

Preparing Financially for a Disaster



By their very nature, disasters often strike without warning. Whether it be a fire, flood or hailstorm, it's a good idea to have your personal finances in order before an unexpected emergency knocks at your door. Virginia CPAs offer these tips on preparing for a disaster.

1. Properly insure your property.

At a minimum, buy full replacement or replacement cost insurance. Also, have an appraiser periodically assess the value of your home, including renovations, so the policy reflects its current replacement costs. It's important to note that flood damage is not covered by homeowners' policies. And remember, even if you don't own your own home, you should insure your personal property with renter's insurance.

2. Have cash on hand.

If the electricity goes out, automated teller machines (ATMs) won't be able to spit out your dollar bills. The same goes for credit cards. Keep a small amount of cash on hand to pay for food, hotel rooms or whatever you may need if your home is uninhabitable.

3. Safeguard important papers.

It will be easier to pick up the pieces in the days following the disaster if you have safeguarded important documents. Consider purchasing a fire and waterproof safe to house copies of your important documents. It's wise to put the original documents in a safety deposit box at a bank across town or in a nearby city — thus, reducing the likelihood that the same disaster could affect both your house and financial institution.

4. Organize other records.

If you must evacuate your home suddenly, keep the following records handy: the last few years' worth of tax returns; copies of health insurance cards and prescriptions; a written inventory and photos of household items; credit card records; employee benefits information; and warranties and receipts for major purchases, to name a few.

5. Take steps to protect your belongings.

Before disaster strikes, take steps to protect your property like building a tornado-safe room, learning how to shut off your utilities and replacing a roof's wood shingles with a material that is more fire resistant.

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