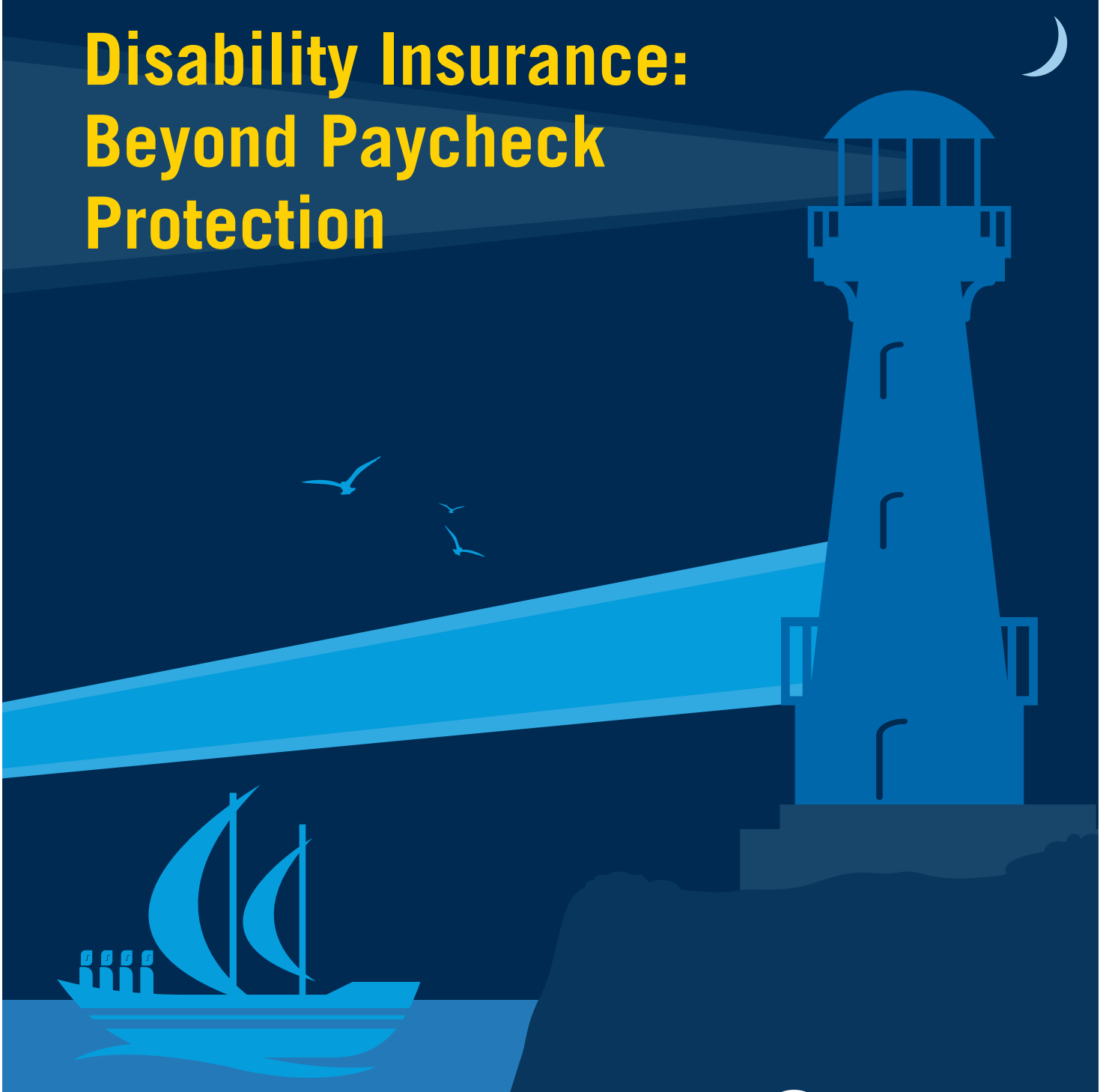


Eighth Annual

Study of Employee Benefits Today & Beyond

# Disability Insurance: Beyond Paycheck Protection



The Prudential Insurance Company of America (Prudential)  
751 Broad Street, Newark, NJ  
0255594-00001-00



**Prudential**  
Bring Your Challenges®

**33%**

of employees do not have any disability insurance.

