



Checklist: Counseling on Financial Preparedness

Disasters can occur at any moment and leave your clients overwhelmed. While their immediate concerns will be the safety of themselves and their loved ones, financial preparedness is crucial in helping your clients recover quickly. This document provides steps and resources for your clients to use to prepare for a disaster. **Use this checklist to guide your clients through an assessment of their financial preparedness.** In the notes section, highlight steps that apply to the household. Refer to relevant links and print out useful resources.

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<h2>ORGANIZE YOUR DOCUMENTS</h2> <p><i>Stress the importance of having documents in order and readily accessible.</i></p>	
<p>Take the following steps to organize your documents so that you have them when you need them for insurance claims and other needs.</p> <ul style="list-style-type: none"> ✓ Take inventory of your important documents. <ul style="list-style-type: none"> ○ Obtain original versions of important financial documents, such as mortgages and leases. ○ Print or download statements of any obligations that you pay automatically, such as rent or mortgage, utilities, loans, and memberships. ○ If you receive paper checks from your employer, consider requesting direct deposit. ✓ Take photographs or record a video of the rooms in your home and any valuable belongings. ✓ Keep a small amount of cash in a safe location for emergency purchases if ATMs are not functioning or banks are closed. The amount of cash should be based on the basic needs of your family, including food, gas, and other necessities. ✓ Safeguard paper and electronic copies of all files in safe locations. Store paper copies of important documents in a fireproof and waterproof box or safe or in a bank safe deposit box. If you are using a safe deposit box, you may want to ask your bank, or check state laws, to confirm who can and cannot access the safe deposit box if the lessee dies or is incapacitated. ✓ Store electronic copies of important documents in a password-protected format on a removable flash or external hard drive in your fireproof and waterproof box or safe. Visit the U.S. Computer Emergency Readiness Team to learn how to use electronic encryption to protect sensitive information. 	



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<h2>ASSESS YOUR INSURANCE COVERAGE</h2> <p><i>Talk with your client about their different types of insurance. Make sure they know the details of their policies and have coverage for all their assets.</i></p>	
<p>Review your insurance policies to be sure that they are still accurate and current, including ensuring that you have coverage for all relevant types of hazards.</p> <ul style="list-style-type: none"> ✓ Homeowners (or hazard) insurance. Homeowners insurance covers damage to your home and possessions, liability if someone is injured on your property, and living expenses if you need to relocate while your home is repaired. ✓ Flood insurance. Flood insurance covers damage to homes related to flooding. Homeowners insurance does not cover damage related to flooding, so flood insurance must have been purchased separately by an insurance company participating in the National Flood Insurance Program. Although uncommon, people located outside of flood zones may purchase private flood insurance. ✓ Renters insurance. Renters insurance covers your possessions, liability costs if someone is injured on your property, and additional living expenses if you need to relocate. ✓ Other insurance. Also consider your automobile, health, and life insurance. 	
<h2>REVIEW YOUR HOME INSURANCE POLICY</h2> <p><i>Talk with your client about home insurance, if applicable.</i></p>	
<p>If you own a home, ensure that your homeowners insurance coverage is adequate.</p> <ul style="list-style-type: none"> ✓ Make sure you have the right coverage, from a trusted provider. Search online to ensure that you are choosing a reputable homeowners insurance company, and consider consulting with local real estate professionals. ✓ Look for the best deal. Purchasing your homeowners and auto coverage from the same company can provide you with substantial savings. Be aware that most insurers use credit-based insurance scores to set premiums and eligibility for coverage. Be wary of low-premium plans with huge deductibles that you know you will not be able to afford. ✓ Don't be underinsured. You save money by avoiding out-of-pocket costs that arise from inadequate or partial coverage. Don't assume that your coverage limits will automatically adjust to your home's rising or falling market price. Buying an "extended coverage" rider will protect you against the surge in prices that often follow natural disasters and will add to your replacement-value limit. 	



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<ul style="list-style-type: none"> ✓ Reduce your risks. Insurers often give discounts for household features such as smoke detectors, alarm systems, sprinkler systems, and other features that reduce risk. Ask your insurer about their discounts. ✓ Know what is not covered by your insurance. Disputes about coverage can occur after disasters. Ask your insurer about specific events that are not covered by your insurance. Inquire about flood damage, wind damage, and other damage that could occur in a disaster. 	
<h2>UNDERSTAND FLOOD INSURANCE</h2> <p><i>If your client is covered or will need to be covered post-disaster through the National Flood Insurance Program (NFIP), make sure they understand its coverage.</i></p>	
<p>To understand your NFIP coverage, review the following:</p> <ul style="list-style-type: none"> ✓ The Summary of Coverage, which was prepared by the NFIP to help you understand your flood insurance policy. This summary provides general information about deductibles, what is and is not covered by flood insurance, and how items are valued at the time of loss. ✓ The Claims Handbook, which is a guide to everything from preparing before the flood to filing and handling your flood claim. After a flood damages your home or business, you need to file a flood claim. ✓ Flood Claim Appeals and Guidance. If you have received an official denial letter (for all or part of your flood claim) and you are unsatisfied with the results, you have other options. ✓ The necessary steps to pay for your flood insurance policy. ✓ The steps you need to take to renew your policy. ✓ The Policyholders: Help With or Without a Disaster Declaration page explains what a flood insurance policyholder should do if there is a Presidential Disaster Declaration. Even if you have flood insurance, you should register with FEMA. There does not need to be a disaster declaration to file a flood claim when you have flood insurance. This resource will help you understand all the available resources that can help you recover. 	
<h2>PLAN YOUR NEXT STEPS</h2> <p><i>Review your client's next steps.</i></p>	
<p>Identify your next steps.</p> <ul style="list-style-type: none"> ✓ Use the FEMA Emergency Financial First Aid Kit to inventory your documents and other critical information. ✓ Fill any gaps in your preparedness. Find missing documents, update your insurance policy, and establish safe places to keep originals and copies. Make sure all adults in the household know about the documents and their locations. 	



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<h2>FIND MORE INFORMATION</h2> <p><i>Direct your client to additional information if they need it.</i></p>	
<p>The following resources have additional information on financial preparedness:</p> <ul style="list-style-type: none"> • The Consumer Financial Protection Bureau (CFPB) • FEMA Information for Policyholders • FEMA Emergency Financial First Aid Kit • Financial Preparedness First Aid Kit • Homeowners Insurance Buying Guide • Ready.gov Webpage on Financial Preparedness 	