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## **METLIFE STUDY FINDS LESS THAN HALF OF AMERICANS OUT OF WORK BECAUSE OF A DISABILITY HAD INCOME PROTECTION IN PLACE**

### **Andrés M. Romero, ChFC, CFP® Offers Free Information and Tips on Determining Disability Protection Needs**

**Atlanta, GA, 5/27/2010** – Three in five individuals who have been out of work for at least six months because of a disability did not have disability income protection, according to findings from the *MetLife Study of the Emotional and Financial Impact of Disability*. Among those who did have coverage, only about one-third of their income, on average, was protected. This is likely insufficient to meet their needs since financial recovery among survey participants was slow -- only 17% of those whose disability occurred at least a year ago felt that they had completely recovered financially.

“Most Americans have not protected one of their most valuable assets, their ability to earn an income. Disability income protection can replace a portion of lost income, helping to ensure that day-to-day living expenses are covered and that long-term financial goals can be addressed,” says Andrés M. Romero, ChFC, CFP® at Madison Financial Group in Atlanta, GA.

#### **Inadequacy of Coverage Can Take Emotional and Financial Toll**

While experiencing a disabling illness or injury negatively impacted the emotional and financial well-being of all study participants, having some income protection in place helped reduce the severity of these effects. Having adequate coverage, however, made the most significant difference.

#### Emotional Impacts:

- 90% of study participants who said they had inadequate coverage felt that the disability had a major or devastating effect on their emotional lives, compared to 63% of those who felt their coverage was at least somewhat adequate.
- 54% of those with inadequate coverage felt that their disability had a major or devastating impact on their relationships, compared to 37% of those whose coverage was felt to be at least somewhat adequate.

## Financial Impacts:

- 88% of those with inadequate coverage said the disability had a major or devastating impact on their feelings of financial security, compared to 61% of those who felt that their coverage was at least somewhat adequate.
- 62% of those with inadequate coverage said they are currently living paycheck-to-paycheck, compared to 37% of those whose coverage was at least somewhat adequate.

To help individuals make an informed decision, Andrés M. Romero, ChFC, CFP® suggests considering the following:

- If your employer provides a group disability plan, determine the percentage of income it covers, what the waiting period is before benefits begin and the length of time that you'd be covered.
- Look to replace 60 to 75 percent of your total taxable earnings. Many people – especially high-wage earners – will need an individual policy to maximize their income replacement percentage.
- Is the amount of coverage provided by your employer enough for your situation? If you don't have coverage through work or are not able to obtain enough, you should consider purchasing an individual disability income policy.
- If your group long-term disability plan is employer-paid, then 100% of the benefit will generally be taxable. Individual coverage is typically paid for with after-tax dollars, so these benefits are generally income tax-free.
- Most disability policies have a waiting period before benefits are paid. When purchasing an individual policy, the length of your waiting period should be determined by asking yourself, "How long can I go without a paycheck?" The longer the waiting period, the lower the premium.
- Be sure to understand the maximum duration that benefits will be paid. The most frequently offered benefit periods are two years, five years and to age 65.

For additional disability protection resources, visit the MetLife Disability Insurance Calculator at [www.metlifeeasier.com/disabilitycalculator](http://www.metlifeeasier.com/disabilitycalculator) and read MetLife's Disability Income Life Advice® brochure at [www.lifeadvice.com](http://www.lifeadvice.com). For more information on disability and its financial consequences, visit the Council for Disability Awareness Web site at [www.disabilitycanhappen.org](http://www.disabilitycanhappen.org).

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