

Money for Life

July 2008

Dear Readers,

Disasters disrupt hundreds of thousands of lives every year. Each disaster has lasting effects, both to people and property. You should know how to respond to severe weather or any disaster that could occur in your area - tornadoes, earthquakes, extreme cold, flooding, or terrorism. You should also be ready to be self-sufficient for at least three days. This month's newsletter provides tips from FEMA and the American Red Cross to help you prepare financially for a disaster situation.

Insurance and Vital Records



Review existing insurance policies for the amount and extent of coverage to ensure that what you have in place is what is required for you and your family for all possible hazards.

Store insurance policies, deeds, property records, and other important papers in a safe place, such as a safety deposit box away from your home. Make copies of important documents for a disaster supplies kit.

Think about the records you would want to take with you if you suddenly had to evacuate your home during a disaster. These records should go into a disaster supplies kit that you could grab either on your way out of your home or bring with you into the safe room if you go there. Consider making copies of all the records you have stored in your bank safe deposit box or home safe and put them in a portable, fire-resistant, waterproof box that you keep nearby at all times. (You might even want to keep irreplaceable keepsakes and photographs in this box.)

Send copies of vital records to an out-of-town friend or relative, as well as to anyone named in a document, such as a trustee or a beneficiary.

In addition, maintain a written and photographic inventory of your possessions, including model and serial numbers, so you can estimate the value of your property for insurance or tax purposes if it is damaged or destroyed in a disaster.



Receipts provide even better proof. Put one copy of the inventory in a portable disaster supplies kit, another in your safe deposit box, and send a third to an out-of-town relative or friend.

When you take photos of your possessions or videotape them, remember to include your property's exterior, your vehicles, and the contents of your garage, closets, and attic. Don't forget inexpensive items as well as precious belongings. If you're videotaping, audibly describe the item, when you bought it, and how much it cost. Finally, get a professional appraisal of jewelry, collectibles, artwork, or other items that are difficult to value, and update the appraisal every two or three years. There are professionals who will videotape your possessions for a reasonable fee; ask your insurance agent for a referral. Then, once or twice a year, go through your safe and disaster supplies kit to make sure your records are up to date. Be sure to update your records after making major purchases or completing major remodeling projects. Plan to keep a written record of events to help substantiate your expenses and losses to the insurance adjuster.

Your Job

When preparing for the possibility of a disaster, you need to consider how it may affect your job. To get information from your employer about how disasters are handled, talk to your manager, the human resources department, the benefits director, or the payroll department. A larger corporation may even have an Employee Assistance Program (EAP) that can provide information.

How a disaster is handled depends on the employer. Here are some questions to ask:

- 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?

Cash Flow

Since power may be out after a disaster, ATMs and credit card processing machines may not be working. In addition, banks may be closed or you may not be able to return home. To get through this time, stash a sufficient amount of cash, traveler's checks, and a roll of quarters (to use in pay phones) in a disaster supplies kit that you keep at home and can get to quickly. To determine how much money to set aside, estimate how much your family would



need for three days if you could not return home, the power remained out, or if you were unable to get cash from an ATM or bank.

It's also important to set aside extra money in an emergency fund.

Many financial experts advise saving enough money to cover your bills for three to six months. Place the money in an account that you can get to easily, such as a bank savings account or money market account, and then leave it there until you face an emergency or unexpected expense. Consider depositing some funds in a financial institution that is outside of your local area to decrease the chances of it being affected by the same disaster.

Sources:

Federal Emergency Management Agency
www.fema.gov

American Red Cross- www.redcross.org

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