



MetLife

“Everything Changed in the Blink of an Eye.”
Putting a Face on the Emotional and Financial
Impact of Disability

Steps Employers Can Take to Make a Difference

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Research Methodology

In March 2010, the *MetLife Study of the Emotional and Financial Impact of Disability* was conducted by the independent research firm Zeldis Research. Through online interviews, they surveyed 300 people, aged 25 to 55, who had experienced a non-workers' compensation/non-pregnancy disability that prevented them from working for six months or more but who have since returned to work. The disability they experienced occurred in the past 10 years. In addition, focus group sessions were conducted with people with similar profiles as above. One group had disability income protection at the time of their disability and the other did not.

Executive Summary

Most people acknowledge the need to be prepared and protected against unexpected life challenges such as serious illness, unemployment or death. Yet despite this recognition many are ill-equipped to sustain their lifestyle while unable to work due to a disability. Disability income protection is a core component of any risk protection plan — yet many employees do not avail themselves of the opportunity to acquire appropriate coverage when it is offered through the workplace. The consequences of either not having disability protection or not having adequate income replacement coverage can be severe.

MetLife research indicates that disability has a significant and long-lasting emotional and financial impact; eight out of ten survey respondents said that their disability had a devastating or major effect on their financial security, and three-fourths noted a similar impact on their lifestyles and emotional well-being. Focus group respondents provided testimonials of lives thrown off course and sometimes changed forever by the consequences of an illness or accident that prevented them from earning a living. These emotional accounts put a face on the impact of disability and vividly illustrate the need for disability coverage in a way that statistics sometimes do not, especially when the financial setbacks last long after a return to work, as they did for many respondents.

The research also showed how having disability income protection — especially if coverage is considered adequate — serves to mitigate some of the worst of the emotional and financial consequences of the illness or injury. Yet despite their experiences, and the realization that their coverage wasn't adequate, few respondents purchased additional coverage after their disability, and of those who had no coverage at the time of their disability, none had subsequently obtained it. A sense of invincibility and concerns about potential costs were most often cited as the reasons for inaction.

Employers stand to benefit when they have a protected workforce — the study showed that disability income coverage is associated with advantages for employee retention and productivity. With nine out of ten employees obtaining their disability protection through the workplace, employers are uniquely positioned to take a leadership role. They can make a difference in the lives of their employees by offering appropriate disability protection and by educating and motivating employees to take action.

The study highlights five tactical steps — involving communication, education and attention to disability support and service — that employers can take to help their workforce obtain the protection they need. At the same time employers may realize the benefits of a healthier and more productive workforce that is key to business success.

“Everything Changed in the Blink of an Eye.” Putting a Face on the Emotional and Financial Impact of Disability.

“That day in July, driving to the beach we got sideswiped on the highway and went head-on into another car... The car was totaled. My neck and back were destroyed. I was out of work for one and a half years and still continue treatment. ... Before that horrible day I was planning a wedding, had a wonderful paying job, money in the bank...I thought life was wonderful and always had a smile on my face. The accident changed my life forever. It has been an emotional downfall. My relationship could not survive and I had to give up my favorite things like tennis, running and going to the gym... I went through a lot of my savings. It was beyond scary being out of work for so long... I constantly worried that things would get worse medically and financially. I am doing much better now but I am no longer the same. I just never thought this could happen to me.”¹

For benefits professionals, the impacts of disability are usually expressed in the impersonal terminology of claims incidence and absence data. But for anyone who finds themselves suddenly unable to work because of a disability, the impact is often a highly personal, emotional and financial ordeal — like the one described above. Disability statistics alone do not reveal the human cost of lives interrupted and thrown off course by a disability — whether due to an accident or a cancer diagnosis. The person in the above account was actually luckier than many, as she had disability coverage that helped her cope and get back to work as soon as her recovery would allow. Yet, despite the potentially devastating personal and economic consequences of an injury or serious illness, many employees do not have disability income protection² and many who have some protection may not have enough coverage to see them through the duration of their work absence. Why don't more employees prepare themselves for adversity with adequate disability coverage, especially when it is available through their workplace?

