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NAVIGATING DISABILITY INSURANCE UPTAKE: THE COMPLEX INTERPLAY OF CONSUMER CONFIDENCE, HUMAN CAPITAL, AND FINANCIAL PERCEPTIONS

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Abstract

This study investigates factors associated with purchasing disability income insurance in the United States, emphasizing consumer confidence, perceived financial knowledge, and human capital. The research contextualizes disability income insurance as pivotal to financial stability, addressing the shortfall in personal safety nets and economic equilibrium. The prevalence of disabilities from common illnesses necessitates a thorough understanding of insurance mechanisms.

Methods: Using the 2022 Survey of Consumer Finance data, the study employs logistic regression to evaluate the relationship between consumer confidence, financial knowledge, human capital, and sociodemographic characteristics. The methodology intricately controls for age, employment status, marital status, and race, ensuring nuanced analysis.

Results: Significant differences across racial groups were identified. Asian participants exhibited the most substantial reluctance towards insurance, whereas a positive correlation between financial knowledge and insurance acquisition was found among Black individuals. Generational analysis indicated varied perceptions, with a marked decrease in insurance propensity among older White and Latino generations.

Discussion: The study emphasizes the importance of financial education that caters to various communities. It highlights the significance of cultural and societal norms in financial decision-making, especially among different racial groups. The study also spotlights the role of human capital in accessing insurance, calling for policy interventions that cater to the population's unique needs.

In conclusion, this analysis affirms the significance of consumer confidence in financial decisions and advocates for culturally responsive financial education and policy-making. It also identifies critical areas for enhancing the reach and efficacy of disability income insurance to foster economic resilience and well-being.

Keywords

Health Insurance, Disability Income, Financial Knowledge, Race, Consumer Confi- dence, Human Capital

1 Introduction

Financial well-being is deeply connected to various insurance policies in the United States, and disability income insurance plays a vital role in this network. It is a financial backup for people who cannot work because of health problems or injuries, ensuring they still receive part of their usual earnings. This includes not just their salary but also any additional earnings like bonuses. Although many get long-term disability insurance through their job, often, this is not enough to meet all their financial needs, highlighting the need to thoroughly understand and possibly enhance their coverage (Blostin, Burke, and Lovejoy, 1988).

Disability income insurance is more than just a personal safety net; it significantly impacts the broader economy. It helps maintain economic stability by supporting individuals who might otherwise face financial difficulties due to being unable to work. This research explores the financial and economic aspects related to the demand for disability income insurance in the United States. Its goal is to shed light on the vital role that disability income insurance plays in our modern economic fabric.

Navigating the complex landscape of disability income insurance in the United States illuminates a crucial component of financial security and public health strategy. Disability income insurance is a crucial financial security for individuals unable to work due to illness or injury. It provides a buffer by replacing a portion of their

income during incapacitation. Disability income insurance is available on two time horizons: short-term and long-term coverage. The difference between short-term and long-term disability income insurance is based on the duration of benefit payments. Short-term policies provide financial relief for a few weeks, while long-term policies offer support for several years, potentially until retirement.

Understanding the importance of disability income insurance extends beyond the individual to the foundational economic and public health level. Income does more than cover day-to-day expenses; it secures a person's future, allowing for savings and investments. The prevalence of disabilities, often resulting from common illnesses rather than accidents, underscores the critical nature of this insurance (Thomas, 2015; Pope and Tarlov, 1991). Despite the availability of employer-sponsored plans, such coverage may need to be increased, necessitating a deeper dive into individual policies that offer more comprehensive protection, including tax-free benefits and coverage for bonus income.

This research assesses the dynamics behind the demand for disability income insurance within the United States, focusing on key factors like consumer confidence, financial knowledge, and generational influence. Furthermore, the study emphasizes the variance of these factors across different racial groups, providing a detailed analysis by disaggregating data by race. Socioeconomic variables such as education level, marital status, age, and income are also scrutinized to present a well-rounded view of the determinants of disability income insurance demand. Using data from the 2022 Survey of Consumer Finance, the study aims to offer insights into how various demographic and economic factors converge to influence decisions surrounding disability income insurance uptake.

This study focuses on private and public disability income insurance programs provided by and within state governments in the United States. It excludes the consideration of the Family Medical Leave Act (FMLA), Social Security Disability Income (SSDI), and Supplemental Security Income (SSI). This research aims to highlight the vital roles played by these insurance policies in securing income protection and ensuring financial security for people unable to work due to health-related issues. It evaluates how the public views these forms of disability insurance and how they are purchased in the market. This research emphasizes that these insurances are not just for short-term financial aid but also play an essential role in comprehensive financial planning strategies. These policies safeguard a significant part of an individual's earnings and are fundamental to ensuring financial security. This includes safeguarding retirement assets and adapting coverage options to align with varying income and lifestyle changes, guaranteeing financial security across different life stages.

Building upon the exploration of key factors such as consumer confidence, financial knowl- edge, and generational influences, this study delves into how these elements affect the demand for disability income insurance across diverse racial groups within the U.S. The investigation aims to unravel the complex interplay of sociodemographic factors, emphasizing the necessity for financial education and policies finely tuned to various communities' needs. This analysis focuses on understanding disparities in insurance uptake and the role that tailored financial guidance and education might play in addressing these gaps.

Additionally, the research seeks to identify effective policy interventions that could make disability income insurance more accessible and beneficial to underserved populations. By proposing strategies to broaden the insurance's reach, the study aims to ensure that it acts as a comprehensive safety net, especially for those currently at the margins of financial protection. This focused approach allows for a detailed understanding of how various demographic and economic factors come together to influence disability income insurance demand. The study addresses existing knowledge gaps by leveraging the 2022 Survey of Consumer Finance data. It offers insights that could guide the design of more inclusive and effective disability income insurance policies in the U.S., ultimately fostering greater economic resilience and well-being among individuals facing disability risks.

The objective of this research is to analyze the effect of consumer confidence, perceived financial knowledge, and sociodemographic factors such as age, generation, and racial group disparities on the demand for disability income insurance in the United States. Using data from the 2022 Survey of Consumer Finance, the research will provide a detailed examination of how different groups within the U.S. population perceive and engage with disability income insurance policies, taking into account socioeconomic status factors like education, marital status, and income levels.

The study posits the following hypotheses, aligning with its objectives:

Hypothesis I: Consumer confidence is positively related to the demand for disability income insurance, suggesting that higher optimism about the economy increases individuals' likelihood to invest in such insurance.

Hypothesis II: Perceived financial knowledge positively impacts the demand for disability income insurance, indicating that a better understanding of financial products correlates with a higher propensity to secure disability coverage.

Hypothesis III: Higher income and education levels (human capital) are associated with an increased demand for disability income insurance, reflecting the role of economic stability and awareness in insurance decisions.

By addressing these hypotheses, the research intends to offer actionable insights for poli- cymakers and insurance providers, aiming to enhance the accessibility and effectiveness of disability income insurance, especially for underserved populations in the U.S., ensuring it serves as a robust safety net for all citizens.

2 Background

During the late 1800s, the landscape of insurance witnessed the advent of what we now recognize as modern disability insurance, initially introduced as "accident insurance." This innovative step was first taken by the Railway Passengers Assurance Company, established in England in 1848. The initiative was propelled by the need to provide financial protection against the increasing incidences of fatal and non-fatal accidents associated with the burgeoning railway transport system. The company, also known by its formal registration name, the Universal Casualty Compensation Company, embarked on a mission to offer financial compensations and assurances for individuals who suffered injuries while traveling by rail, ensuring support in the unfortunate event of accidents that did not result in death (Glynn, 1984; Goodeve, 1885).

