

4 Ways to Disaster-Proof Your Finances



Natural disasters can occur at any time in any place. Whether it's a hurricane, an earthquake, a tsunami, a tornado, a flood, a fire, or something in between, the results can be overwhelming.

If you had to deal with one of these disasters are you equipped to financially weather the storm? Before something happens, prepare!

- 1. Take Home Inventory.** Go room by room and record a visual inventory of your possessions using a video camera or a still camera. If you do not have either create a detailed description of each item including its cost and when you bought it as well as any serial or model numbers for items such as electronics, appliances, fixtures, jewelry and clothing. It's also a good idea to photograph your landscaping, patio, outdoor furniture, fencing, sprinkler systems, automobiles, and boats. It's important to update your inventory, if not annually, every two or three years. Be sure to keep the inventory in a safe place such as a safety deposit box.
- 2. Be Insured.** Review your homeowner's or renter's policy to see what is covered and what is not. Talk to your agent about flood or earthquake insurance if either is a concern in your area. Review your coverage amounts to be sure that you are keeping up with inflation (ask about guaranteed replacement coverage if you don't already have it). Make sure you are comfortable with deductibles if you can pay those out of pocket. Higher deductibles can result in significant premium savings.
- 3. Keep Financial Records Safe and Handy.** Store original papers, property deeds and birth certificates in a safe deposit box at the bank. Put copies of these originals in a "grab and go" fire and waterproof box at your home. Some items to put in the "grab and go" box are: cash, a list of emergency contacts, a safe deposit box key, and copies of the following items: important financial and family records, prescriptions, passports and birth certificates for all members of your family, insurance policies, medical records, and back up of computer files.
- 4. Strong Emergency Fund.** If you find yourself having to deal with a disaster, having a three-to-six month emergency fund will be a lifesaver. First, before you actually start saving you need to understand how much money you are spending each month, take a look at what is left over and decide how much you can realistically set aside to save towards an emergency fund. You need to see your emergency fund as a necessity and you need to set yourself a savings goal and plan to regularly contribute to the fund. Choose an account that is considered "untouchable." An account where it will take thought before withdrawing the money, not your everyday savings account. If a disaster never occurs in your lifetime, congratulations, you now have extra money for retirement.