

1-4: Prepare Yourself Financially for a Disaster

<p><u>Cast List</u></p> <ul style="list-style-type: none"> • Darryl • Terri • Jerry, Darryl’s uncle, 60s, white male <p><u>Synopsis</u></p> <ul style="list-style-type: none"> • Terri and Uncle Jerry “ambush” Darryl in his home to discuss how to prepare for a disaster • Uncle is recently recovering from a hurricane that destroyed his house in Queens, NY • They go over topics as they walk through Darryl’s house, with rooms and objects prompting the various points <p><u>Location</u></p> <ul style="list-style-type: none"> • Darryl’s house 	<ul style="list-style-type: none"> A. Financial Impact of a Natural Disaster or Other Emergency B. The Financial Emergency Plan C. How To Prepare <ul style="list-style-type: none"> a. What to have with you <ul style="list-style-type: none"> i. Identification ii. Checks iii. List of account numbers iv. Copy of safe deposit box key v. Contact information for financial institutions b. Where to store safely <ul style="list-style-type: none"> i. At home ii. Safe deposit box iii. With trusted relative or friend c. Financial practices that will prepare you <ul style="list-style-type: none"> i. Direct deposit ii. Automatic bill payments iii. Internet banking iv. Mobile banking <ul style="list-style-type: none"> i. Review of insurance coverage
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Theme music up

TERRI: This is the “Money Smart Podcast Network, with Terri and Darryl.”

Cross-fade music with street ambiance (residential)

TERRI: Hi, it’s Terri, here to talk about preparing yourself financially for a disaster.

We’ve decided to do things a bit differently on this Money Smart Podcast. I’m here with Jerry Bishop. Jerry became an expert on preparing for a disaster the *hard way* – his home was completely flooded out after a hurricane.

Jerry also happens to be my co-host Darryl’s uncle. Tell us what your experience was like, Jerry.

JERRY: Well, we were luckier than a *lot* of people. We had some warning, and I used it to stock up on emergency food and water, batteries, those sorts of things. But I hadn’t thought through the money part of it. There’s a lot we take for granted.

TERRI: There is. Even people whose homes are OK can find themselves in trouble because of the financial disruption a disaster causes. Sometimes – like with a hurricane – there’s time to prepare. Things like earthquakes, tornadoes, and wildfires – or man-made disasters – can happen with no notice at all.

JERRY: That’s right.

TERRI: That’s why Jerry and I are here, outside my co-host’s house. It’s Saturday morning, and we’re going to pay Darryl a *surprise visit* to see if he’s prepared for a disaster – or not.

SFX: footsteps, gate opening.

TERRI: (*as she's walking*) Darryl lives just a few blocks from the river here. Floodwaters from a severe storm could certainly threaten his house.

SFX: footsteps on porch; doorbell rings; Vesuvius, a dog, barks

TERRI: 'Morning, Darryl.

DARRYL: Hey, Terri - what's... Uncle Jerry! You didn't tell me you were... Hey, What's going on here?

TERRI: Sorry to barge in, partner. You know we had a segment to do on preparing financially for a disaster.

JERRY: We thought we'd find out how ready *you* were.

TERRI: Just like some disasters, we're hitting you without warning.

DARRYL: And Uncle Jerry had that really terrible flood a few years back, Uncle Jerry. I can go with that. Come on in, I just made some coffee.

SFX: door creaks, steps.

TERRI: Whoa, Darryl. I thought we were talking about disasters, not visiting one.

DARRYL: Sorry. Painting. It *is* a bit of a mess. Come in the kitchen.

Transition to indoor ambience

Well, Terri, I actually think I'm pretty well prepared for a disaster. A couple of years ago we had a storm coming in. I went on www.ready.gov and I made up an Emergency Kit, it's got water and food, both for me and Vesuvius (*Vesuvius barks*), flashlights, batteries, the whole bit.

TERRI (approvingly): Well, Darryl, that's good!

JERRY: What storm was that?

DARRYL: Isabel, I think.

JERRY: Darryl, that was 2005. Where's the Kit?

DARRYL: It's down in the basement.

JERRY: And the first place that's going to flood when the storm surge comes up the Bay is...?

DARRYL: Oh...

TERRI: (*giggles*) That would be, the basement. Darryl, you're too much. Jerry, where does someone like Darryl start?

JERRY: I always tell people, you've got to have a plan. Do a little worst-case scenario thinking. Now, www.ready.gov has a lot of good info about keeping your family safe. I found that I should have had a *financial* emergency plan as well.