This company's strategic collaboration with railway operators enabled the inclusion of basic accident insurance as part of the travel ticket package, marking a pioneering approach to insurance. Notably, the insurance premiums were tiered based on the class of travel, with higher rates applied to second and third-class tickets. This pricing strategy was informed by the elevated risk associated with the less-protected, often roofless carriages allocated to these classes. This historical development not only laid the groundwork for modern disability insurance but also highlighted the intersection of economic, financial, and public health considerations in the design, formulation, and delivery of insurance products (Stadlin, 2015).

Overview and regulation

The history of disability income legislation in the United States is marked by significant milestones to provide financial support and ensure equal opportunities for individuals with disabilities. The journey began with the Social Security Act of 1935, which laid the foundation for social welfare but initially did not include disability insurance (Quadagno, 1984; Epstein, 1935). It was not until 1956 that the Social Security Disability Insurance (SSDI) program was established, offering financial assistance to disabled workers and their families (Kearney, 2005; Goodman and Waidmann, 2003).

Subsequent years saw the introduction of the Supplemental Security Income (SSI) program in 1972, designed to help mentally and physically disabled individuals who have little or no income, providing cash to meet basic needs for food, clothing, and shelter (Social Security Administration, 2022; Daly and Burkhauser, 2003). The Social Security Disability Insurance and the Supplemental Security Income are crucial components of the United States' approach to disability income, managed by the Social Security Administration (Goodman-Bacon and Schmidt, 2020).

Disability income insurance is an essential financial security for individuals unable to work due to various disabilities, ensuring financial stability. For those not covered by employer- provided benefits or self-employed persons seeking disability coverage, the option to self- purchase insurance policies is available. The cost and benefits of these individual policies can vary widely across different insurance companies, job roles, states, and even demographic (Cox and Gustavson, 1995; Low and Pistaferri, 2015). Typically, the more comprehensive the coverage — including higher monthly benefits, longer benefit durations, and quicker commencement of payments after filing a claim — the higher the premium. Policies with broader definitions of disability, which provide benefits under various circumstances, also generally command higher premiums. Online calculators for disability insurance are available to aid individuals in determining the level and extent of coverage they might need.

As disability income insurance in the United States has developed, it now encompasses vari- ous forms, including employer-sponsored policies directly purchased by the employer and those that offer long-term or short-term coverage. Employer-sponsored plans are a common benefit within employee packages, often containing short-term and long-term disability insurance components. Short-term disability insurance usually supports the employee with a fraction of their salary for a brief period, often up to six months, if they cannot work. Following the expiration of short-term benefits, long-term disability insurance can provide continued financial support, covering a portion of the employee's income for an extended period, sometimes until retirement. This layered approach to disability insurance underscores its significance in the economic, financial, and public health spheres by providing essential income support to those affected by disability (Autor, Duggan, and Gruber, 2014; Low and Pistaferri, 2015).

Short-term disability income insurance

Short-term disability insurance (SDI) provides financial assistance to individuals who temporarily cannot work due to medical conditions, including illness, injury, or pregnancy. This form of insurance, available through certain state programs or private policies purchased from insurance companies or provided by employers, aims to mitigate the economic impact of not being able to earn a regular income (Benson and Dbeis, 2022; Bourbonniere and Mann, 2018).

Typically, Short-term disability insurance benefits replace about 60% of an individual's regular income for durations ranging from three to six months (Atticus, 2024). There's usually a waiting period of about a week from the onset of the disability before benefits begin. Only five states in the U.S.—California, New Jersey, Hawaii, New York, and Rhode Island—offer specific short-term disability programs. However, broader federal and state-level benefits exist to support various groups, including those with low incomes, disabilities, or elderly (Atticus, 2024).

Several states offer disability insurance programs for workers unable to work due to non- work-related illnesses, injuries, or pregnancy, each with unique qualifications and benefits. California provides up to a year of benefits, paying 60% to 70% of previous wages with a maximum of $1,620 weekly, requiring a $300 earning in a 12-month base period (California Employment Development Department, 2024). Hawaii's temporary insurance lasts 26 weeks, offering 58% wage replacement, with eligibility for those who've worked at least 14 weeks and were paid for 20 hours in Hawaii (Hawaii Department of Labor and Industrial Relations, 2024). New Jersey offers up to 26 weeks of benefits, covering up to 85% of wages, requiring at least 20 weeks of work and earnings of $260 weekly or $13,000 in a year (New Jersey Department of Labor and Workforce Development, 2024). New York's scheme, covering up to 26 weeks, offers up to 50% of the last eight weeks' wages, with a weekly cap of $170 (New York State Workers' Compensation Board, 2024). Rhode Island provides up to 30 weeks of benefits, with a maximum of $1,007 per week, based on 4.62% of the highest quarter earnings during the base period (Rhode Island Department of Labor and Training, 2024). To qualify, individuals must be under care for qualifying conditions, with specific earnings thresholds and a seven-day waiting period applies across these programs. While some states do not mandate disability income insurance, they do regulate disability income as an excepted benefit.

Excepted benefits are specific insurance coverages that are exempt from the broad regula- tions that typically govern health and disability insurance under sections 147 and 148 of the *Electronic Code of Federal Regulations (eCFR) Title 45 Subtitle A Subchapter B Part 148* 2024; Jost, 2015. These benefits include a range of coverages, from accident and disability income insurance to workers' compensation and travel insurance. Importantly, these benefits can be offered separately from standard health insurance packages, providing targeted protection without adhering to the comprehensive rules that apply to broader health insurance plans (Jost, 2016).

Disability income insurance, a type of excepted benefit, plays a significant role in providing financial security to individuals who cannot work due to illness or injury. This insurance offers a lifeline, ensuring income flow during periods when earning a regular salary might not be possible. States like California, Hawaii, New York, New Jersey, and Rhode Island, while not mandating disability income insurance, regulate it under the umbrella of excepted benefits. This regulatory approach permits offering disability income insurance independently from the stipulations that govern more inclusive health insurance plans.

The importance of excepted benefits lies in their flexibility and specificity. By falling outside the general mandates of health insurance, excepted benefits like disability income insurance can be tailored to meet specific needs, offering essential financial support without the complexities and costs associated with comprehensive health insurance coverage. This makes them a valuable component of the broader insurance landscape, providing vital protections in areas not covered by standard health insurance policies (*Title 13 – Insurance* n.d.; Benson and Dbeis, 2022).

To qualify for Short-term disability insurance, individuals must prove their inability to work, supported by medical documentation. Common qualifying conditions include severe illnesses like COVID-19 or cancer, injuries, pregnancy, recovery from surgery, or mental health issues preventing job performance (California Employment Development Department, 2024; Christianson, 2007). However, not all conditions qualify; for example, injuries sustained at work or during illegal activities, as well as elective surgeries, do not qualify for SDI.

Notably, eligibility for state-provided Short-term disability insurance depends on contri- butions to the program, typically through payroll deductions. Consequently, freelancers and independent contractors who don't have these deductions may not qualify for SDI benefits. This highlights the importance of understanding and navigating the complexities of disability income insurance for financial stability and health security.

long-term disability income insurance

Long-term disability insurance in the U.S. provides financial support to individuals unable to work for an extended period due to illness or injury, covering a portion of their income. This insurance is crucial as it ensures financial stability during challenging times, preventing economic hardship due to loss of income. However, obtaining coverage can be challenging due to strict eligibility requirements, such as proving the severity and duration of disability. Moreover, the cost of premiums and potential limitations on what constitutes a qualifying disability add complexity. Additionally, navigating the process of filing and maintaining a claim poses significant hurdles, emphasizing the need for a clear understanding and management of these policies (Stepner, 2019).