## There is an employee disconnect when it comes to disability insurance.

According to our research, employees realize they need to protect their income against a disabling illness or injury. Seventy-two percent of employees say making ends meet was very important and 56% say having financial security in the event a wage earner could no longer work due to a disability or illness was also very important. But many employees are not adequately prepared to protect themselves. Only 38% of employees say their ability to pay for health care costs was “very good.” And 28% of employees say their ability to replace earnings due to being out of work as a result of a disability for six months or more was “very good.”

So, what are employees doing to help cover those costs? Sixty-seven percent of employees say they own some type of disability insurance, whether it be short term or long term, individual, or group coverage. This leaves one-third of employees without any income protection and demonstrates the need for more benefits education on how disability insurance helps improve financial wellness.

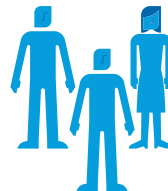
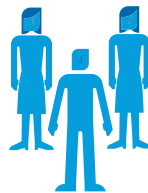
### Importance of financial matters: Percent reporting very important<sup>1</sup>

**72%**

Making ends meet  
(paying mortgage, utility  
bills, groceries, etc.)

**56%**

Financial security if a  
wage earner can no  
longer work due to a  
disability or serious  
illness



### Financial ability: Percent reporting very good<sup>2</sup>

**38%**

Pay for health care costs  
to cover wellness and  
preventative maintenance,  
chronic conditions, and  
critical illness

**28%**

Replace earnings  
if had to go on  
disability for 6  
months or more

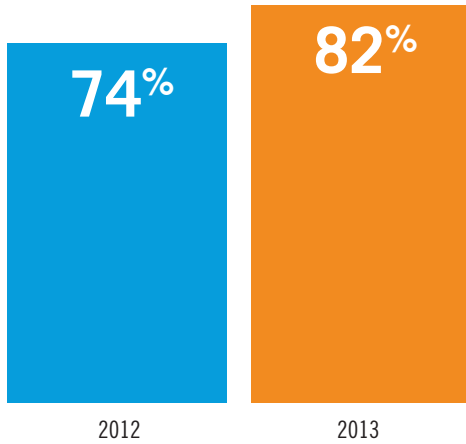
<sup>1</sup> Rated 6 or 7 on a 7-point scale.

<sup>2</sup> Rated 8, 9, or 10 on a 10-point scale.

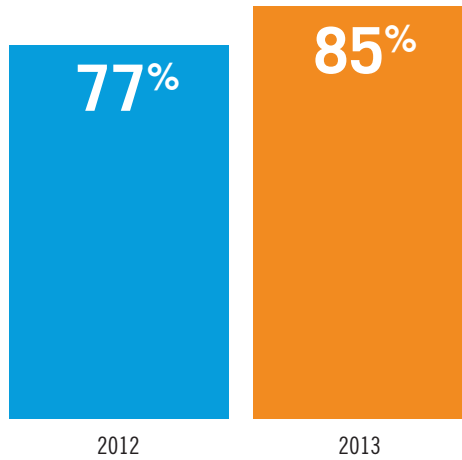
## The number of employers offering disability insurance is growing.

Employers are doing their part to help their employees when it comes to protecting their paychecks. More companies report offering both long-term disability and short-term disability insurance than they have in previous years.

### Employers offering long-term disability insurance



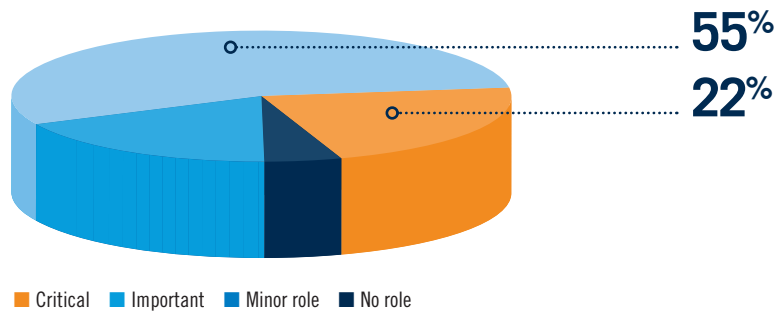
### Employers offering short-term disability insurance



## Employers who offer disability plans use these plans to improve productivity and reduce costs.

Keeping employees healthy and at work, or returning employees to work as quickly and safely as possible, has become a bigger imperative for employers as they attempt to keep costs down and manage productivity more effectively. Employers say they use their disability programs more and more to achieve these goals. Overall, employers see the role of the carrier to be important (77%) when bringing employees back to work from a disability, with 22% saying that the carrier is “critical” and 55% saying “important.”