In 2010 MetLife conducted focus group and survey research among people, aged 25 to 55, who had experienced a non-workers' compensation/non-pregnancy disability that prevented them from working for six months or more, but who have since returned to work. The objective was to study the emotional and financial effects of disability from an employee perspective, and explore the connection with disability coverage. The results not only provide surprising new insights into the consequences of employee disability experiences, but also identify several key steps that employers might take to help employees be better prepared and protected against the harmful impacts of disability. In addition the study highlights the business benefits for doing so — potentially improved employee retention and productivity.

The Business Benefits of Having a Protected Workforce

Employers know that, as the economy begins to turn around, a productive and stable workforce is critical for growth, and the MetLife research highlights the fact that employers who educate and motivate employees to obtain effective disability protection could see very positive outcomes for productivity and retention in return.

Disability income protection positively impacts return to work

The survey revealed that employees with disability coverage are twice as likely to stay with the same employer in the same job function after a disability — a key advantage given that only one in three of employees surveyed were able to return to the same company and job after their absence. In addition, on average, survey respondents with disability coverage returned to work three months earlier than those with no coverage. This may mean savings for employers who provide disability protection, and may be a testament to the advantages of having disability case managers and vocational specialists facilitating the return to work.

The study also shows that employer-provided disability protection can positively impact employee perceptions of their employer — 65% reported that they felt better about their employer after receiving coverage. Providing access to disability protection can help drive employee loyalty (and by association, retention) more than many employers recognize,³ and offers an opportunity for employers to realize additional return on their benefits investment.

Unprepared for Disability: “I Never Thought It Could Happen to Me”

The MetLife study reveals that, not surprisingly, most employees were remarkably unprepared for disability — they had no expectation of what it would be like to endure a disabling illness or accident, or an appreciation of the resulting far-reaching consequences on their lives. This was reflected in the fact that, at the time of their disability, six out of ten respondents had no disability coverage. And for those who did have coverage, nearly half (47%) had less than 25% of their income protected.

Even though they were now back at work, many focus group respondents still seemed to be in shock at how unexpectedly and drastically their lives had been affected by their disability. Overwhelmingly they reported that their lives seemed to change in the blink of an eye. Few believed that something like this could ever happen to them.

“In a matter of seconds, literally seconds, the whole world changed. My life changed entirely.”

Those that had disability income protection had signed up with little thought about the decision, or how much coverage they might need, simply because their employer offered it. If their employer did not offer this benefit they did not give much thought to the potential need.

“I was one of those people who said nothing bad could ever happen to me, but it [disability coverage] was always offered so I took it. They took it out of my check and I never looked at it or thought anything about it.”

The Devastating Emotional Impact of Disability

75% or more of survey respondents said their accident or illness had devastating or major effects on their lifestyles, as well as on their confidence and their emotional well-being. Respondents described how their disability was socially and physically limiting and that they were unable to do many of the things that previously gave them pleasure such as sports and exercise. Respondents without disability coverage were among those most impacted.

DISABILITY COVERAGE HELPS MITIGATE THE SOCIAL AND EMOTIONAL IMPACT OF DISABILITY

	EMPLOYEES WITH DISABILITY PROTECTION	EMPLOYEES WITHOUT DISABILITY PROTECTION
REDUCED SOCIALIZING	73%	82%
STRAIN ON A RELATIONSHIP	52%	71%
END OF A RELATIONSHIP	13%	31%
FEELINGS OF DEPRESSION AND ANXIETY	66%	77%

Dealing with dependence on others

Dependence on others was a major adjustment for 33% of the participants — especially for those who were used to being a caregiver. Focus group respondents described how hard it was to rely on people for help with day-to-day tasks, such as getting dressed, using the bathroom or shopping. Many experienced a sense of uselessness. They felt they were a burden on friends and families — especially as they could no longer manage their usual domestic responsibilities or contribute to the household. More than half (52%) of those surveyed reported that these dependencies took a toll on their relationships; 24% attributed the end of a significant relationship directly to their disability. Pain and isolation made it hard to maintain social relationships and support from friends tended to wane over time.

