

The Value of Disability Insurance

SUBMITTED BY: Brian Page

SUBJECT(S): Personal Finance

GRADE LEVEL(S): 9, 10, 11, 12

≡ NBEA STANDARD(S):

- Personal Finance, VIII. Protecting Against Risk

≡ RELATED ARTICLES:

- [“Live Long and Prosper: Planning for a Social Security Shortfall”](#)
- [“Career Spotlight: Inside Actuarial Science”](#)

JUMP\$TART NATIONAL STANDARD: Risk Management and Insurance, Standards 1 and 2

CEE NATIONAL STANDARD: Protecting and Insuring, Standard 2, 4,-7

CONTENT STATEMENT: Students will experience the financial implications of a serious injury that leads to a life long disability.

ESTIMATED TIME: 50 minutes

MATERIALS NEEDED: [Disability Insurance Fact Sheet](#) (Included); [Long-term Disability Insurance Quote Sheet](#) (Included); [Vocabulary Powerpoint](#) (Included); Projector and computer with Internet access.

KEY VOCABULARY/TERMS: Premium, Waiting Period; Elimination Period; Benefit; COLA

WHY THIS MATTERS TO YOU NOW: Teens will face great risk upon graduation if they suffer a serious disability without any social security coverage to help them financially.

1. Students select a disability insurance option using the Long-term Disability Insurance Quote Sheet.
 2. Show students [this short video clip](#) of the Michael Sizemore story.
 3. Explain to students that they are going to learn about what the financial implications would be in the event of a long-term disability, based on the scenario presented in the video.
 4. Distribute the handout “Disability Insurance Fact Sheet” and review the handout facts. Facilitate a classroom discussion and emphasize the following points:
 1. If the person in the video had not worked for three years prior to the accident, it is unlikely he would receive any social security.
 2. Even if you receive social security disability benefits, any benefits are likely to fail to cover your expenses.
 3. For those in their 20’s, 1 in 4 are likely to need disability insurance at one point or another in their lives.
 4. When reviewing the chart exhibiting employers who provide disability insurance coverage, share with students that the three main types options to purchase insurance are:
 1. Employer sponsored coverage
 2. Individual disability insurance
- Social security
5. Students use [this resource](#) to calculate disability insurance needs. Teachers will need to provide students with expense estimates or ranges. Complete the calculation for the following two scenarios:
 1. Single male, age 26, ~\$4,500 a month in expenses.
 2. Your own future needs. Cost of these needs can be determined through a classroom discussion.
 1. Option – Require students to submit the results of both.
 3. Students discuss whether they made the correct decision initially. If not, what should have they selected and why?

OPTIONAL: Share with students the New York Times article [Disability, the Insurance That Is Often Sadly Overlooked](#).

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