

Consumers cloudy about costs

Everything has a price, and some consumers say cost has put income protection out of reach. In fact, 41 percent of working adults would consider buying it if it was less expensive. Yet, there was little consistency among those same survey participants when asked how much they thought it cost. Three-quarters thought the cost was less than \$100 per month. Younger workers were slightly more likely than others to overestimate the cost.

How much does it actually cost?

Because costs depend on individual circumstances, this is not a simple question to answer. Premiums are influenced by a variety of factors including age, occupation, salaries and health history of the individuals or groups being insured, as well as the level of coverage obtained and the specific plan options. However, the most common scenarios include:

- A traditional employer-sponsored long term disability insurance plan tends to cost about \$250 to \$400 a

year. Premiums are often fully or partially picked up by the employer. Employees may not know the real cost.

- Some employers offer workplace voluntary plans. These are probably the hardest to quantify, given the variations in plans. However, the cost is typically higher than a traditional employer plan, but still considerably lower than a typical individual policy.
- Individual disability insurance comes with the most variation in influencing factors, and thus in costs. These policies tend to cost between 1% and 3% of the individual's salary.

WHAT'S STOPPED YOU FROM PROTECTING YOUR INCOME?

Survey respondents gave the following reasons for not having disability insurance.