### Role of carrier in returning employees back to work from a disability



The number of employers providing return-to-work accommodations has increased, with 31% reporting they are adopting these programs (up from 23% in 2012). Those employers saying they have achieved success with their desired cost savings related to return-to-work programs increased to 45% from 36%. The reported effectiveness of these programs also increased from last year to 62%, up from 43%.

### Providing accommodations to assist employees in returning to work following a leave of absence, serious illness, or disability

#### Adopting and implementing



#### Post implementation



#### Successful in achieving desired cost savings



#### Effectiveness of programs

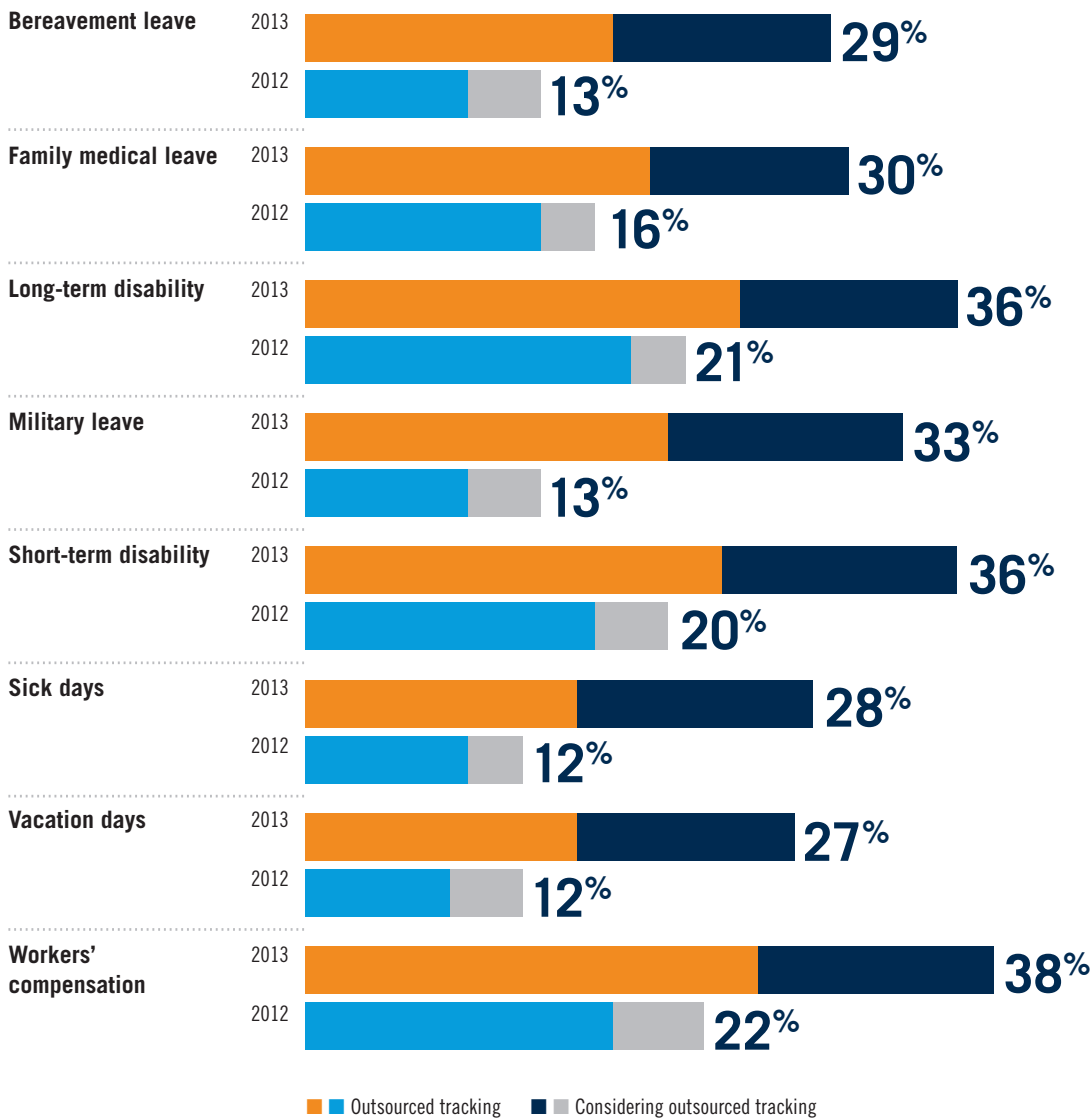


**55%**

of employers say that carriers play an important role in returning employees to work.

