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NEW REPORT FINDS AMERICANS ARE UNPREPARED TO FACE A DISABILITY, RISKING FINANCIAL FUTURES

- The top five things to know to avoid being at risk -

BRYN MAWR, PA – May 8, 2012 –The majority of Americans lack basic knowledge about the likelihood of a disability and are unprepared to handle this kind of life-changing event. These gaps put families and financial futures in jeopardy, according to a new study released today 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.

The risk of becoming disabled during one's lifetime is higher than most people realize, particularly for women. The U.S. Social Security Administration estimates that one in four of today's 20-year-olds will become disabled before they retire. Data from the Centers for Disease Control and Prevention (CDC) shows that women are increasingly more likely to experience a disabling condition during their working and senior years. The study from The State Farm Center for Women and Financial Services at The American College found a majority of Americans (97 percent) do not know arthritis is the leading cause of disability and few (20 percent) are aware of women's increased risks. In fact, more than 30 percent of survey respondents believe accidents are the leading cause of disability.

“Our research revealed a great need for people, especially women, to be better educated about the risk of disability, and to be better prepared for the potentially devastating impact that a disability can have on their 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 this possibility, putting their financial futures at substantial risk.”

The American College study revealed five important trends about disabilities, their risks and related consequences:

- 1. Leading Cause of Disability – Arthritis – Often Mistaken.** The overwhelming majority of respondents (97 percent) failed to correctly identify arthritis as the leading cause of disability, more frequently citing accidents and work-related injuries instead. In reality, work-related accidents account for less than 5 percent of disability, and the rest are caused by chronic illnesses, according to the Council for Disability Awareness.
- 2. Women Particularly At Risk.** The CDC confirms females across all age groups report higher disability rates than males. As the leading cause of disability, arthritis

- disproportionately* impacts women, leaving them especially vulnerable to financial hardship stemming from a loss or reduction of income. Yet, the study found few are prepared.
3. **Financial Consequences of Disability Can be Severe – Especially for Women.** A person 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 devastating for an individual or family's livelihood. The financial consequences are 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 a month. Unmarried women have an even bleaker outlook.
 4. **Most Lack Financial Plans to Deal with Disability.** Fifty-nine percent of men and 63 percent of women are not concerned about becoming disabled and being unable to work for a year. Most say they would rely on cash reserves if they became disabled. However, nearly three in four (71 percent) respondents from The American College survey say their cash reserves would last less than a year.
 5. **Many Are Uninformed About Their Disability 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. Four in ten Americans are aware that disability insurance payments only last for a specified period of time and just 27 percent of people know that employer-provided benefits are typically taxed.

Surprisingly, The American College found this lack of awareness and planning is even prevalent among those who work with financial professionals. Fewer than half (45 percent) have consulted with advisors about what might happen if they become disabled or about the potential consequences of their spouse's disability (42 percent). Furthermore, fewer women (37 percent) than men (52 percent) have had this discussion with an advisor.

To learn more about The College's disability research findings, read this 15-page report [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] or see a visual representation of the key statistics online [WomensCenter.TheAmericancollege.edu/DisabilityInfographic].

Methodology: This survey was conducted by independent market research firm Mathew Greenwald & Associates on behalf of The American College's State Farm Center for Women and Financial Services. Information was gathered through 15-minute online interviews with a total of 1,600 employed women and 800 employed men ages 25 to 64 with total household income of at least \$35,000. Interviewing took place November 8 to 18, 2011. The data are weighted by age, gender, marital status, presence of children, and education to reflect the total employed population ages 25 to 64 with household income of at least \$35,000. If this study were a random survey of 2,400 employed individuals, it would have a margin of error (at the 95% confidence level) of plus or minus 2 percentage points.

The American College is the nation's largest non-profit educational institution devoted to financial services. Holding the highest level of academic accreditation, The College has served as a valued business partner to banks, brokerage firms, insurance companies and others for over 85 years. The American College's faculty represents some of the financial services industry's foremost thought leaders, including The State Farm Center for Women and Financial Services – the first and only academic institution devoted exclusively to the study of women and financial services. For more information, visit TheAmericanCollege.edu.