



## **Underestimating expenses from a disability**

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You or your family could one day be affected by a disability, as it happens more than people think.



In fact, more than 1 in 4 American 20-year-olds will become disabled before they retire.<sup>1</sup> The U.S. Census Bureau states that 12 percent of the U.S. population is disabled and 50 percent of them are in their working years, from age 18 to 64.<sup>2</sup>



Disability may affect anyone at any time. It's not reserved simply for older individuals or those with physical jobs.

There are certainly factors that increase or decrease one's risk of becoming disabled, such as weight, diet, exercise, chronic conditions, smoking and stress. However, little habits can make a big difference to decrease your risk.<sup>1</sup>

Even with a healthy lifestyle, most people have a 20 percent or higher chance of being disabled for three months or longer.<sup>1</sup>

<sup>1</sup> Social Security Administration, Fact Sheet, Feb. 7, 2013.

<sup>2</sup> U.S. Census Bureau, American Community Survey, 2011.

<sup>1</sup> Council for Disability Awareness. Disability Statistics. July, 2013.

It may be possible to pay for a short-term disability leave from work, but how easy would it be to pay for six months off the job or even a year?

Did you know that nearly 30 percent of Americans have no savings earmarked for emergencies<sup>1</sup> and 70 percent rely on two incomes to make ends meet?<sup>2</sup> Many working Americans live paycheck to paycheck, and when a disability hits, bankruptcy is a real possibility. In fact, medical expenses are the most common cause of bankruptcy in America today.<sup>3</sup>

<sup>1</sup> Financial Security Index: Americans Neutral. Bankrate.com June, 2012.

<sup>2</sup> LIMRA's life insurance consumer studies, 2010 Disability Insurance Awareness Month.

<sup>3</sup> Top 5 Reasons Why People Go Bankrupt. Yahoo Finance. March, 2010.

Most Americans underestimate their risk of disability or just bank on it not happening to them. In reality, the odds are not in anyone's favor, unfortunately.

Last year, the Social Security Administration found that 64 percent of workers believed they had a 2 percent or less chance of being disabled for three

months or more during their working career.<sup>1</sup>

Unfortunately, the actual odds for a worker entering the workforce today and becoming disabled are about 30 percent.<sup>2</sup>



<sup>1,2</sup> CDA Disability Divide proprietary research March 2010.

"We'll find a way to pay for it."  
You may tell yourself this, but  
of working Americans 65 percent  
say they could not cover normal  
living expenses for even a year if  
their employment income was  
lost.<sup>1</sup> It happens all the time.

So with all the things you pay for, how hard would it  
be if you were missing a paycheck? If you or your  
spouse become disabled, would you have to take  
the money out of your retirement to help pay bills?  
For some this could be a problem, as one-third of  
Americans do not have retirement savings.<sup>2</sup>

<sup>1</sup> CDA Disability Divide proprietary research March 2010.

<sup>2</sup> Social Security Administration, Fact Sheet, March 18, 2011.

Think about this. If your  
paycheck was delayed just one  
week, how would that affect  
your bills? What about two  
weeks?



Now think about how long you or your spouse  
may be out of work with a disability. It could be  
three months, six months, a year or longer. The  
average amount of time off for most long-term  
disability claims is 31.2 months or approximately  
two years and seven months!<sup>1</sup>

<sup>1</sup> 2010 Gen Re Disability Fact Book.



You may think that Social Security Disability Insurance (SSDI) or workers' compensation will cover your disability, but that is not a certainty.

Not only are a number of claims filed for SSDI denied (65 percent in 2012<sup>1</sup>), but the monthly benefit may also be inadequate. The average monthly benefit paid by SSDI at the end of 2012 was only \$1,130 a month.<sup>2</sup>

Not to mention, 5 percent of disabling accidents and illnesses are work related, and the other 95 percent are not, which means worker's compensation won't cover it.<sup>3</sup>

<sup>1</sup> Social Security Administration, Disabled Worker Beneficiary Statistics, December 2012, [ssa.gov](http://ssa.gov).

<sup>2</sup> Social Security Administration, Disabled Worker Beneficiary Statistics, December 2012, [ssa.gov](http://ssa.gov).

<sup>3</sup> Council for Disability Awareness, Long-Term Disability Claims Review, 2012.





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