“My husband had to take over a lot of my household chores and grocery shopping on top of his full-time job.”

“People don’t want to be around you. Misery does not love company.”

Disability is associated with psychological problems but few get help

Lifestyle restrictions, often compounded by pain, resulted in a range of negative emotions. Nearly all participants experienced anxiety, stress and fear about their situation. The unknowns, such as whether they would ever get better were “crushing.” Isolation at home often led to feelings of loneliness. For some the dramatic change in lifestyle resulted in anger and frustration. A common question was “why did this have to happen to me?” Others felt the need to blame someone or themselves for causing their situation — for example a stressful job or not taking proper care of their health.

It is not surprising that 73% experienced episodes of depression. Yet only 40% received psychological help for their problems. Most did not seek it, believing it would not help or would be too costly. In some cases this may have contributed to a more extended absence and is an example of where effective integrated claims management or an Employee Assistance Program (EAP) offered at the workplace can help make a difference.

Women were more likely to say that the disability had a devastating effect on their emotional well-being compared with men. (86% compared with 71% of men.) Women were also less likely to have disability coverage.

The Financial Effects of Disability

As difficult as it was dealing with the disability itself and the associated emotional effects, the study found that for more than half of the respondents (57%), the biggest adjustment was adapting to their changed financial situations — particularly when it came to living with a reduced income.

RESPONDENTS SAID THE BIGGEST ADJUSTMENT MADE AS A RESULT OF THEIR DISABILITY WAS FINANCIAL

FINANCIAL ADJUSTMENT	57%
REDUCED ABILITY/DEPENDENCE	33%
DISABILITY ITSELF	11%

Having adequate coverage makes a difference

Being out of work due to an accident or illness was a major financial burden for all respondents — overall 80% said that their disability had a devastating or major effect on their financial security. While those with disability protection also faced some level of financial difficulty, they reported being in a better position than people with no coverage. But what made the most difference was not simply having coverage but rather having *adequate* coverage. Those who thought that their benefits were at least somewhat adequate were likely to have replaced at least 50% of their income.

ADEQUATE DISABILITY COVERAGE MITIGATED THE EFFECTS OF DISABILITY ON FINANCIAL SECURITY

	RESPONDENTS WHO SAID THEY HAD INADEQUATE DISABILITY COVERAGE	RESPONDENTS WHO SAID THEY HAD ADEQUATE DISABILITY COVERAGE
DISABILITY HAD A DEVASTATING OR MAJOR IMPACT ON FEELINGS OF FINANCIAL SECURITY	88%	61%

Financial recovery is slow, but having disability coverage can help speed it up

Not only are the financial effects of the disability often devastating, they are also long-term. This is not surprising given how few respondents had disability coverage. Recovery is slow to the point that only two in ten had completely recovered from the financial impact of their disability after five years or longer. A year after a disability incidence, personal incomes were nearly half what they were the year before. However, having disability coverage had a direct association with a quicker financial recovery. Whereas only 17% of survey participants whose disability occurred at least a year ago said that they had recovered completely, this number increases to 40% among those who felt their disability coverage was adequate.

Disability income protection made a significant difference on the ability to withstand and recover from the financial consequences of disability. Those with disability coverage were more than twice as likely to have made a complete financial recovery (26% vs.11%).

