



MONEYWISE

VALUING PEOPLE. VALUING MONEY.

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THIS MONTH'S TOPIC: FINANCIAL PREPAREDNESS FOR A NATURAL DISASTER

In the event of a natural disaster — such as a tornado, flood, or snow and ice storm — many families know to have supplies on hand to shelter-in-place and a safe exit strategy for evacuations. However, often people don't think to prepare financially for a natural disaster. Follow these tips to make sure your family is also financially prepared for an emergency.

KEEP CASH ON HAND

In the digital age, cash on hand is becoming less common. However, it is a good idea to keep some cash at home in smaller bills that you can quickly grab in an emergency situation. This is especially helpful in case networks are down or there is a power outage. Consider having enough cash to cover transportation and lodging costs if you have to evacuate or temporarily move. If severe weather has been predicted, make sure you have gas in your vehicle in case gas stations are closed. The time to buy generators and chargers is before the storm. The demand for them afterward may mean they will disappear quickly.

BUILD EMERGENCY SAVINGS

Create an emergency savings fund to help cover unexpected expenses. This may be a separate account from your regular savings. The ideal amount of emergency savings is between three- and six-months' worth of living expenses. However,



any amount of money will be helpful when disaster strikes.

As we've learned from the pandemic, anything is possible. Always be prepared for the unexpected. Save as much as you can until you have enough money in reserve to cover housing, food, bills, and other necessities for three to six months. Creating a monthly budget will help you reallocate your income to allow you to reach your savings goals.

If disaster strikes before you've built this savings, you may need to plan your spending carefully. Contact creditors if necessary to delay bill payment. Try to avoid using high-cost credit if possible.

GATHER IMPORTANT DOCUMENTS

After a disaster, there are many papers you may need to access for proof of identity, to ask for help, or to file claims. These may include photo ID, social security card, insurance policies, banking



AFTER A DISASTER, THERE ARE MANY PAPERS YOU MAY NEED TO ACCESS FOR PROOF OF IDENTITY, TO ASK FOR HELP, OR TO FILE CLAIMS



information, tax statements, or physician and health-care records. It also helps to have a list of financial contacts and account numbers, such as for your creditors, financial institutions, or other service providers. You may need to stop or start service or delay payments.

The Federal Emergency Management Agency (FEMA) offers an Emergency Financial First Aid Kit at <https://www.fema.gov/media-library/assets/documents/96123>. This toolkit provides a fillable PDF option that offers a place to record important information digitally or to print it for your records.

Once you have gathered all your information, it's important to store it safely. Keep paper copies or a flash drive in a waterproof, fireproof safe. Make sure digital copies on your computer or in the cloud are password protected. Think about making a second copy that could be kept in another location such as a bank safe deposit box.

INSURANCE COVERAGE

Before a natural disaster strikes, it is a good idea to review your insurance coverage from time to time. Understand your policy and what it covers. Often flood or earthquake insurance is sold separately and is not covered under a standard home insurance policy. Also, if you need to file a claim because of damage or theft, it can help to have documentation of your belongings. Inventory your home room-by-room and take photos. The Kentucky Department of Insurance provides an inventory worksheet at: <http://insurance.ky.gov/ppc/Documents/HouseholdInventory051310.pdf>.

With these tips, you can be financially prepared for a natural disaster. Get your plan in place, and don't forget to update your documents periodically so your plan stays current.

REFERENCE:

The Ready Campaign. "Financial Preparedness Tips." (2021). <https://www.ready.gov/financial-preparedness>

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