



# MODULE 14: Disasters—Financial Preparation and Recovery

## PARTICIPANT GUIDE



**MONEY SMART for Adults**

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The Federal Deposit Insurance Corporation is an independent agency created by the Congress to maintain stability and public confidence in the nation's financial system. One way we do that is by providing free, non-biased financial education materials, including this Participant Guide. For more information about our family of Money Smart products, visit **[www.fdic.gov/moneysmart](http://www.fdic.gov/moneysmart)**.

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# Welcome

Welcome to the FDIC's Money Smart for Adults!

This is the Participant Guide for **Module 14: Disasters—Financial Preparation and Recovery**. Use it during and after training. Mark it up, write in it, take notes—it is yours to keep.

## Module Purpose

This module covers how to financially prepare for and recover from disasters.

This module also:

- Explains why preparing for disasters is part of financial management and financial health
- Offers steps to prepare financially for disasters
- Offers steps to recover financially from disasters

# Section 1: Preparing Financially for Disasters

We will discuss steps you can take to prepare for a disaster that might affect your finances.



## Key Takeaway



Save time, money, and stress when a disaster strikes by making financial preparations.

## How Disasters Can Affect Finances

There are natural disasters, such as earthquakes, floods, hurricanes, and tornadoes. There are also human-made disasters, such as terrorism, fires, and hazardous material incidents.

Disasters can strain us mentally, physically, emotionally, and financially.

**What are some ways disasters create financial challenges?** You can take notes from the discussion below.

## Prepare in Advance for Disasters

If a disaster occurs, the government and disaster-relief organizations will try to help you, but you need to be ready as well.

No one is ever 100 percent prepared for a disaster. To be better prepared financially, you can take the following actions before a disaster happens:

- Get the insurance you need
- Set money aside in an emergency savings fund
- Keep some cash in a safe place
- Sign up for direct deposit
- Consider arranging for online or mobile banking
- Keep financial documents in a safe place



## Get the Insurance You Need

Insurance is a critical support after disasters, but you need to get the insurance **before** a disaster strikes.

Shop around for the best deal on insurance.

Periodically review all your insurance coverage. Find out what is and what is not covered by your policies.

Keep records of your personal property and the estimated value of the things you own. See guidance and tools on creating an inventory of your property from the National Association of Insurance Commissioners. Visit [www.insureuonline.org](http://www.insureuonline.org) and search for "inventory."



## Apply It: What Types of Insurance Do I Need?

You can use this table to review different types of insurance, whether you have it, and whether you need it. Shop around! Costs and coverage vary. You can shop for insurance online or talk with insurance agents. Find out what you may need, what it covers, and how much it will cost.

### Automobile Insurance

- Protects you from paying the full cost for repairs to your vehicle that result from an accident
- Comprehensive coverage helps pay for damages to your vehicle due to theft, fire, or falling objects
- Depending on the policy, it may pay for disaster-related damage

**If you have it, list the insurance company, coverage limits, and other key details here.**

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**Do you need it or more coverage?** ☐ Yes ☐ No ☐ I Don't Know

### Disability Insurance

- Protects you from financial hardship when a covered illness or injury prevents you from earning a living

**If you have it, list the insurance company, coverage limits, and other key details here.**

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**Do you need it or more coverage?** ☐ Yes ☐ No ☐ I Don't Know



**Apply It: What Types of Insurance Do I Need? *continued*****Life Insurance**

- Pays money after you die
- May also have other benefits

**If you have it, list the insurance company, coverage limits, and other key details here.**

**Do you need it or more coverage?**

☐ Yes   ☐ No   ☐ I Don't Know

**Renter's Insurance**

- For people who rent their home
- Insures your personal property against damage or loss
- Insures you in case someone gets hurt at your home
- May not cover expensive items, such as mobility devices like scooters, electric wheelchairs, or other accessibility devices; ask to add a rider, if needed