Lifestyle changes due to disability

With less money coming in, and at the same time facing increased medical expenses, two-thirds (66%) of participants were forced to become more frugal and eliminate discretionary spending. 62% had to withdraw from savings or retirement funds in order to get by. Coping with reduced income often meant making major lifestyle sacrifices such as giving up their home and moving in with relatives — 8% were even forced to sell their homes or declare bankruptcy. Nearly half (49%) turned to family and friends to borrow money, sometimes causing financial hardship for those relatives who helped them. Not surprisingly there was a negative impact on credit scores for nearly half (43%) of the respondents.

Overall, feelings of financial security fell; 45% of respondents felt financially secure before the disability, compared with only 8% the year after. The percentage had only improved to 17% at the time of the survey. And of course the anxiety about money added to the emotional effects already noted.

“I went from having my own apartment to having to go back and live with my family. I lost where I lived because I couldn’t afford to stay there.”

HAVING ADEQUATE COVERAGE CAN REDUCE THE EFFECTS OF DISABILITY ON LIFESTYLE

	THOSE WHO FELT COVERAGE WAS INADEQUATE	THOSE WHO FELT COVERAGE WAS SOMEWHAT ADEQUATE
WITHDREW MONEY FROM SAVINGS, INVESTMENTS OR RETIREMENT ACCOUNTS	77%	51%
BORROWED MONEY FROM FRIENDS AND FAMILY	50%	24%
CURRENTLY LIVING PAYCHECK TO PAYCHECK	62%	37%

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"It destroyed my family, we lost our home, car and my credit was devastated."

Return to Work Challenges

Problems did not end with eventual return to work. Six out of ten employees surveyed reported that their return to employment was challenging. While half of the participants welcomed the sense of “rejoining society” and the prospect of feeling useful and productive again, only one in three (34%) felt welcomed back. Some found that piles of work had accumulated during their absence and struggled to get up to speed. Most were dissatisfied with the support offered at their workplace, either by their employer or their colleagues. Some needed adjustments in the workplace because of limitations that affected their performance. Yet only 18% reported that their employer provided special accommodations for them.

Return to work was less challenging for those with disability coverage

It is important for employers to note that a positive return to work experience was more likely for those participants with disability protection, perhaps reflecting the advantage of a coordinated return to work program supported by the employee’s physician, disability carrier and the employer.

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Returning to work was less challenging for those with disability income protection; 64% of those without coverage found it challenging compared with 52% with coverage.
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“I needed a special chair and they were unwilling to pay for it. They said if you want to pay for your own chair be our guest.”
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Lessons Learned by Employees From Their Disability Experience

Disability income coverage is a key part of risk protection planning

Most came away from the experience acknowledging that it is necessary to be mindful of uncertainty and to plan for the unexpected. They recognized that along with having a savings cushion for emergencies and health benefits, disability coverage needed to be an integral part of their risk protection plan. Employees surveyed were especially likely to recognize the value of coverage if they had benefits at the time of their disability — 81% of those with disability protection appreciated how it helped them cope.

“If insurance is offered be wise and take it. You never know if or when you will ever need it, but it could mean the difference between surviving through a disability financially or not!”

Having the right amount of coverage is vital

The importance of adequate coverage levels was also a lesson learned. The study showed that the average disability payment per month was \$1,400 and coverage replaced a mean of only 34% of total income lost. Yet nearly half (47%) of those with coverage had less than 25% of their income replaced by disability benefits. 44% of the insured participants recognized that they did not have sufficient income replacement during their time out of work. Having some disability coverage provided a helpful measure of basic security — but not enough. Despite this hard won awareness, only 11% have since added more coverage.

Uninsured participants generally regretted their decision not to take the coverage when their employer offered it. Astonishingly, despite this wake-up call, none of the uninsured focus group respondents have subsequently purchased disability protection, and only 11% of the uninsured survey participants did so.

“I wish I had purchased it [disability coverage] then. It would have made my life easier.”