Disability income insurance policies cater to various needs, with differences in coverage based on one's ability to perform their job or any job they are qualified for. Initially, many offer "own occupation" coverage, switching to "any occupation" after a period, like one or two years, and may also cover income loss if you cannot earn a significant portion of your salary due to disability. Benefits typically range from 50–80% of your monthly income, not covering commission or bonus income, and are tax-free if you personally pay the premiums. Policies vary by premium structure, waiting periods before benefits start, and the duration benefits are paid, with some covering

until retirement. They may include features like "residual" benefits for partial work capacity, assistance for job re-entry, and cost-of-living adjustments. Policies can be noncancellable, with fixed premiums, or guaranteed renewable, allowing premium changes for a defined group but not individual circumstances. Insurers assess your medical and financial background, potentially adjusting coverage based on existing disability insurance, ensuring tailored protection against income loss due to disability (*Long-Term Disability Income Insurance Brochure*, 2010).

Factor affecting pricing

The cost of disability income insurance is influenced by many factors, making it a tailored experience for each policyholder. Key elements include age, with younger individuals enjoying lower rates due to a lower perceived risk of disability, and the amount of income the policy replaces—higher replacement rates equate to higher premiums. The length of coverage, health conditions at the time of policy initiation, and the specific terms of disability defined within the policy also significantly affect the price. Discounts might be applied for group policies or those managed through employers, while the coverage extent and additional options like inflation adjustments further refine the cost. Moreover, premiums are impacted by the policyholder's gender, tobacco use, and the nature of their profession, with riskier jobs leading to higher costs (*Long-Term Disability Income Insurance Brochure*, 2010).

In essence, long-term disability insurance costs generally fall between 1% to 3% of an individual's yearly earnings, translating into a substantial variation based on income levels. For instance, a person with an annual income of $50,000 may expect to pay between $500 and $1,500 per year for coverage. The intricacies of disability insurance pricing, including the salary percentage covered, the benefit duration, health status, and personal hobbies, all play crucial roles in determining the final premium (*How much does disability insurance cost?* 2024). The insurance is structured to financially safeguard individuals in times of unexpected illness or injury, ensuring security in challenging periods. This nuanced pricing structure underscores the importance of considering personal circumstances and needs when selecting a policy.

Age significantly influences the demand for life, health, and disability income insurance due to variations in risk, financial needs, and coverage requirements across different life stages. Younger individuals often pay lower premiums for life and disability insurance, reflecting a lower risk of mortality and long-term disability. However, as individuals age, the risk of chronic diseases and potential disabilities increases, leading to higher demand and costs for health and disability insurance coverage (Chandra and Samwick, 2009). Cohort effects further compound these dynamics, as social, economic, and health-related trends affecting specific age groups can alter insurance needs and purchasing behaviors over time.

Moreover, life events associated with different age groups, such as marriage, parenthood, and retirement planning, also shape insurance demand. For example, young adults might prioritize health insurance due to active lifestyles or starting families. In contrast, older adults may focus more on long-term disability and life insurance to protect against income loss and support dependents after retirement. Additionally, age influences eligibility and cost- benefit considerations for insurance buyers, with older individuals facing higher premiums or exclusions based on pre-existing conditions (Cox and Gustavson, 1995).

In the detailed analysis derived from the 2022 Survey of Consumer Finances, Figure 1 elucidates the patterns in the enrollment for disability insurance, spanning both the private and public sectors (excluding SSI and SSDI), across different generational cohorts. This examination assigns the age groups based on the benchmarks set in December 2022, aligning with the survey's timeline within that year. As of December 2022, the generational divisions are as follows: Generation Z, encompassing those born in 1997 and later, representing individuals 25 years old or younger; Millennial, defined by births between 1981 and 1996, making them 26 to 41 years old; Generation X, those born between 1965 and 1980, aged 42 to 57; Baby Boomers, born between 1946 and 1964, within the age range of 58 to 76; and the Silent Generation, individuals born from 1928 to 1945, aged 77 to 94, alongside those aged 95 and older. The analysis highlights that Generation X exhibits the most substantial engagement with disability income services, boasting a relative share of 37.36%. This is closely followed by Millennials at 36.13%, Baby Boomers at 32.28%, the Silent Generation at 20.46%, and finally, Generation Z, which shows the least participation at 19.51%. This delineation underscores the variances in the propensity towards securing disability income across different life stages, with a notable peak among Generation X individuals.

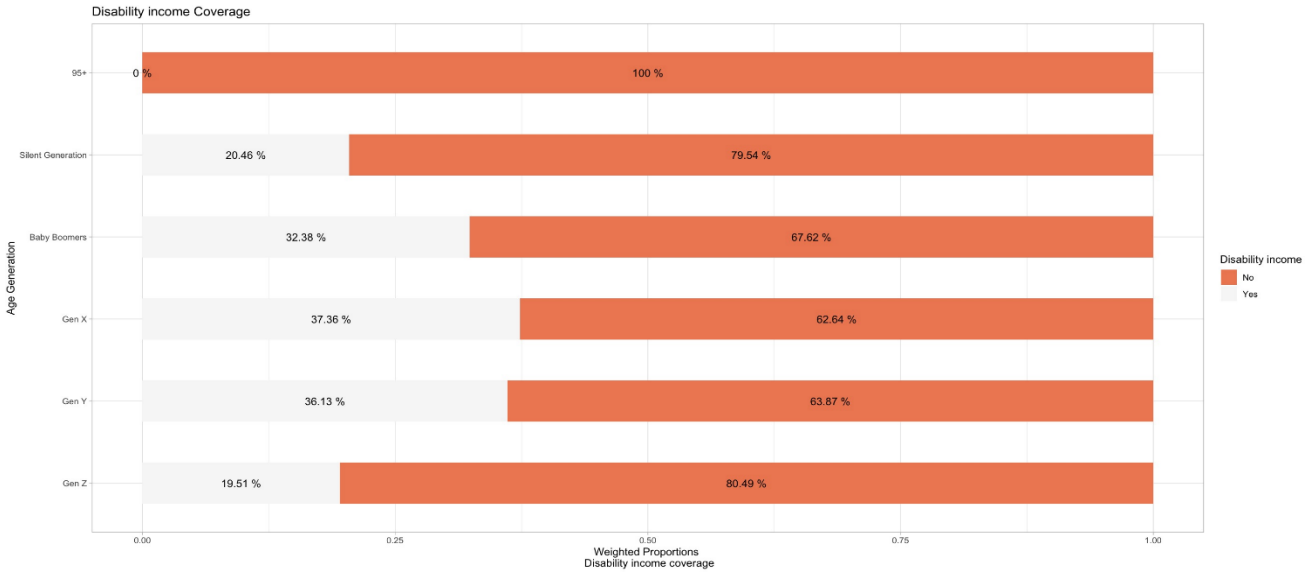

Figure 1: Relative proportion of disability income insurance by age generation and group
2022 Survey of Consumer Finance

In an in-depth examination of the 2022 Survey of Consumer Finances data, Figure 2 meticulously outlines the distribution of interest in disability income insurance across different racial demographics within the United States. The analysis highlights differing levels of engagement in disability income insurance across racial groups. It shows White individuals with the highest engagement at 37.17%, slightly ahead of the Asian community at 34.44%. The Black population's participation is noted at 30.23%, with the Latino community having the lowest rate at 24.11%. This variation underscores the nuanced differences in how each racial group participates in the disability income insurance market. Moreover, these findings underscore a broader trend within the insurance sector, highlighting that, irrespective of racial or generational divisions, a comparatively modest segment of the American populace opts to invest in disability income insurance. This insight into the demographic-specific engagement levels sheds light on the varied priorities or possible access barriers across different communities. It emphasizes the overarching challenge in enhancing the penetration rate of disability income insurance nationwide.

