be even more alarming for women. Women (22 percent) are almost twice as likely as men (12 percent) to think their cash reserves would last less than one month if faced with a disability. Unmarried women have an even bleaker outlook.

### **Fact 4: Most Lack Financial Plans to Deal with Disability**

Dealing with a disability could halt savings for retirement, a child's college education, funds for medical care and even basic living expenses. In fact, most survey respondents plan to rely on savings to replace their income (71 percent), although most admit their cash reserves would run out in under six months.

## **Fact 5: Uninformed About Disability Insurance Coverage**

Sixty-one percent of women and almost half of men (46 percent) have never researched disability insurance and less than 10 percent of people have purchased individual disability insurance plans. Almost half of employed individuals obtain disability policies through their employers, but most don't feel knowledgeable about their policies.

Only four in ten Americans are aware that disability insurance payments last for a specified period of time – not for as long as a person is disabled or unable to work – and just 27 percent of people know that employer-provided benefits are typically taxed.

### **Take the next step**

While it's impossible to be prepared for all that life throws at us, it is possible to be proactive and start putting a financial action plan in place for an expected illness or disability that may someday impact you or your family.

To learn more about The College's disability research findings, read this 15-page report [[WomensCenter.TheAmericanCollege.edu/DisabilityStudy](http://WomensCenter.TheAmericanCollege.edu/DisabilityStudy)], authored by Professor Mary Quist-Newins, on The American College's State Farm Center for Women and Financial Services website. In addition, you can view videos discussing these findings and their implications on the college's Wealth Channel [[WomensCenter.TheAmericancollege.edu/NewDisabilityAwarenessStudy](http://WomensCenter.TheAmericancollege.edu/NewDisabilityAwarenessStudy)] or see a visual representation of the key statistics online [[WomensCenter.TheAmericancollege.edu/DisabilityInfographic](http://WomensCenter.TheAmericancollege.edu/DisabilityInfographic)].

*The preceding information has been provided by The State Farm® Center for Women and Financial Services at The American College.*