

## Byline Article

## 360 Degrees of Financial Literacy



**Disasters, whether natural or man-made, usually strike quickly and without warning. You and your family may have little or no time to decide what to do next. That's why it is so important to plan for the possibility of disaster—and not wait until it happens.**

**Taking measures to avoid or prepare for a disaster in advance, called mitigation in technical terms, reduces the likelihood of injury, loss of life and property damage far more than anything you can do after a disaster strikes. Part of disaster planning should include financial planning, which is why *Disasters and Financial Planning: A Guide for Preparedness* was written.**

**1. Making A Disaster Plan.** To prepare yourself to best handle a disaster, you need a family disaster plan—one that the entire family understands.

- Discuss the types of disasters that are most likely to happen where you live and what to do in each case.
- Teach children how to dial 9-1-1.
- Find out about disaster plans at work and at your children's school or child-care center. Make sure they have your emergency contact numbers.
- Pick two places to meet if you and your family are separated in a disaster—one that's right outside your home and another outside your neighborhood.
- Choose an out-of-town contact. Teach your children how to call that person.
- Discuss what you will do if authorities' advise you to evacuate and plan what your escape routes are. Emergency shelters are opened in different places, depending on the type and size of the disaster. Listen to local radio for information on where shelters have been opened.

**2. Protecting Your Property.** Think about ways you can avoid or reduce property damage if a disaster were to strike. A few ideas:

- In areas where earthquakes can cause damage, use child-resistant latches to keep cabinet doors shut. Bolt bookcases and tall furniture to wall studs. Secure overhead light fixtures to beams or rafters. Use straps to secure your water heater. Have a professional anchor the main frame of the home to its foundations.
- If you live in an area prone to wildfires, clear brush surrounding your home, make sure you have fire-resistant siding and consider replacing wood-shingled roofs with less flammable materials.
- In an area that experiences high winds, hurricanes or tornadoes, consider measures such as having a professional anchor your home to the foundation, strapping the roof to the main frame, installing hurricane shutters and building a tornado safe room or shelter in your home. These will help protect your family against high winds from hurricanes and tornadoes.
- To protect against flooding, move electrical panel boxes and the furnace from the basement or crawl space to an upper floor or attic. You might also elevate the home or relocate it.
- Know how to shut off all your utilities (gas lines, water, electricity).

**3. Protecting Your Income.** When preparing for the possibility of a disaster, you need to consider how it may affect your job.

- Does the organization have a disaster plan? If so, what is it?
- If I'm unable to get to work after a disaster, will I continue to be paid? If so, for how long?

- If the business must shut down temporarily, will I continue to be paid? If so, for how long?
- Would I be able to use or substitute sick leave pay, vacation pay or any employer-paid emergency assistance?
- Would I be eligible to collect unemployment compensation? If so, when?
- If I'm injured in a disaster, what medical and disability benefits does the company provide and for how long?
- If I'm injured on the job during a disaster, would I be covered by workers' compensation?

#### 4. Protecting Your Health & Life.

If you or a family member is injured in a disaster, coverage such as medical insurance, disability policies and long-term care could quickly become your most important assets.

- Find out what the plan will cover and what your out-of-pocket costs might be if you are seriously injured in a disaster so you can anticipate (and save for) these costs.
- Learn what procedures the insurance company requires you to follow in the event of an emergency.
- Do your best to make sure you never go without health insurance for more than 62 days (two full months). Otherwise, you may have to wait up to a year for coverage for a pre-existing medical condition.
- If you change jobs, look for a company that offers a group health insurance plan. A health insurance benefit can be worth thousands of dollars.

**5. Protecting Your Records.** Two ways to protect your records and other irreplaceable items from disaster is to store them in a bank safe deposit box or home safe.

- Put important papers in a box that you can grab in the event of an emergency. Some items to put in the box: traveler's checks, a few rolls of quarters, negatives of important personal photographs, a list of

emergency contacts, copies of prescriptions and medical records, copies of insurance policies, backup disks of critical computerized information, copies of other important family and financial records.

- Store original documents, property deeds and birth certificates in a bank safe deposit box.

#### 6. Protecting Your Loved Ones.

Imagine that you could take only one suitcase or pack a single carload in the event of a disaster. What would you take, how would you leave your home, where would you rejoin your family and who would you call if you became separated?

- The most crucial document is a will. It names your heirs—the people you want to receive your money and other possessions when you die—and appoints a guardian if you have young children.
- Durable power of attorney. This document names the person (or other entity) you want to pay your bills and manage your money if you become ill or incapacitated and are unable to make these types of decisions.
- Healthcare proxy names a person who will make decisions about your health care if you get sick and cannot make those decisions by yourself.

To find more information on pre- and post-disaster financial planning, contact [STATE SOCIETY/FIRM NAME] at XXX-XXX-XXXX or visit [www.redcross.org](http://www.redcross.org). For general consumer financial planning tips and information, visit [www.nefe.org](http://www.nefe.org).

**Click here to download a Word version of this document.**

