Disaster financial preparedness: It's about mitigating risk and doing the right thing

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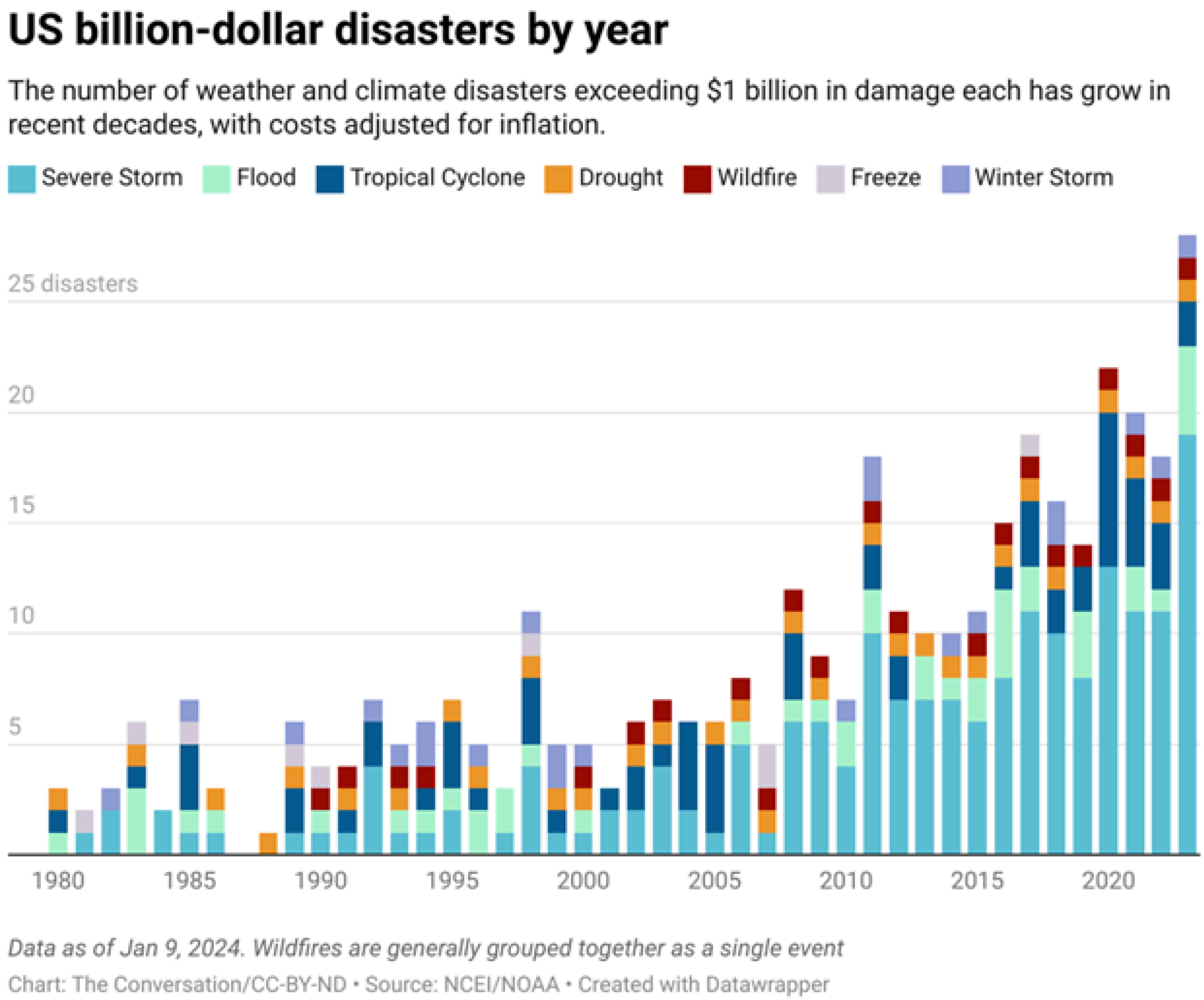
by: Ariel Cisneros

Perhaps you've followed the news or even experienced the extreme heat, wildfires, tornadoes or hurricanes this summer. These types of disasters occur every year and are becoming more frequent and more costly. Whether households and businesses recover from a disaster, and the speed of recovery, depends in large part on how well they prepared. You can help by sharing Plan.Prepare.Prevail. (P3), from the Federal Reserve Bank of Kansas City.

A survey by Bankrate found that 57% of U.S. adults say they have incurred costs due to an extreme weather event within the past 10 years[1]. And extreme weather is becoming more frequent, according to the NOAA National Centers for Environmental Information.



Financial preparation is vital to being prepared. How resilient are your small business or retail customers if faced with disaster? As a trusted partner you can help spread the word about the how and why of financial preparation.

Plan.Prepare.Prevail. (P3) provides easy-to-use and easy-to-understand tools for financial preparedness. It's available in English and Spanish. By sharing these materials, you can help your customers, constituents, employees, family and friends be ready for the unexpected.

The Federal Reserve developed this quick checklist to help you gather your important financial information and be prepared before a disaster strikes:

- Complete the Federal Reserve Financial Form for households and/or small businesses--a form-fillable PDF (also available in Spanish).

- Understand current insurance policies and reassess annually.
- Complete an inventory of your property and contents.
- Have a relationship with your bank or regulated financial institution.
- Develop an emergency financial fund for insurance deductibles and short-term costs.

"*At every disaster, I always hear, "I never thought it could happen here or to me."* --FEMA liaison

We'll continue to provide updates and new information that's helpful to grow and strengthen households, the small business sector and our economy, an economy that works for everyone.

Free materials: Small business and household brochures and worksheets are available in English and Spanish. Send an email to Ariel.Cisneros@kc.frb.org for materials.

Endnotes

1 "Extreme weather's financial impact on drivers and homeowners," Bankrate, June 21, 2024.

The views expressed are those of the authors and do not necessarily reflect the positions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

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