**If you have it, list the insurance company, coverage limits, and other key details here.**

**Do you need it or more coverage?**

☐ Yes   ☐ No   ☐ I Don't Know



**Apply It: What Types of Insurance Do I Need? *continued*****Homeowners Insurance**

- For people who own their home
- Insures your home and personal property against damage or loss
- Insures you in case someone gets hurt at your home
- Probably doesn't cover damage caused by floods or earthquakes; ask to add a rider if needed
- Amount of insurance should include the value of any significant upgrades to your home, including accessibility upgrades, such as an entry ramp or accessible bathroom features
- May not cover expensive items, such as mobility devices like scooters, electric wheelchairs, or other accessibility devices; ask to add a rider, if needed

**If you have it, list the insurance company, coverage limits, and other key details here.**

**Do you need it or more coverage?**

☐ Yes   ☐ No   ☐ I Don't Know

**Other Insurance**

**List the other types of insurance you have or may need, such as flood insurance. For each, list the insurance policies you currently have, including the insurance company, coverage limits, and other key details.**

**Other Type of Insurance 1:**

**Do you need it or more coverage?**

☐ Yes   ☐ No   ☐ I Don't Know

**Apply It: What Types of Insurance Do I Need? *continued*****Other Type of Insurance 2:****Do you need it or more coverage?**☐ Yes☐ No☐ I Don't Know**Other Type of Insurance 3:****Do you need it or more coverage?**☐ Yes☐ No☐ I Don't Know

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## **Set Money Aside in an Emergency Savings Fund**

Having an emergency savings fund can save you time, money, and stress.

Even building a small emergency savings fund can be helpful. Set a realistic goal for your emergency savings fund and start saving money toward that goal.

## **Keep Some Cash in a Safe Place**

In the event of a disaster, for a period of time you may only be able to pay for everyday purchases with cash.

Keep some cash in a safe place where you can access it quickly in case of evacuation. Consider storing it in a waterproof bag kept in a fire resistant box or safe.

You may want to keep the cash in a larger emergency kit. It should include supplies you would need to survive on your own for several days. It may be called a GO bag, or a Bug Out Bag (BOB), or something else.

However—and this is very important—do not keep more cash at home than necessary for your immediate needs after a disaster.

## Sign Up for Direct Deposit

In a disaster, taking care of simple things, like depositing a check, can be overwhelming. In addition, a disaster can make it more difficult to pick up your mail from your regular address.

With direct deposit, your paycheck and public benefits go directly into your account at a financial institution. Direct deposit will help you avoid missing out on important income during a disaster. If you don't already have an account at a financial institution, you may want to consider opening one.

## Consider Arranging for Online or Mobile Banking

Your financial institution may be temporarily inaccessible after a disaster. You may be able to pay bills online, deposit checks, and conduct other transactions using your computer, smartphone, or other device.

With online or mobile access you can also communicate electronically with your financial institution. They may offer flexibility and support during and after a disaster.

## Keep Financial Documents and Information in a Safe Place

Having access to personal, financial, insurance, medical, and other records is crucial for starting the process of recovery quickly and efficiently. Remember to update your records to reflect changes over time.

## Emergency Financial First Aid Kit (EFFAK)

Go to [www.fema.gov](http://www.fema.gov) and search for “EFFAK” to download *Emergency Financial First Aid Kit (EFFAK): Strengthen Your Financial Preparedness for Disasters and Emergencies*. That publication includes checklists and forms to help you prepare an EFFAK.



### Remember the Key Takeaway

**Save time, money, and stress when a disaster strikes by making financial preparations.**

## Section 2: Recovering Financially from Disasters

We will discuss how to recover financially from a disaster, including steps to take and things to avoid.



### Key Takeaway



Develop an initial plan to recover financially from a disaster. Watch out for scams.

### Steps to Financial Recovery

After a disaster, your first priority is making sure you and your loved ones are safe and secure. Visit **DisasterAssistance.gov** to learn more. As soon as you can, though, it is important to take additional steps to recover **financially**.

You can take notes during the small group discussion in the box below and those on the next page. After the discussion, you can use your notes in the next activity called *Apply It: My Steps to Financial Recovery*.