Eighty-nine percent of employers say their companies are tracking absences as a way to manage workforce productivity to some extent, with 53% saying they are doing this a “great deal.” Of this same group, 60% say their absence tracking system has been “very effective” in helping to improve the productivity of their workforce. More companies are looking outside for assistance with tracking absences. The findings show that, compared with last year, more employers are either currently outsourcing their absence tracking or are now considering outsourcing. Sixty-seven percent of those who currently outsource are seeing value and achieving benefits from this approach.

**More employers are outsourcing or considering outsourcing absence tracking.**



## Years later, many employers still don't fully understand the Americans with Disabilities (ADA) act.

The ADA was originally signed into law in 1990 and was intended to extend equal opportunity protection to individuals with disabilities. In addition to mandating public accessibility, the law prohibits discrimination based on disability in all employment and personnel practices. More recently, Congress passed the ADA Amendments Act of 2008 (ADAAA), which broadened the definition of disability to protect more individuals from discrimination.

Only 23% of employers say they are “very familiar” with the ADAAA and 48% say they are “somewhat familiar.” Not surprisingly, most employers report they are not making many changes to managing their disability programs in response to the regulations.

### Familiarity with the final regulations of the ADAAA

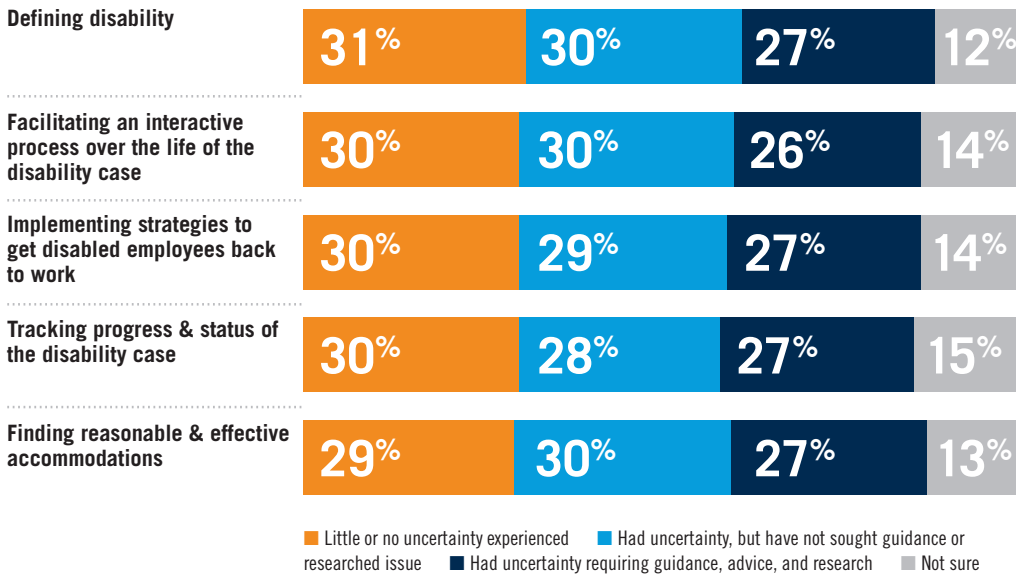


### Effect of ADAAA on organization's disability management



According to our study, we found that when a company has uncertainty or needs guidance in one area of ADAAA administration, such as clearly defining disability, it also has uncertainty or needs guidance in other related areas. Fifty-seven percent of companies surveyed had some level of uncertainty around ADAAA administration. Of those who had some uncertainty, 30% did not seek guidance or research the topic. Interestingly, companies in the 500–999 and 1,000–1,999 ranges were more likely to have uncertainty on the topic of “defining disability” than did smaller companies. Companies with 500–999 employees were more likely to have uncertainty by at least 15 percentage points. The next largest group (1,000–1,999 employees) were more likely to have uncertainty by at least 10 percentage points.