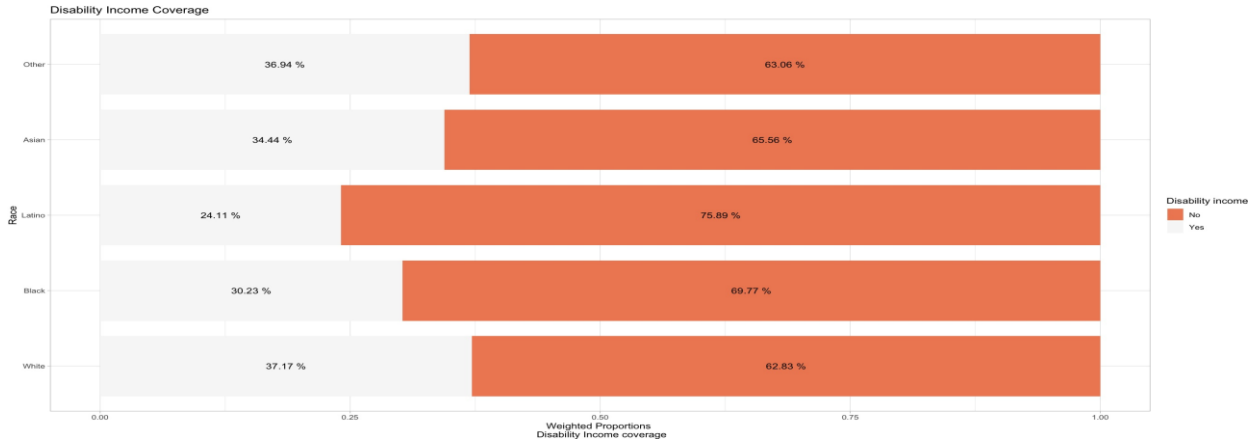

Figure 2: Relative proportion of disability income insurance by race
2022 Survey of Consumer Finance

3 Theory

This research investigates the psychological and sociodemographic elements influencing indi- viduals' decision to purchase disability income insurance. It mainly focuses on examining how various factors—like the general public's optimism about the economy (known as consumer confidence), the perceived financial knowledge, and a person's educational attainment and income level (human capital)—play a role in the likelihood of opting for disability income insurance. By dissecting these components, the study seeks to understand the nuanced inter- play between one's psychological mindset, demographic profile, and the inclination to secure financial protection against disability-induced income loss.

Consumer confidence

Consumer confidence theory revolves around understanding how optimistic or pessimistic consumers feel about their financial futures and the overall state of the economy. This concept is critical as it directly influences spending and saving behaviors, which are pivotal to economic stability. The theory employs surveys like the Consumer Confidence Index (CCI) to gauge public sentiment (Investopedia, 2024). These surveys assess consumers' financial situations, expectations for the future, and propensity to make significant purchases (The Conference Board, 2024).

The logic behind measuring consumer confidence is grounded in the belief that when consumers feel optimistic about the economy and their personal financial situations, they are more likely to spend money, thereby stimulating economic growth. Conversely, if they are pessimistic, they might save more and spend less, potentially leading to economic contraction (Acemoglu and Scott, 1994; De Boef and Kellstedt, 2004; Ou et al., 2014). Therefore, the measurement of consumer confidence acts as a barometer for economic health, offering insights into future economic activity based on present perceptions and past economic trends (Corporate Finance Institute, 2024). Economists can predict consumer spending patterns by analyzing past data, present conditions, and future expectations, which is essential for making informed policy and business decisions.

The research hypothesis posits a positive correlation between consumer confidence and the demand for disability income insurance. This relationship is crucial for understanding how perceptions of economic stability and future financial prospects influence individuals' decisions to secure disability income insurance, which acts as a safety net during periods of health-induced work incapacity.

The selected survey questions serve as effective measures of consumer confidence for several reasons:

Income versus Inflation:

The question about whether an individual's income has increased more, less, or equivalently to inflation over the past five years assesses the respondent's perceived financial progression. A perception of income growth exceeding inflation suggests a positive economic outlook, likely correlating with a greater inclination towards investing in disability income insurance for added security.

Future Income Expectations:

The inquiry regarding expectations for income relative to inflation in the forthcoming year gauges optimism about future financial stability. Anticipating income to surpass inflation reflects confidence in personal economic advancement and may increase the propensity to acquire disability income insurance, anticipating the ability to cover premiums without financial strain.

Borrowing and Credit:

Asking individuals if they believe purchasing on credit or through borrowing is wise evaluates their comfort with assuming financial risk under current and anticipated economic conditions. A positive stance on credit use may indicate a broader confidence in financial stability, influencing the decision to purchase disability income insurance as part of a comprehensive financial planning strategy.

In summary, these questions collectively provide insights into individuals' economic percep- tions and their influence on investing in disability insurance. Understanding that past income growth relative to inflation, optimistic future income projections, and comfort with credit use are positively associated with the demand for disability income insurance underscores the sig- nificance of consumer confidence as a determinant in financial planning and risk management decisions.

Perceived financial knowledge

Financial literacy encompasses the essential skills, knowl- edge, and behaviors required for making prudent financial decisions, managing money ef- ficiently, and understanding the complexities of the financial world (Consumer Financial Protection Bureau, 2024). This literacy equips individuals with the ability to navigate the financial system, making informed choices about savings, investments, and borrowing, ultimately enhancing their economic well-being (Lusardi and Mitchell, 2017). It is a crucial component of personal financial management, enabling individuals to plan for the future, avoid high-cost debt, and achieve financial stability (Government of Ontario, 2022).

Perceived financial knowledge refers to an individual's self-assessment of their understanding of financial matters. It is an important metric because it reflects a person's confidence in their financial decision-making abilities. This subjective measure can often influence financial behaviors as much as, or even more than, actual financial knowledge. People who perceive themselves as financially knowledgeable are more likely to engage in positive financial behaviors, such as investing wisely and saving for retirement (Lusardi and Mitchell, 2014; Lusardi and Mitchell, 2011).

Using perceived financial knowledge to measure financial literacy is valuable for several reasons. It provides insight into an individual's confidence in managing finances and making financial decisions. High-perceived financial knowledge can motivate individuals to improve their financial situation, whereas low-perceived financial knowledge may indicate a need for financial education and support (U.S. Department of the Treasury,

2024).

Recognizing the significance of perceived financial knowledge is essential in financial literacy initiatives. Programs aimed at enhancing financial literacy should provide factual knowledge and boost individuals' confidence in their financial capabilities. This approach ensures that individuals are informed about financial concepts and feel empowered to apply this knowledge in their lives.

Based on the understanding of financial literacy and the role of perceived financial knowledge, the research hypothesis posits that there is a positive relationship between perceived financial knowledge and the demand for disability income insurance. This hypothesis suggests that individuals who perceive themselves as knowledgeable about financial matters are more likely to recognize the value of and invest in disability income insurance, seeing it as a prudent component of their overall financial planning strategy. This relationship underscores the importance of perceived financial knowledge in financial decision-making and its potential impact on securing financial protection against unforeseen health-related work incapacities.

Human capital

The concept of human capital, tracing back to Adam Smith's notion of "the acquired and useful abilities" as a form of capital, has evolved significantly over centuries (Goldin, 2014). Initially spotlighted by economists like Irving Fisher and Arthur Cecil Pigou, who recognized personal consumption as an investment in one's productive capacity, the term gained traction with the work of the Chicago School economists, notably Gary Becker and Jacob Mincer (Lemke, 2011). Their research emphasized investing in education, training, and health as ways to enhance productivity, akin to investing in physical capital like machinery (Mincer, 1958). Over time, human capital theory expanded to encompass formal education, innate abilities, and health, underscoring its role in economic growth and personal economic welfare. This broader understanding acknowledges that skills specific to certain tasks or jobs enhance an individual's value to employers, fostering a dynamic where human capital investment is pivotal for individual prosperity and broader economic development.