#### Property (Other than a home)

**Home****Income / Job****Bills / Expenses****Protecting My Money**

## Be Proactive

First, contact the company directly. Then, if needed, contact the regulatory agency.

To locate a bank or other depository institution's federal regulator, call the FDIC toll-free at 1-877-ASK-FDIC (1-877-275-3342).

To locate your state's insurance regulator, go to the website of the National Association of Insurance Commissioners at **naic.org** and search for "state map."

You can also file a complaint with your state regulator at **<https://eapps.naic.org/cis/fileComplaintMap.do>**.

For disputes with other entities, such as contractors, consider contacting your state attorney general's office (**[www.naag.org/naag/attorneys-general/whos-my-ag.php](http://www.naag.org/naag/attorneys-general/whos-my-ag.php)**) or your state consumer protection office (**[www.usa.gov/state-consumer](http://www.usa.gov/state-consumer)**).



### Apply It: My Steps to Financial Recovery

Write down ideas you remember from the discussion or from the notes you took earlier that would be important for your financial recovery after a disaster.

#### Property (Other than a home)

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#### Home

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**Apply It: My Steps to Financial Recovery *continued*****Income / Job****Bills / Expenses****Protecting My Money**



## Get Help

A wide variety of organizations can help you recover from disasters. No single organization does it all. Plan on seeking help from a variety of sources.

- Start with **DisasterAssistance.gov**.
- Visit Disaster Recovery Centers set up by the Federal Emergency Management Agency (FEMA)
- Find out about locally organized disaster relief and recovery meetings.

## Financial Recovery Resources

- Again, start with **DisasterAssistance.gov**.
- FEMA – Individuals and Households Program
- Small Business Administration (SBA) – low-interest, long-term disaster loans
- Department of Agriculture (USDA) – loans for recovery of homes, businesses and farms
- Department of Housing and Urban Development (HUD) – approved housing counseling agencies: visit **[www.hud.gov/findacounselor](http://www.hud.gov/findacounselor)** or call 800-569-4287
- Home Preservation Hotline at 1-888-995-HOPE™ (4673) or **[www.995hope.org](http://www.995hope.org)**

*Where to Get More Information or Help* on page 18 lists a few more resources to explore after the training.

## Watch Out for Scams

Not everyone who offers help during a disaster is a legitimate source of help. Be on the lookout for scams by people who are taking advantage of the situation.

Be selective when you hire or accept help. Scammers could be posing as home repair contractors, charities, or other organizations involved in disaster relief efforts.

### To avoid scams:

- Get and check references
- Ask to see state or local permits
- Don't pay a contractor all the money you owe | them until they finish all the work
- Get and keep receipts
- Don't pay for services that should be free
- Research organizations you are not familiar with
- Protect your information
- Monitor your credit reports
- Read scam alerts



The Federal Trade Commission (FTC) maintains a running list of scams at **[www.consumer.ftc.gov/scam-alerts](http://www.consumer.ftc.gov/scam-alerts)**. You can report scams there, too.



## Try It: Spotting Red Flags

Read the scenario and then answer the questions.

### Scenario: Phyllis Spots Red Flags

Phyllis just bought her home. Unfortunately, the roof was severely damaged. It happened in a recent storm that was declared a disaster. This morning, someone rang the doorbell and offered to repair the damage. Phyllis asked for references. The contractor said the company has done work for others in the neighborhood and would be happy to email Phyllis their information later.

The contractor told Phyllis that if she pays now, the work can be done immediately. They already have their crew in the area and will do the work more cheaply now than at any other time. If she doesn't have enough cash on hand, she can provide her bank account number for an electronic payment.



**If you were Phyllis, would you hire this person? Why or why not?**

## Adjust Your Financial Picture After the Disaster

Here are some of the things you can do to reflect your post-disaster reality:

- Review your household's spending and saving plan and adjust it, if necessary
- Work with lenders if you need help managing your debts
- Contact your financial institution and ask if they have programs or initiatives to help support your recovery after the disaster
- Get and review your credit reports and work on resolving any issues
- Set new goals and make a plan to reach them



### Remember the Key Takeaway

Develop an initial plan to recover financially from a disaster. Watch out for scams.