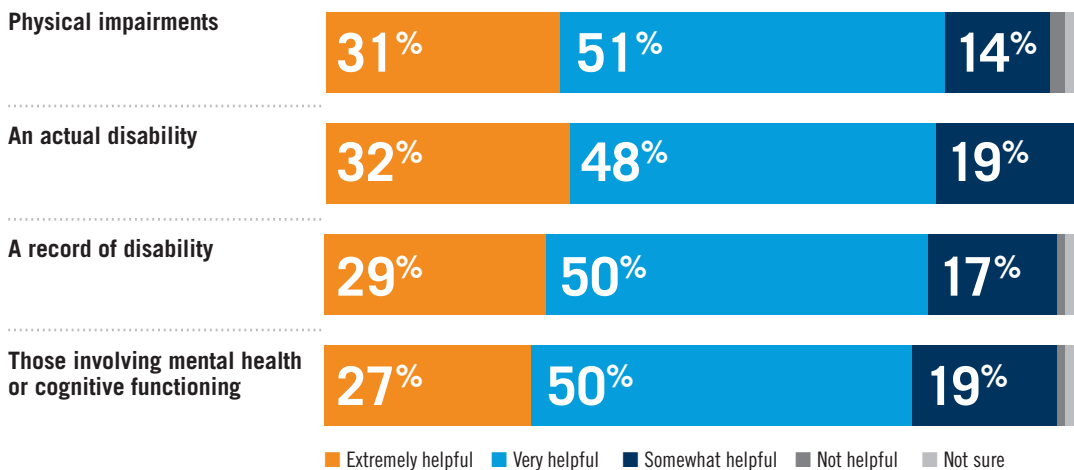
## Areas of ADA administration—level of uncertainty and guidance sought



## Employers look to carriers for help as they navigate the ADA and get employees back to work.

Forty percent of employers prefer to look to their carrier for help with defining disabilities, followed by legal counsel (external 35% and internal 32%) and benefits consultants/brokers (31%). Employers also find it helpful to receive advice from their carrier on various definitions of disability, including physical impairment, an actual disability, a record of a disability, and those involving mental health or cognitive functioning.

### Employers expect carriers to be helpful most of the time.



**40%**  
of employers prefer to look to their carrier for help with defining disabilities.

# Methodology

The *Eighth Annual Study of Employee Benefits: Today & Beyond* was fielded via the Internet during August and September 2013\* and consists of three distinct surveys: one among employers, another among employees, and the third among group employee benefits brokers and consultants. The year's study was conducted for Prudential by MRops in conjunction with Oxygen Research.

## Overview of Employer Survey

Employer results are based on a national survey of 1,000 employee benefits decision makers. Respondents included business executives, business owners, human resources professionals, and financial management professionals. The survey sample covers all industries, including government, and is nationally representative of all U.S. businesses with at least 25 full-time, benefits-eligible employees.

Data shown in this report is weighted to reflect the actual proportion of U.S. businesses by company size, industry, and region based on data from the U.S. Census Bureau. The margin of error is +/- 3.0% at the 95% confidence level.

## Overview of Employee Survey

Employee results are based on surveys conducted among 1,000 employees, ages 22 or older, who work full-time for a company with at least 25 employees. The survey of employees was conducted during the same time period as the plan sponsor and broker surveys.

The survey sample is nationally representative of all U.S. workers at companies with at least 25 full-time employees. Data shown in this report is weighted to reflect the actual proportion of U.S. workers by gender, region, race and ethnicity, education level, household income, and age based on data from the Bureau of Labor Statistics and the U.S. Census Bureau. The margin of error is +/- 3.0% at the 95% confidence level.

## Overview of Broker Survey

Broker/consultant results are based on surveys conducted among 318 insurance professionals. Additionally, 38 Prudential brokers also participated. Screening criteria ensured that these professionals spend a large portion of their time selling and servicing plan sponsors. The margin of error is +/- 4.0% at the 95% confidence level.

\*The surveys were fielded from August 8 through September 13, 2013.



## About Prudential Group Insurance

Since 1916, Prudential Group Insurance, a division of Prudential Financial, Inc., has been helping meet benefits challenges of employers and employees across the United States. Today, we are well recognized for manufacturing and distributing a wide range of employer-paid and voluntary coverages, including group life, accidental death & dismemberment, disability, critical illness, and retiree and global solutions. Please contact your Prudential representative or visit [www.prudential.com/gi](http://www.prudential.com/gi) to find out more.

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