Are you financially prepared if disaster strikes?

Natural disasters – from floods and wildfires to hurricanes, tornadoes and snowstorms – seem to be in the news all too frequently. As you watch or read stories about the challenges facing victims of the latest disaster, you might try to convince yourself that it will never happen to you.

Nearly anyone, however, may be exposed to a natural disaster at some point. Keeping you and your family safe is the ultimate priority but so is mitigating the impact of financial loss. Taking steps to be financially prepared for such an occurrence can determine your readiness to handle a life-changing event. Here are some things to keep in mind to help you prepare.

Proper protection in place
There may be no more important step than to make sure you have appropriate insurance coverage that is current and up-to-date. This includes property and casualty insurance to protect your home, vehicles and other possessions. You'll want to make sure your coverage is sufficient for the replacement value at today's prices. If you believe you could be subject to a flood, you'll need to look into a separate flood insurance policy provided through the National Flood Insurance Program. It's important to note, most traditional homeowner policies do not cover flood damage.

Also make sure you have sufficient health insurance in place too should you require medical care following a disaster.

Cash on hand
It isn't unusual for many of the services we take for granted to be out of commission if a natural disaster should strike the area where we live. For example, power may be out, which means ATMs will be unable to dispense cash. Internet and cell phone service could be limited as well, making it difficult to conduct any transactions online.

One solution is to make sure you keep a reasonable amount of cash safely tucked away in your home so you have money that's available to use when you need it. During times like these, most purchases may require cash. Be sure you've got sufficient cash on hand that would meet your needs for a few days if you have to contend with such a drastic circumstance.

Protect key documents
Important documents should be stored in a safety deposit box at a bank. This includes birth and marriage certificates, Social Security cards, passports, and titles to your home and cars. In addition, if you have important household information stored on your computer, make certain it is backed up on a hard drive that is in a safe place. Keeping information on a safely stowed thumb drive that you can grab and keep with you in case of emergency may also be helpful.

Maintain an emergency fund
Your sources of income may be interrupted, either by an inability to work due to injury, or because the business where you are employed may not be able to operate for a period of time. Be sure you have at least six months of living expenses set aside in a liquid, emergency fund (bank savings account or money market fund) to meet your expenses if you should be unable to work for an extended period of time.

Natural disasters can be devastating in so many ways. While the above tips are some of the ways to financially prepare for a natural disaster, there may be additional actions you can take depending on the severity of the event and your individual circumstances. But remember: the more you can do in advance, the better prepared you will be.

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Darryl Ruffen, CFP®, MBA is a Financial Advisor with Ameriprise Financial Services, LLC, in Danvers, MA). He specializes in fee-based financial planning and asset management strategies and has been in practice for 21 years. To contact him you may call (978) 777- 8382, Joanne Reilly and Associates, 175 Andover St., Suite 304, Danvers, MA 01923. http://www.ameripriseadvisors.com/darryl.r.ruffen/.

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