# Module Closing

## ★ Remember the Key Takeaways

Section	Key Takeaway
1. Preparing Financially for Disasters	Save time, money, and stress when a disaster strikes by making financial preparations.
2. Recovering Financially from Disasters	Develop an initial plan to recover financially from a disaster. Watch out for scams.

## Take Action

You are more likely to take action if you commit to **taking action now**. One way to commit is to think about what you plan to do because of what you learned today. Then write it down.

### What will I do?

### How will I do it?

**Will I share my plans with anyone? If so, who?**

## Where to Get More Information or Help

Visit **Ready.gov** (English) and **Listo.gov** (Spanish) for more information to help prepare for and respond to emergencies.

Visit **[www.ready.gov/individuals-access-functional-needs](http://www.ready.gov/individuals-access-functional-needs)** for readiness recommendations for the disability community.

FEMA Disaster Recovery Centers are accessible facilities and mobile offices you can visit to learn more about FEMA and other disaster assistance programs.

Visit **[www.fema.gov](http://www.fema.gov)** to learn about accessible emergency management, including a full online course available at **[www.fema.gov/disability](http://www.fema.gov/disability)**.

The University of Minnesota Extension developed *Recovery After Disaster: The Family Financial Toolkit*, a comprehensive resource that offers strategies and provides tools that can help you recover financially after a disaster. Find the guide and accompanying video series by visiting **[www.extension.umn.edu](http://www.extension.umn.edu)** and searching for “recovery after disaster.”

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If you have a question about a banking product, ask a customer service representative at the financial institution for help.

If you have a concern, explain to the customer service representative what happened and what you would like them to do to correct the situation. If that does not help, consider contacting the federal regulator for that financial institution.

To find out who regulates the financial institution, call the FDIC toll-free at 1-877-ASK-FDIC (1-877-275-3342) or visit **[www.fdic.gov/consumers/assistance/filecomplaint.html](http://www.fdic.gov/consumers/assistance/filecomplaint.html)**.

## Pre-Training Survey

Your instructor may ask you to complete this pre-training survey before the training begins.

Please answer these questions:

- |    |  |      |       |
|----|--|------|-------|
| 1. | Disaster preparation is necessary only if you live in an area that experiences frequent earthquakes. | True | False |
| 2. | Disasters rarely disrupt electronic access to finances so cash reserves are not necessary.           | True | False |
| 3. | Financial obligations are automatically suspended when disasters strike.                             | True | False |
| 4. | When you are recovering from a disaster, you should get help from whoever offers it.                 | True | False |

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## Post-Training Survey

Your instructor may ask you to complete this post-training survey after the training ends.

Please answer these questions:

- |   |      |       |
|---|------|-------|
| 1. Disaster preparation is necessary only if you live in an area that experiences frequent earthquakes. | True | False |
| 2. Disasters rarely disrupt electronic access to finances so cash reserves are not necessary.           | True | False |
| 3. Financial obligations are automatically suspended when disasters strike.                             | True | False |
| 4. When you are recovering from a disaster, you should get help from whoever offers it.                 | True | False |

### About the Training

Check the box that best describes your agreement or disagreement with each of these statements.

	Completely agree	Somewhat agree	Somewhat disagree	Completely disagree
5. I would recommend this training to others.				
6. I plan to apply what was discussed in this training to my life.				
7. The instructor used engaging training activities that kept me interested.				
8. The instructor was knowledgeable and well prepared.				
9. The Participant Guide is clear and helpful.				

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Visit the FDIC's website at **[www.fdic.gov/education](http://www.fdic.gov/education)** for more information and resources on banking-related issues. For example, FDIC Consumer News provides practical hints and guidance on how to become a smarter, safer user of financial services. Also, the FDIC's Consumer Response Center is responsible for:

- Investigating all types of consumer complaints about FDIC-supervised institutions
- Responding to consumer inquiries about consumer laws and regulations and banking practices

**You can also call the FDIC for information and assistance at  
877-ASK-FDIC (877-275-3342).**



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