Why Employees Do Not Take Advantage of Income Protection Solutions— Especially When They Have Seen Firsthand the Cost of Disability

The most common reasons why employees surveyed say they did not purchase disability protection — both before and after the disability — are that they could not afford it, or they were unlikely ever to need it and would be therefore wasting money. Those who did not purchase prior to their disability because they felt invulnerable justified the same decision after the disability with a belief that “lightning would not strike twice.” When people feel invincible, it appears that they are willing to gamble with the odds to save money.

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“I was young, I was in great shape, I thought I was invincible.”
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In hindsight, 93% of the surveyed employees agreed that disability income protection is an important workplace benefit. However, only 56% said they were likely to purchase if it were available through payroll deductions!
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Steps Employers Can Take to Make a Difference

Clearly, there is considerable opportunity for employers to provide more effective information and guidance in order to help employees appreciate and understand the value of disability protection. Significantly, nine out of ten participants with disability coverage obtained it through their employer, making the workplace an extremely important venue for creating a meaningful difference in disability preparedness.

The study identified five steps employers can consider to help their employees be better protected against the effects of disability and, as a result, be more productive for the company.

Step 1: Counter the cost barrier

71% of employees cited affordability as the reason for not having disability coverage. Perhaps they perceive it as more costly than it actually is? In fact the average annual premium per covered employee is \$241 for long-term disability (LTD) coverage and \$207 for short-term disability (STD) coverage.⁴ Employers can help overcome purchase inertia by the following actions:

- Put the relatively small outlay for disability income protection into perspective by comparing it with the potential costs of NOT having disability coverage. Create communications that vividly illustrate the possible emotional and financial consequences of being unprepared, using messaging that demonstrates the potential personal impact of a disability rather than simply the risks of experiencing one. This may prove more effective at countering “head in the sand” attitudes.
- Offer buy-up disability income options and stress the advantage of group rates as well as the ease and convenience of payroll deduction.
- Bear in mind that an affordable voluntary disability plan may be a good option if the company budget does not stretch to an employer-paid disability benefit.
- Consider employee costs as well as the cost to the employer when choosing a carrier to ensure premiums are as reasonable as possible for employees.

Step 2: Simplify and demystify with education and tools

Disability can be an unpleasant subject to contemplate and disability coverage may be somewhat confusing to understand, so it is relatively easy to put aside or ignore the purchase decision. Most survey participants admitted to paying little attention to their employer benefits offering, and few engaged in a serious evaluation of their coverage needs.

Even those employees who have coverage may be underinsured and unaware of it. Many assume that the basic level of coverage provided by their employer, if any, is adequate for their personal situation. The 8th Annual *MetLife Study of Employee Benefits Trends* found that 74% of employees who had disability coverage levels of 50% or less believed it was adequate. Yet in many situations, half of a paycheck would not suffice to make ends meet.

Effective education and communication can help employees see that disability coverage is a relatively easy and painless way to enjoy protection and peace of mind. Demystifying disability benefits will mean that employees understand how they work, why they need them and how much coverage is enough.

- Communications to employees about disability coverage cry out for plain-language treatment. Make sure that terms are defined. And do it every time.
- Helpful comparison charts should not sink under the weight of confusing abbreviations.
- Simple disability calculators can illustrate the right amount of coverage one may need to feel confident.

Step 3: Check for a compassionate and efficient service experience

The service experience with the disability carrier is very important. A positive experience makes the employer look good. A negative service experience reflects poorly on the employer. It can leave the employee feeling that the company is trying to deny benefits that he or she has paid for and it sets up the potential for an adversarial relationship.

Employers should investigate the quality of their carrier's service because employees may experience serious frustrations if it is not satisfactory. Several focus group respondents said they found the process complex and confusing, and characterized their disability carrier interactions as rude and unhelpful. This may have increased anxiety and perhaps created delays that exacerbated their financial problems.

There was general agreement among respondents that it would be beneficial to have access to a dedicated case manager — someone who knew and understood their situation and who could help them do everything possible to overcome any return to work obstacles — such as untreated depression.