Human capital represents the economic value of an individual's abilities, encompassing skills, knowledge, and experiences. It's an intangible asset, crucial for both personal and societal prosperity, rooted in education, health, and on-the-job training. This concept underlines the idea that investing in people—through education, healthcare, and other means—enhances their productivity and capability to contribute to the economy (Deming, 2022). Human capital theory posits that such investments yield returns similar to investing in physical capital, like machinery or technology, emphasizing the potential of human resources to drive economic growth and development (Van Hiel et al., 2018).

The levels of education and income serve as primary indicators of human capital. Education equips individuals with skills and knowledge, increasing their employability and potential to earn higher wages. In turn, income level reflects the economic return on this educational investment and an individual's capacity to engage in further wealth-generating activities. These measures are interconnected; higher education often leads to better job opportunities, which lead to higher income, creating a cycle of increasing human capital. This relationship highlights the importance of accessible and quality education as a foundation for improving human capital and economic prosperity.

Moreover, high human capital positively correlates with consumption patterns, including the demand for insurance products. Educated individuals with higher incomes are more likely to understand the benefits of insurance, recognizing it as a means to safeguard against financial uncertainties. This understanding translates into a greater propensity to invest in various forms of insurance, including disability income insurance. Such insurance provides a safety net, ensuring financial stability in the event of an inability to work due to health issues. Therefore, the level of education and income, as measures of human capital, are directly linked to the demand for disability income insurance. This relationship underscores the significance of human capital in enhancing individual and societal economic conditions and promoting financial security through informed insurance decisions.

Analysis from the 2022 Survey of Consumer Finance (Figure 3) highlights the distribution of individuals with and without disability income insurance across different income levels. It reveals a notable pattern: those possessing disability income insurance generally possess higher incomes than their uninsured counterparts, a trend consistent across all racial demographics. This observation leads to a deeper understanding of how human capital—embodied in education and income levels—plays a pivotal role in shaping consumer behaviors, particularly in the context of insurance acquisition. Through elevated education and income, individuals endowed with higher human capital possess a heightened awareness of the intrinsic value insurance holds as a protective measure against unforeseen financial adversities. This awareness fosters an increased likelihood among these individuals to allocate resources towards insurance products, disability income insurance included, as a proactive strategy to maintain financial equilibrium in the face of potential health-related work disruptions. Thus, the nexus between human capital attributes, such as education and income, and the inclination towards securing disability income insurance highlights human capital's critical role in fortifying financial resilience and security, underscoring its broader implications on personal and collective economic well-being.

Human capital encompasses individuals' collective knowledge, skills, abilities, and experiences, which can be used to achieve societal or organizational goals. It includes knowledge capital (information and understanding people have), social capital (networks and relationships), and emotional capital (personal and social competencies).

The importance of human capital in economic development, productivity, and innovation is widely acknowledged, of- ten serving as a basis for government investments in education and job training (Abel and Deitz, 2012; Gendron, 2004; O'sullivan, Sheffrin, and Swan, 2003). The concept has evolved from a simple view of labor as one of the primary factors of production to a more nuanced understanding that emphasizes the role of individual and collective human resources in driving growth and development. Additionally, employment status is a critical component of human capital theory, suggesting that those who are employed are more likely to invest in disability income insurance compared to those without jobs, reflecting the economic stability and risk management strategies influenced by human capital.

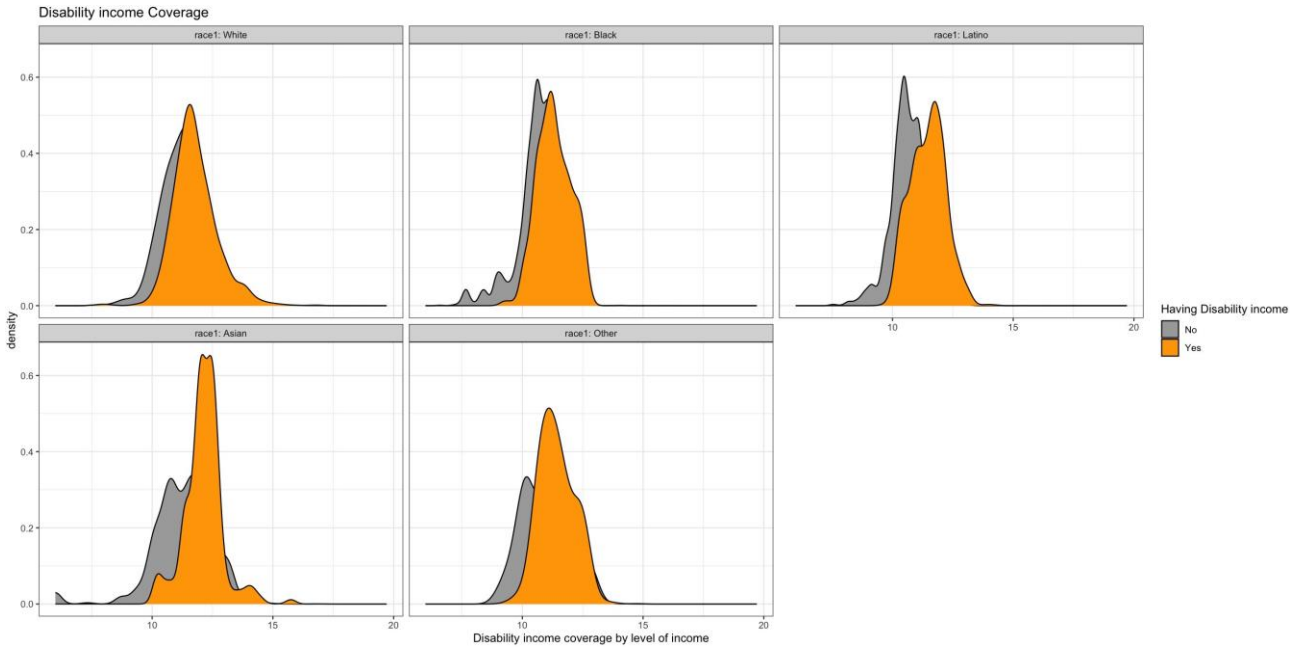

Figure 3: Disability income insurance by income & race
2022 Survey of Consumer Finance

4 Methodology

4.1 *Data Source and Sample Design*

The Survey of Consumer Finances (SCF) employs a unique method of assigning weights to the data it gathers, ensuring it accurately represents the entire population. This technique guarantees that each response to the survey is given equal consideration in the final analysis, ensuring fair results. By carefully fine-tuning these weighting assignments, the SCF effectively captures the diverse characteristics and complexities of the population, taking into account the differences in how people were selected and the possibility that some might not respond.

The Survey of Consumer Finances (SCF) employs a complex weighting system to ensure that the survey results are as accurate and representative as possible. This system considers the likelihood of individuals being selected for the survey and is refined with additional information and overall data gathered from the Current Population Survey. However, it's worth noting that certain data within the SCF may be prone to producing skewed results due to their rarity or susceptibility to extreme values. For example, to address the issue of income data potentially distorting the analysis, logarithmic adjustments are made to even out these imbalances (Kennickell, McManus, and Woodburn, 1996; Kennickell, 1998).

To deal with missing information, the SCF employs multiple imputations, which creates five different versions of the data for each missing value, closely replicating the original data distribution. This method expands the dataset significantly, from 4,602 responses to a comprehensive 23,010, greatly enhancing the depth and reliability of the analysis.

