Preparing Your Finances for Times of Disaster

Debra Wood, MS, CFP®
Family Resource Management Agent
Central Kansas District

Joy Miller
Family Resource Management Agent
Southwind District

Know Your Risks

Severe Storm
Flood
Winter Storm
Earthquake
Wildfire
Tornado
Economic Downturn
Pandemic

https://hazards.fema.gov/nri/map

FEMA's Individuals and Households Program (IHP)

- Maximum of $30,000 per household to assist with housing repair and replacement, temporary housing assistance, and other needs assistance.
- Hurricane response in 2017
  - 4.7 million people applied for assistance
  - 35% received housing and other needs assistance
  - $4,300 average amount of housing assistance paid to survivors
  - $1,300 average amount for other needs assistance

Long, Challenging Road to Financial Recovery

- Immediate and long-term, with severity often growing over time
- Harmful to credit scores, debt burden, bankruptcy, mortgage delinquency, and foreclosure
- More challenging for people afflicted by medium-size disasters compared to large disasters
- Severe for people experiencing financial fragility even before a disaster
Prepare Rather than Repair

• Peace of mind
• Limit property damage
• Better manage savings
• Be better prepared to navigate the recovery process
• Help others

Key Financial Preparedness Actions

• Emergency Fund
• Insurance
• Home Inventory
• Grab and Go Box / Safeguard those Important Documents

Emergency Fund

• Create an emergency fund for both your family finances as well as your business for not only deductibles, but also items you are self-insuring
  • 3-6 months of living expenses
  • Keep liquid, safe, stable and separate
  • Keep cash on hand
• Back up your records to a cloud or other off-site storage device

Review Your Insurance Coverage

• Asset protection
• Review at least annually
• Insure home for at least 80 percent of its replacement cost
• Standard policy - Contents are typically 50-60% of home value, ACV or Replacement
• Detached buildings, trees/shrubs, clean-up
• What disasters are covered (earthquake and flood require endorsement or separate policy)
• Additional Living Expenses (ALE) – 10-20% of policy limits: hotel bills, restaurant meals, rent, additional mileage, storage, above normal living expenses while home is being repaired or rebuilt
Are Changes Needed?

- Assess your needs
  - Homeowner's/Rental, Auto, Health, Life
  - Utilize your household inventory
  - Work with your insurance agent
- Identify changes needed
  - Extra coverage for valuables (some items have limits)
  - Sewer back up coverage
  - Flood insurance
- Farm policy
  - scheduled machinery
  - office and shop contents

Poll 1:
If you had to file an insurance claim, would you be able to list the possessions that were lost or damaged?

Flood Insurance

Floodsmart.gov

Just 1 inch of water can cause $25,000 of damage to your home.

Get Flood Insurance

Photo courtesy: Robert Squires

Develop a Household Inventory

- Provides proof of possessions
- Helps to determine the value of an item and insurance needs
- Following a disaster, use for insurance, assistance, and taxes
- Keep working copy (paper or electronic) in the home file
- Keep one copy of your household inventory away from home, such as in a safe-deposit box, with a trusted person or stored online
- Keep encrypted copy in cloud
- Keep all copies up-to-date and review on semi-annual basis
- Add newly acquired items to your inventory, including a new photo and purchase price, and delete discarded items
Safeguarding Important Documents

- Personal identification (for all family members including pets)
- Utilities and monthly ongoing expenses
- Financial accounts
- Insurance policies
- Medical information
- Estate plans
- Contacts (family, employers, schools)
- Businesses: ITIN, copies of tax returns, Social Security numbers of employees and those for whom you will need to file a 1099, payroll records, depreciation schedules (something that shows basis)

Create a Grab and Go Box

- Identification - Copies of Driver’s License, Social Security cards, passports
- Insurance cards, policies, or other proof of insurance
- Household inventory
- Immunization records
- Bank account numbers, cash
- Copies (front and back) of ATM, debit, and credit cards
- Phone numbers and account information for all financial services (banks, brokerage accounts, loans) and insurance providers
- Contact information for landlords, others you do business with – what type arrangement do you have

Poll 2:
Would you or your family be able to quickly grab your important documents if you needed to evacuate (or leave immediately) due to a natural disaster.

- Important telephone numbers (family members, doctors, veterinarians)
- Names and prescription numbers for medications
- Passwords
- Safe deposit box key
- Estate planning documents, Living will, DNR, POA
- Pocket notebook and pen or pencil
- If not kept in a Safe Deposit Box:
  - Family records (birth, marriage, death certificates)
  - Will, contracts, deeds, stocks, and bonds
  - Titles to vehicles
**Review and Update Regularly**

**Time**
- During tax preparation time
- Start/end of daylight savings time
- Birthday
- Start of a new year

**Update ASAP**
- Change insurance provider
- Change in residence
- Purchase a home, rent apartment
- Open, close bank accounts
- Change in marital status
- Have a child, change in schools
- Retirement planning
- Death within the household

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**Family Disaster Plan**

- Phone numbers
- Out-of-town contacts
- Meeting places
- Information about each family member and pets
- School and work contacts
- You may not be home when disaster strikes
- Children in school – what is school’s plan, and what is your plan for child-care

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**Special Population Needs**

- Exceptional family members
- Care of older family members
- Children (every age, college)
- Pets
- Those stationed abroad

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**After the Disaster**

- Inspect carefully before entering buildings
- Look for downed electrical wires, watch for fallen objects
- Protect your property from further damage
- Take photos of damage and remove personal property if home cannot be secured
- Contact insurance agent/company to start claims process
- Do not dispose of property until insurance adjuster has reviewed claim
- Do not make permanent repairs until adjuster has inspected
- Keep records and receipts from all expenses (meals, lodging, utility installation, transportation)
• Document the disaster: What happened, when did it happen, what damage was sustained, cost of repairs
• Several agencies/groups may be collecting information directly after a disaster and/or providing aid
  - Red Cross
  - Salvation Army
  - Emergency Management including FEMA in some cases
• May assist with food and shelter in form of vouchers – keep receipts
• Keep all receipts related to disaster (food, lodging, clothing, check stubs from disaster assistance, insurance settlement sheets) – necessary for tax and insurance purposes

Family and friends can help you with:
• Witnessing the damage
• Photographing/videotaping the damage
• Providing access to telephone, office, other facilities
• Errands: faxing, copying
• Storing valuables, important papers
• Providing moral support and humor
• Providing temporary food, clothing, lodging

Financial Fraud and Scams
• Don’t trust anyone who offers financial help and then asks for money or personal information.
• Resist the pressure to act immediately.
• Stop and talk to someone you trust.
• Know how scammers will ask you to pay.
• Research and be aware of common scams by visiting the Federal Trade Commission website: https://www.consumer.ftc.gov/features/scam-alerts.

Disasters Don’t Wait.
Make Your Plan Today.