Surveys show that cost is often the most important criteria when selecting a carrier. But in order to get the best return on investment — and productive employees back to work as soon as appropriate — pay close attention to the quality of the carrier's claims model abilities and their claims management experience.

Step 4: Create a “return to work culture” at the workplace

Respondents often had a negative impression of company efforts to help them reintegrate into the workforce and accommodate any ongoing physical or emotional limitations. Make a difference with careful planning and management of the return to work process. Facilitate a supportive return to work culture that starts at the top and permeates throughout the entire organization. Tips for creating a return to work culture include:

- Make people feel welcomed back. Set up a meeting within a few days of their return. Provide information on any new initiatives or procedures.
- Ensure that the employee's work is taken care of in his or her absence to avoid an overwhelming backlog on return. This includes making sure that e-mails are being answered.
- Work with a carrier that provides vocational rehabilitation specialists who can help the company make necessary accommodations or set up a graduated return schedule. This helps employees feel motivated to return at the earliest appropriate opportunity.
- Do not tolerate negative attitudes from colleagues who resent extra workload during the disability period. Do ensure that those extra efforts are recognized.
- Recognize that disability may have an emotional toll and remind employees of Employee Assistance Programs (EAP) services and other resources that may help their adjustment.

Step 5: Wellness at work

Health *insurance* is not health *assurance* and to that end disease management and wellness programs are increasingly popular ways to help employees stay healthy and working. A healthier workforce is likely to have fewer medical and disability costs.

The number of employers offering wellness and disease management programs is growing, but many employers still miss out on the opportunity to provide these services to their employees. More than one-third of larger employers (those with 500 or more employees) still do not have a wellness program in place and about two-thirds say they do not have a disease management program, according to MetLife's 8th Annual Employee Benefits Trends Study.

There is mounting evidence that disease management programs are effective at improving the quality of care for people with chronic health conditions such as diabetes, heart disease and arthritis that can lead to a long-term disability absence. Wellness programs can also have a positive impact for keeping employees productive — half of employers (48%) who offer wellness programs believe they are very effective at improving employee productivity.⁵

- Carriers often provide a disease management service at little or no cost, and the coordinated work of experts including physicians, nurses, nutritionists and HR professionals can ease the path of a disease and motivate employees to actively manage their conditions.
- Wellness programs for weight loss, encouraging regular checkups, increasing exercise and improving diet and nutrition enjoy the highest success rates.⁶
- Consider a disability carrier that not only recognizes this, but also has a coordinated program in place to help align claimants to health and wellness resources that are available through the employer.

Conclusion

Employees are vulnerable to the life-changing effects of an illness or accident that causes them to be out of work for long periods. Most people do not have the emotional and economic resources to sustain themselves and their families in case of such an event without adequate disability coverage to replace their income and support them in their efforts to return to their job. Employers are uniquely positioned to make affordable and appropriate protection available, and have the opportunity to make a significant difference by taking steps to motivate and encourage workers to take action. The payoff may be profound in terms of improved retention, productivity, cost control and the satisfaction of doing the right thing!

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“Make sure you have [disability] insurance through your job or buy it on your own. I did and it saved my life.” ⁷
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Endnotes

¹ MetLife research focus group, New York City, March 2010.

² Insurance benefits: Access, participation and take-up rates. Table 16. Insurance benefits: access, participation and take-up rates,¹ private industry workers, National Compensation Survey, March 2009, Bureau of Labor Statistics.

³ 8th Annual MetLife Study of Employee Benefits Trends, MetLife, 2010.

⁴ JHA U.S. Group Disability Market Survey 2009.

⁵ 8th Annual MetLife Study of Employee Benefits Trends, MetLife, 2010.

⁶ 8th Annual MetLife Study of Employee Benefits Trends, MetLife, 2010.

⁷ MetLife research focus group, New York City, March 2010.

The information in this update is not intended to constitute legal advice and should not be relied upon in lieu of consultation with appropriate legal advisors in your own jurisdiction.

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