Stability for today, security for tomorrow

Nonmedical group benefits are an important part of a sound financial plan

People work hard to build secure futures. When they think about how they’ll use and reserve future finances, many focus on growing their savings, building a nest egg, maintaining their credit, and funding their children’s education or their own retirement. But the potential is real for an individual to experience unanticipated expenses that could undermine their plans.

As part of an overall financial strategy, nonmedical group benefits can play a valuable role in helping protect near- and long-term financial plans; they provide assistance with expenses not covered by other insurance, mitigating the impact on an individual’s finances.

Research shows that individuals will likely have significant out-of-pocket medical expenses during their working lives—and often rely on precarious methods for covering them:

One in four 20-year-olds entering the workforce will suffer some income-interrupting disability during their careers.¹ And without pay, 57% of surveyed individuals could only cover bills for six months or less.²

Disability insurance pays benefits that replace a portion of an individual’s income if he or she is unable to work due to a covered injury, surgery, accident, illness or even childbirth.

In 2013, the projected average cost of a hospital stay for injury was $15,100³—and the average deductible for family health insurance coverage ranged from $1,743 to $4,079,⁴ depending on the type of plan selected. Meanwhile, American families had a median of only $4,100 in transaction accounts, like personal savings, during this time.⁵

Accident insurance can help cover a variety of unexpected costs, paying benefits toward injury-related expenses, like the cost of an emergency room visit, hospital admission, or crutches; specific injuries, such as certain fractures and dislocations or a concussion; and even surgery. These benefits defray the out-of-pocket costs of an accident event and help keep savings intact.
Participants in one study, “The Financial Toxicity of Cancer Treatment,” reported significantly altering their lifestyles to manage the costs of cancer care not covered by medical insurance; many curbed spending on basics like food and clothing, and some even sold possessions or property.\(^6\)

Critical illness insurance pays benefits toward a broad range of illnesses and conditions, from certain cancers to various organ conditions and even some illnesses that affect quality of life. The cash benefits from this coverage can help pay for expenses associated with covered conditions, or they can be used to pay for things that health insurance may not cover, like travel for specialized care or experimental treatment—this can help offset out-of-pocket costs, minimizing the need for major lifestyle changes.

Our own research reinforces these findings. In the 2015 Special Report: Measuring Optimism, Outlook and Direction (M.O.O.D.) of America on Employee Benefits study from Lincoln, we asked individuals how they anticipate covering future healthcare expenses. Overwhelmingly, participants said they expect to rely on their personal savings to cover those costs, followed by using credit and withdrawing from their 401(k).\(^7\)

**Top 3 methods for covering future out-of-pocket healthcare costs**

1. Savings / Checking account withdrawal
2. Credit card
3. 401(k) withdrawal

Nonmedical group insurance can help protect income and savings in a variety of ways—from the traditionally lower cost to purchase such coverage, to the financial assistance it provides for specific expenses. When offered through an employer, this coverage is provided at group rates, which are often less expensive than rates for individual policies. And by paying cash benefits, nonmedical group coverages like disability, accident, and critical illness insurance help manage the impact of unexpected illness or injury on individuals’ personal finances.


\(^2\) Ibid.


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