In managing the complexities of this enlarged dataset, especially when it comes to multiple imputations, the R "survey" package is indispensable. It ensures the data is accurately weighted during analysis, adjusting for the expanded dataset size as needed. This is crucial for reducing bias and producing results that truly mirror the population's characteristics. Working in conjunction with the "mitools" package, the "survey" package excels in handling data with multiple imputations, ensuring analyses are both precise and unbiased (Katitas, 2019).

4.2 *Main variables*

Dependent variable

This research explores the various elements that influence the decision to acquire disability income insurance within the United States. The key focus of the study is a binary dependent variable, which is used to differentiate between

individuals who possess disability income insurance (coded as 1) and those who do not (coded as 0). This critical information is gathered from the 2022 Survey of Consumer Finances iteration. It uses a precisely formulated question to ascertain whether respondents have any form of insurance besides Social Security benefits that would be financial support in case they become disabled. The question is carefully designed to cover all potential respondents by inquiring if they, or someone in their family, have arranged for an insurance plan that provides financial assistance in the unfortunate event of disability, thereby securing an income stream other than what is provided by Social Security.

Independent variables

In this research, we delve into the factors influencing individuals' decisions to obtain disability income insurance, focusing on consumer confidence and perceived financial knowledge as primary variables. Consumer confidence is gauged through three specific questions in the survey:

- Participants were asked to reflect on the past five years and determine if their total family income has increased, decreased, or remained consistent with the inflation rate.
- Looking ahead, respondents were questioned about their expectations for their total family income over the next year in relation to inflation.
- Opinions were sought on the advisability of making purchases through borrowing or using credit.

These questions aim to capture the respondents' economic outlook and their attitudes toward debt, which could influence their decision-making regarding insurance uptake.

Another crucial variable in this study is the respondents' perceived financial knowledge, assessed by asking them to rate their understanding of personal finance on a scale from zero (no knowledge) to ten (highly knowledgeable). This self-assessment helps to understand how individuals' confidence in their financial literacy might affect their insurance choices.

Additionally, measures of human capital, such as the level of education and income, are considered to understand further how these factors might contribute to the likelihood of purchasing disability income insurance. The inclusion of these variables offers a comprehensive view of the socioeconomic factors that influence such financial decisions, providing insights into the dynamics behind the demand for disability income insurance.

This research examines the impact of these aforementioned key variables on disability income insurance uptake. It investigates how these effects differ across racial groups by disaggregating data by race. Additionally, the study incorporates controls for various sociodemographic factors to ensure a comprehensive analysis. One such factor is employment status, which is quantified within the research framework as '1' for unemployed individuals and '0' for those who are not. Moreover, the study takes into consideration marital status as a significant variable. It also accounts for the age of participants, categorizing them by generation to further understand the nuances of the data. This approach allows for a detailed examination of how each variable influences the outcome while considering the complex interplay of sociodemographic characteristics across different racial groups.

4.3 *Data analysis*

This study delves into the determinants of demand for disability income insurance, drawing on cross-sectional data from the 2022 Survey of Consumer Finance. Participants were queried on their possession of disability income insurance, excluding any related to Social Security Disability Income or Social Security Income. This led to the creation of a dichotomous variable, where a response of "Yes" (coded as 1) indicates the presence of disability income insurance, while "No" (coded as 0) indicates its absence. To analyze this data, logistic regression was employed—a statistical approach ideally suited for predicting binary outcomes based on a range of predictors (Nam and Hanna, 2019). This method excels in calculating the likelihood of choosing various insurance options by considering consumer confidence, perceived financial knowledge, human capital, and demographic influences.

Incorporating weights within the logistic regression model is pivotal to ensure the sample accurately represents the demographic distribution of the broader population, thus correcting any sampling biases and providing a more accurate portrayal of attitudes towards health insurance. The "survey" package in R significantly aids this process, furnishing the tools necessary for weighting application and enhancing the research's precision and trustworthiness. When conducting multiple logistic regression analyses, addressing multicollinearity—a situation where predictors are highly interrelated—is crucial for the model's validity and interpretability. A guideline is to monitor the Pearson correlation coefficient, with values exceeding 0.7 indicating a strong interconnection between variables (Frost, 2017). Adopting this 0.7 threshold assists in identifying significant correlations that might inaccurately influence the dependent variable while avoiding the exclusion of variables that contribute meaningful insights. This balance prevents multicollinearity from causing undue variations in regression coefficients, ensuring the model remains robust without forsaking essential data that could amplify its predictive power and insights (Dormann et al., 2013; Tomaschek, Hendrix, and Baayen, 2018).

The logistic regression model can be expressed as:

$$\log\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \cdots + \beta_n x_n$$

Where:

- p is the probability of the dependent variable equaling a case (e.g., 1),
- $\beta_0, \beta_1, \ldots, \beta_n$ are the coefficients,
- $x_1, x_2, \ldots, x_n$ are the independent variables.

The probability p can be expressed as:

$$p = \frac{1}{1 + e^{-(\beta_0 + \beta_1 x_1 + \beta_2 x_2 + \cdots + \beta_n x_n)}}$$

Logistic regression models prioritize the overall predictive accuracy of the model over the individual contribution of predictor variables. If the model successfully forecasts outcomes, predictors with correlation values up to 0.7 typically do not detract from its efficacy or inter- pretability (Figure 4).

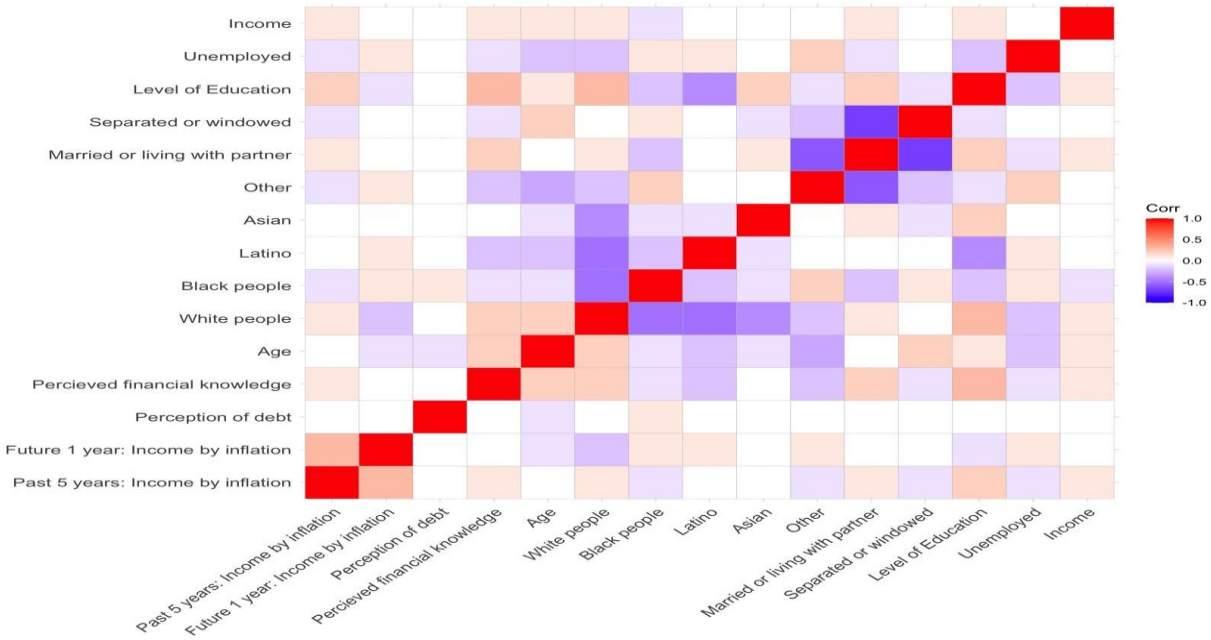

Figure 4: Correlation Matrix Explanatory variables

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5 Result

Table 1 presents the results of a logistic regression analysis investigating the effects of the Consumer Confidence Index and Risk Tolerance on the likelihood of having disability in- come insurance, segmented by racial groups. The coefficients (with their standard errors in parentheses) reflect the impact of each predictor variable across different populations.