DARRYL: Uncle Jerry, what do people forget to think about?

JERRY: Electrical power, for one thing. In any disaster, it's probably going to be out. Don't assume phones, the Internet, or even all ATMs will be working right away. Also, if you have to evacuate you may not be able to get back into your house for a while. It was *five days* before they let me back into my neighborhood after the flood.

TERRI: That's hard to imagine.

JERRY: I had to scramble to find key information like the phone number for my insurance company, and even remember the dosage of the medicine my doctor had prescribed. I struggled to pay for food and housing. Meanwhile, the world goes on – I still had bills that were due.

DARRYL: All right, so I'm not as ready as I thought. What do I need to do?

JERRY: I tell people that financial emergency preparation has three parts. Number one, you gather the information and documents you might need if a disaster hits. Number two, you figure out where you can store those essential items safely. Number three, you start doing some things on a regular basis that prepare you for an emergency.

DARRYL: OK, let's start with the information and documents. Let's go in my home office.

SFX: footsteps, door opens

TERRI: This is a nice, setup, Darryl. Who knew you could be this organized?

JERRY: The first thing to get together is all of your forms of identification. If you or your family need to rebuild records, or prove that you are who you say you are, this can be crucial.

DARRYL: OK, so that would be my driver's license—

TERRI: —or state identification card for non-drivers.

DARRYL: Good point. And my passport...

JERRY: Yes, and also your insurance cards, Social Security cards, and – this is important – birth certificates. This is for you and any members of your family. Then you want to copy

or scan every one of those documents in case something happens to the originals. We'll talk about storing the originals and copies in a moment.

TERRI: And we'll put a tip sheet on the website – so listeners don't have to write all this down.

DARRYL: Got it. What's next?

JERRY: Several different ways to make purchases. You should have your bank, ATM, or debit card, and know the PIN number for each.

TERRI: ...but never write the PIN numbers on or near the cards in case they're lost or stolen.

DARRYL: Right. I don't do that. Anymore.

TERRI: Hey, Jerry. This is gorgeous. Is this one of your carvings?

JERRY: Why, yes, Terri. That's a Bufflehead Duck. I carved it out of walnut.

TERRI: It's beautiful.

JERRY: *(to Darryl)* Oh, and have a few blank checks. And your credit cards, if you use them. Again, you can copy or scan the front and back of your cards – often, you can make purchases if you know the number and have a valid ID.

I always tell people to have some cash on hand too in case ATM and credit cards cannot be used until power and communications can be restored to your area. The amount of cash you have on hand should depend on the number of people in your household, and your ability to get more cash or make purchases. But remember – cash in your house and not in your bank account can be stolen or lost.

DARRYL: Plan and then prepare. I'm with you. And then?

JERRY: A big list. I can't tell you what a pain it was to recover all of my accounts and account numbers after the flood hit our house. I was scrambling. If only I had written down each of my accounts, the account number, and a phone number for each, it would have saved a world of trouble.

TERRI: So each bank account number, and a phone number for the bank.

JERRY: Banks, yes. But don't forget credit card companies, insurance companies, and even brokerage firms if you have any investments. Get the account number, a local and a toll-free phone number, and the name of anybody you deal with on a regular basis. That can be a big help.

DARRYL: A list. Makes sense. What else?

JERRY: A copy of the key to your safe deposit box, if you have one.

DARRYL: I do.

JERRY: You can't get into a safe deposit box without a copy of the key, no matter how many forms of ID you have. Ask me how I know. And just giving somebody else a key doesn't mean that person can get in, even in an emergency. The bank must have a record that that person is a joint renter, or an agent. The bank can help you make those arrangements.

DARRYL: This is a lot of stuff.

TERRI: But so much easier to get it together now, rather than with a storm on the way!

DARRYL: You said that the second part of the plan is storing these things safely. I assume I shouldn't leave them all in a pile on my desk.

JERRY: Probably not the best idea. Let's take a look at that Kit of yours.

SFX: Footsteps, basement door opens.

TERRI: We're in Darryl's basement now, looking at his Emergency Kit. Hmm. "Expires 10/3/07."

JERRY: I said you should make backup copies or scans of important documents like birth certificates and ATM cards. It's best to have the originals. But in any case you shouldn't have the originals and the copies in the same place.

I tell people there are *four* storage spots to think about: your personal go-kit... elsewhere in your home... your safe deposit box... and a remote location.

DARRYL: What's a go-kit?