The comprehensive model analysis examining consumer confidence's impact on the demand for disability income insurance across different racial groups reveals significant variations. The intercepts across all groups indicate a baseline propensity towards not having disability income insurance, with Asian individuals showing the highest reluctance (-24.89), followed by Latinos (-16.40), Black people (-14.01), and White people (-7.32). These intercepts were statistically significant, suggesting a baseline racial disparity in insurance uptake. Consumer confidence over the past five years regarding income compared to inflation positively impacted the full model (0.15) and White (0.19), indicating that as confidence in income growth over inflation increases, so does the likelihood of having disability income insurance. However, this effect was not significant for Black, Asian, and Latino groups.

	Full Model	White people	Black people	Latino	Asian
(Intercept)	−8.56***	−7.32***	−14.01***	−16.40***	−24.89***
	-0.33	-0.37	-1.12	-1.23	-1.14
Consumer Confidence Measures					
Past 5 years: Income by inflation	0.15***	0.19***	−0.03	0.06	0.16
	-0.03	-0.04	-0.09	-0.1	-0.13
Future 1 year: Income by inflation	−0.14***	−0.19***	−0.21*	0.18	−0.07
	-0.03	-0.04	-0.08	-0.11	-0.12
Perception of debt	0.08*	0.15***	−0.06	−0.07	−0.11
	-0.03	-0.04	-0.08	-0.1	-0.12
Perceived financial knowledge	0.03*	0.001	0.16***	0.001	−0.15***
	-0.01	-0.02	-0.03	-0.03	-0.04
Age generation & group–comparison group: 18-25 (Gen Z)					
26-41 (Gen Y)	0.15	−0.04	0.16	0.85*	17.53***
	-0.13	-0.17	-0.31	-0.36	-0.4
42-57 (Gen X)	0.03	−0.01	−0.27	0.1	17.15***
	-0.13	-0.17	-0.32	-0.36	-0.43
58-76 (Baby boomers)	−0.31*	−0.46**	−0.08	−0.01	17.12***
	-0.14	-0.18	-0.33	-0.39	-0.45
78-94 (Silent generation)	−0.93**	−1.01**	0.8	−14.29***	16.88***
	-0.29	-0.32	-0.73	-0.61	-0.87
Marital status–comparison group: Never married					
Married or living with partner	0.07	0.05	−0.23	0.75**	−1.00***
	-0.07	-0.09	-0.16	-0.26	-0.27
Separated or windowed	0.40***	0.27*	0.56**	1.41***	−0.68
	-0.08	-0.11	-0.18	-0.29	-0.43
Level of Education	0.12***	0.11***	0.01	0.19***	−0.06
	-0.01	-0.01	-0.03	-0.02	-0.05
Income (log value)	0.55***	0.46***	1.15***	1.09***	0.82***
	-0.03	-0.04	-0.11	-0.12	-0.1
Unemployed	−0.62***	−0.49***	−0.92***	−0.43	−0.14
	-0.1	-0.13	-0.21	-0.26	-0.31
Race–comparison group: White people					
Black people	0.12				
	-0.07				
Latino	−0.11				
	-0.07				
Asian	−0.37***				
	-0.09				
Other	0.27				
	-0.21				
Deviance	17975.19	11268.78	2519.78	2079.68	1570.38
Dispersion	0.95	0.95	1.03	0.92	0.92
Num. obs.	16199	9778	2368	2453	1421

****** p < 0.001; ** p < 0.01; * p < 0.05; o p < 0.1***

Table 1: Logistic regression: Disability Income Insurance

Expectations for income relative to inflation in the next year negatively influenced the likelihood of having insurance in the full model (-0.14), more so among White (-0.19) and Black (-0.21) groups. This suggests an optimistic outlook on short-term future financial stability decreases the propensity to acquire disability income insurance. Perceptions of debt have a mixed impact, with a slightly positive effect in the full model (0.08) and among White people (0.15), implying that seeing debt as beneficial marginally increases the likelihood of having disability income insurance. However, this perception did not significantly impact Black, Latino, and Asian groups.

Transitioning to the impact of financial knowledge, the analysis revealed significant diversity in the effects of perceived financial knowledge on the likelihood of possessing disability income insurance across different racial groups. Overall, the full model showed a marginal increase (coefficient = 0.03, $p<0.05$) in the probability of having

disability income insurance with each unit increase in perceived financial knowledge. However, when dissecting this effect by race, notable differences emerged. A strong positive relationship (coefficient = 0.16, $p<0.001$) is observed for Black individuals, indicating that higher levels of perceived financial knowledge significantly increase the likelihood of having disability income insurance within this group. In contrast, among Asian individuals, the effect is significantly negative (coefficient = -0.15, $p<0.001$), suggesting that as perceived financial knowledge increases, the probability of having disability income insurance decreases. White and Latino groups show no significant change (coefficient = 0.001) in the likelihood of possessing disability income insurance relative to their perceived financial knowledge.

A detailed analysis is needed to examine the impact of generational age on insurance decisions across different racial demographics. Table 1 provides an intricate breakdown of the effects of age generation on the inclination to invest in disability income insurance among various racial groups compared to the youngest group of 18-25-year-olds (Gen Z). The analysis is presented in the following manner:

- For Gen Y (26-41), a significant a slight positive association is noted for Latinos (0.85, $p<0.05$) and especially for Asians (17.53, $p<0.001$) compared to Gen Z, suggesting a stark contrast in perceptions or financial planning strategies between these groups.
- Gen X (42-57) shows a flat effect across most groups. However, a similar substantial effect in Gen Y Asians persists (17.15, $p<0.001$), indicating a consistent trend across these older generations within the Asian demographic.
- The Baby Boomers (58-76) exhibit a negative tendency (-0.31, $p<0.05$) in the full model, with a more pronounced effect among White individuals (-0.46, $p<0.01$), suggesting a decreased inclination towards disability income insurance with advancing age, while remaining positive among Asians (17.12, $p<0.001$)
- The Silent Generation (78-94) demonstrates a significant negative trend (-0.93, $p<0.01$) in the full model, which is especially dramatic for Latinos (-14.29, $p<0.001$) and still markedly positive and high for Asians (16.88, $p<0.001$).

Further, examining marital status' influence on insurance acquisition paints a detailed picture of disparities and tendencies. Table 1 presents a nuanced view of how marital status influences the likelihood of securing disability income insurance across different racial groups, with the baseline being never-married individuals. In the full model, being married or living with a partner shows a slight overall positive effect (0.07), though not significant, but varies significantly across racial lines: Latinos demonstrate a notably higher propensity (0.75, $p<0.01$) toward securing insurance under these conditions, whereas Asians show a strong aversion (-1.00, $p<0.001$).

For those who are separated or widowed, there's a substantial increase in the likelihood of having insurance (0.40, $p<0.001$) in the full model, with the effect being particularly pronounced among Latinos (1.41, $p<0.001$). Interestingly, while this group also shows a positive inclination among White (0.27, $p<0.05$) and Black individuals (0.56, $p<0.01$), Asians diverge with a negative trend, though it's not statistically significant.

Conclusively, the investigation into human capital variables—education, income, and em- ployment status—unveils significant insights into their relationship with disability income insurance across racial groups.

- **Education:** A positive association with having disability income insurance is observed across the full model and within White and Latino groups, indicated by coefficients of 0.12, 0.11, and 0.19, respectively, all statistically significant at the $p<0.001$ level. However, this effect is negligible among Black individuals and slightly negative (though not statistically significant) for Asians.
- **Income:** The logarithm of income shows a strong positive correlation with the likelihood of having disability income insurance across all racial categories. The coefficient in the full model is 0.55, with notable increases to 1.15 for Black individuals and 1.09 for Latinos, highlighting a more pronounced effect within these groups.
- **Unemployment:** Being unemployed significantly reduces the likelihood of having dis- ability income insurance across the full model and particularly within White and Black populations, with coefficients of -0.62 and -0.92, respectively. The negative effect is less pronounced and not statistically significant for Latinos and Asians.

6 Discussion

The research delves into the intricacies of consumer confidence and its influence on the acquisition of disability income insurance, uncovering how economic outlook shapes financial decisions across diverse racial groups. The analysis identifies a foundational reluctance across all examined groups to pursue disability income insurance, with the most significant resistance observed among Asian individuals, followed by Latino, Black, and White demographics, thereby highlighting a fundamental racial disparity in the uptake of such insurance. This finding aligns with consumer confidence theory, which suggests that an individual's optimism or pessimism about their economic situation directly impacts their financial behaviors, notably, the decision to safeguard against potential future income disruptions due to

disability.

The research further underscores how positive consumer confidence regarding financial stability relative to inflation in recent years is associated with a heightened propensity towards obtaining disability income insurance, particularly among White individuals. This observa- tion supports the theory's assertion that confidence in one's financial trajectory encourages proactive financial protections. However, the expectation of near-term economic improvement, particularly within White and Black populations, inversely affects this propensity, suggesting a perceived diminished need for insurance amid anticipated financial stability.

The study also sheds light on diverse reactions to debt perceptions. Among White people, a generally positive view of leveraging debt correlates with an increased likelihood of securing disability income insurance. This trend does not hold across other racial groups, hinting at the complex interplay between cultural and socioeconomic factors and debt perceptions on insurance decisions.

Further dissecting the impact of perceived financial knowledge reveals a complex rela- tionship with insurance uptake. A pronounced positive correlation among Black individuals emphasizes the role of heightened financial self-awareness in fostering a protective approach toward financial risks. Conversely, the negative correlation observed among Asians suggests varying cultural or socioeconomic influences that diminish the perceived value or necessity of disability income insurance despite higher levels of self-assessed financial knowledge. This variation underscores the nuanced effect of financial literacy on insurance decisions, emphasizing the importance of contextualizing financial education within diverse demographic realities.

In exploring the generational impact on insurance propensity, the analysis highlights stark contrasts in financial planning and risk mitigation strategies across racial lines and age groups. The consistently high likelihood of insurance investment among Asians across all age generations points to cultural or systemic influences that prioritize financial security. However, the decreasing inclination to invest in disability income insurance with advancing age, especially notable among White individuals and Latinos of the Baby Boomers and Silent Generation, suggests a complex matrix of factors, including accrued savings and perceived needs, that influence these decisions.

Examining marital status's role reveals how societal and cultural norms shape financial security pursuits through disability income insurance. The positive association for married or cohabitating individuals, especially among Latinos, might reflect communal financial planning norms. In contrast, the strong aversion observed among Asians to investing in disability income insurance highlights the diverse implications of cultural or structural differences in financial protection strategies.

The pronounced inclination towards insurance among separated or widowed individuals, especially among Latinos, points to a proactive approach to mitigating the financial vulner- abilities associated with such life transitions. This trend, however, varies significantly across racial groups, suggesting that demographic factors, in tandem with cultural attitudes towards marriage and widowhood, significantly influence financial protection strategies.

Finally, the findings on human capital—comprising education, income, and employment status—reiterate its crucial role in facilitating or hindering the acquisition of disability income insurance. While education and income generally bolster the propensity for such insurance, particularly among Latinos, the varied impacts across racial groups highlight the nuanced role of systemic, cultural, and policy factors in shaping access to and perceptions of financial security measures.

This comprehensive analysis, therefore, reaffirms the relevance of consumer confidence theory in understanding financial behaviors and emphasizes the critical need for nuanced, culturally informed financial education and policy-making that addresses the heterogeneous needs and preferences across and within diverse populations.

7 Conclusion

The comprehensive exploration of the multifaceted influences on disability income insurance acquisition in the United States sheds light on significant behavioral economics principles. It underscores the complexity of financial decision-making across different racial and socioeconomic groups. By examining consumer confidence, financial literacy, and various demographic factors, this research elucidates the dynamic interplay between personal financial perceptions and the broader economic landscapes impact on insurance uptake.

At its core, the study reveals a pronounced reluctance among individuals, particularly within Asian and Latino communities, to opt for disability income insurance, thereby highlighting an underlying racial disparity in insurance participation. This reluctance is intricately linked to consumer confidence, with findings indicating that positive economic outlooks over the past five years have bolstered insurance uptake among White individuals. This phenomenon aligns with consumer confidence theory, suggesting that optimism about one's financial future can drive proactive financial behavior, such as securing disability income insurance. Conversely, expectations of near-term financial improvement appear to dampen the perceived necessity for such insurance, especially among White and Black populations, reflecting a belief in reduced economic risk and, thus, a diminished urgency for protective measures.

The nuanced analysis extends to perceptions of debt, revealing a positive correlation between favorable views on leveraging debt and the likelihood of securing disability income insurance among White respondents. However, similar effects are absent in other racial groups, which points to the intricate ways cultural and socioeconomic factors influence financial decision- making processes.

A notable aspect of the study involves the relationship between self-assessed financial knowledge and insurance acquisition. The research identifies a strong positive correlation among Black individuals, suggesting that enhanced financial awareness can lead to more informed and proactive financial decisions. In contrast, a negative association among Asians highlights the diverse cultural and socioeconomic variables that shape perceptions of disability income insurance's value and necessity.

Further dissecting the impact of generational differences and marital status on insurance decisions, the research underscores the varying financial planning and risk mitigation strategies across racial and age demographics. The stark generational contrast in insurance uptake, particularly among Asians, Baby Boomers, and the Silent Generation, emphasizes cultural values and perceived vulnerabilities. Similarly, marital status analysis illuminates how societal norms influence financial protection pursuits, with notable disparities among married or cohabitating individuals and those who are separated or widowed.

Central to the discussion is the role of human capital—education, income, and employment status—in determining insurance acquisition. The study highlights the strategic importance of education and income in fostering insurance participation, especially among Latinos, and points to employment status as a critical factor influencing insurance decisions.

In conclusion, this research affirms the significance of consumer confidence and financial literacy in shaping disability income insurance decisions and advocates for culturally sensitive, demographic-specific financial education and policy interventions. By offering a nuanced understanding of the diverse factors influencing insurance uptake, this study paves the way for more inclusive and effective strategies to enhance financial security and economic resilience across the U.S. population, ensuring that disability income insurance serves as a robust safety net for all, irrespective of racial, economic, or demographic distinctions.

8 Future research

The exploration of disability income insurance in the U.S. has uncovered pivotal areas for future investigation:

- The influence of specialized financial education on insurance literacy and confidence, particularly in marginalized populations.
- The evolution of insurance engagement over time relative to socioeconomic fluctuations.
- A comparison of the financial outcomes for those with employer-provided versus personal disability insurance plans.
- An in-depth look at how cultural values shape attitudes and behaviors towards insurance.
- An assessment of policy reforms aimed at improving the reach and affordability of disability insurance.

Research in these areas will enrich our understanding of insurance practices and help create policies that bolster the economic security of individuals with disabilities.

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