JERRY: FEMA and the Department of Homeland Security say you should keep a backpack or suitcase stocked with important supplies in case you have to evacuate your home. It should be waterproof and easy to carry. You've got a lot of what you need right here.

DARRYL: What else would be good?

TERRI: Oooh! Take the Bufflehead Duck!

JERRY: This is the place I'd put some cash, a few checks, copies of your ID and credit cards, a copy of your list of account numbers and contact information, and that copy of your safe deposit box key. Because most of these items include your personal financial information, you should keep the backpack or suitcase securely locked.

DARRYL: You said some other stuff should be kept in a secure location at home.

JERRY: I'd invest in a fireproof safe. I keep the originals of our own passports, birth certificates, wills, and medical care directives in mine. If you can't have a safe, at least put these important documents in airtight, waterproof bags.

TERRI: How about the safe deposit box?

JERRY: Good for protecting papers that would be difficult or impossible to replace – like birth certificates or important contracts. Not the best place for things you might need quickly. You have to remember that natural disasters can affect an entire *region*. If you can't get to your home, the bank staff might not be able to open the bank either.

TERRI: By the way, it's a good idea to consult your attorney before putting your original will in a safe deposit box. In some states it takes a while to get into a safe deposit box even after a person dies.

JERRY: It's a good idea to also consider scanning these records and storing the images away from home. You could even e-mail them to yourself at a secure account that you could access anywhere.

TERRI: Or you could store them online. If you use a secure online storage service, I mean.

JERRY: If I had stashed backups with your mom when we had the flood, Darryl, it would have saved a lot of hassle.

SFX: Door closes, coffeemaker beeps

TERRI: We're back in Darryl's kitchen. Jerry's going to tell us, finally, about things to do on a daily basis to help prepare for a disaster.

JERRY: That's right. I tell people that some of the automatic banking services are a *real help*, like direct deposit of your paycheck. That way, you can know that your pay is going right into your account whether or not you can make a deposit in person or by mail. Also, automatic bill payments for regular items like your phone bill, your insurance premiums, and your loans can keep you from falling behind and getting hit with late charges or service interruptions.

DARRYL: It seems like online banking could help, too.

JERRY: It can. You can do your banking business without having to mail checks. Sometimes even from your phone.

TERRI: What else, Jerry?

JERRY: I can't say this enough. Review your insurance coverage. This includes homeowners' or renters insurance and car insurance. Make sure you have enough insurance

to cover the cost to replace or repair your home, car, and other valuable property. It may be smart to purchase insurance to cover disasters that are likely to happen in your area.

TERRI: Right. For Instance, most homeowners' insurance policies do not cover damage by floods.

JERRY: Darryl – do you have flood insurance?

DARRYL: You bet. I think. Maybe.

TERRI: In other words, "no."

JERRY: I was lucky; I had it. Some of my neighbors didn't know that their standard homeowners' insurance didn't cover flood. They were wiped out. The same may be true for natural disasters like earthquakes and wildfires, or man-made events.

TERRI: An insurance agent can help you figure out whether your coverage is adequate to replace or repair your home, your car, and the rest of your property.

JERRY: I found out – insurance can be the difference in whether your family is secure, financially, over the long term – or not. Even if flood insurance isn't required, it can make sense.

Oh, and in case you need to file an insurance claim, documentation can come in handy. Keep an inventory of your personal property and its estimated value. It may also be helpful to have photos or a video of your property.

DARRYL: Uncle Jerry, is there something else that people should remember about all this?

JERRY: Only that it's a good idea to go back and *review* all of this, at least once a year.

TERRI: That's a good reminder for me. Account numbers and things can change. It won't do you any good to have a list unless they're current.

JERRY: Another important tip to help prepare financially for a disaster is to begin to build an emergency savings fund. A disaster may affect your ability to work and earn income. Savings can help you through a tough financial period without taking out a loan or borrowing from your retirement savings.

DARRYL: How much is supposed to be in this "emergency savings fund?"

JERRY: Well, According to experts, emergency savings should equal three to six months of living expenses. And the safest place for your funds is an FDIC-insured institution.

TERRI: I'll leave you boys to catch up – and go catch up on my financial emergency preparations.

JERRY: It was good to meet you, Terri.

DARRYL: Thanks, Terri.

Theme music up

TERRI: And thanks to you, Money Smart Podcast listeners. We hope you're never affected by disaster – but if you are, a little preparation will go a long way. And speaking of disasters, Darryl's about to step in paint...

DARRYL: What?

SFX: thump

TERRI: This has been the "Money Smart Podcast Network, with Terri and Darryl."

Theme music up and out