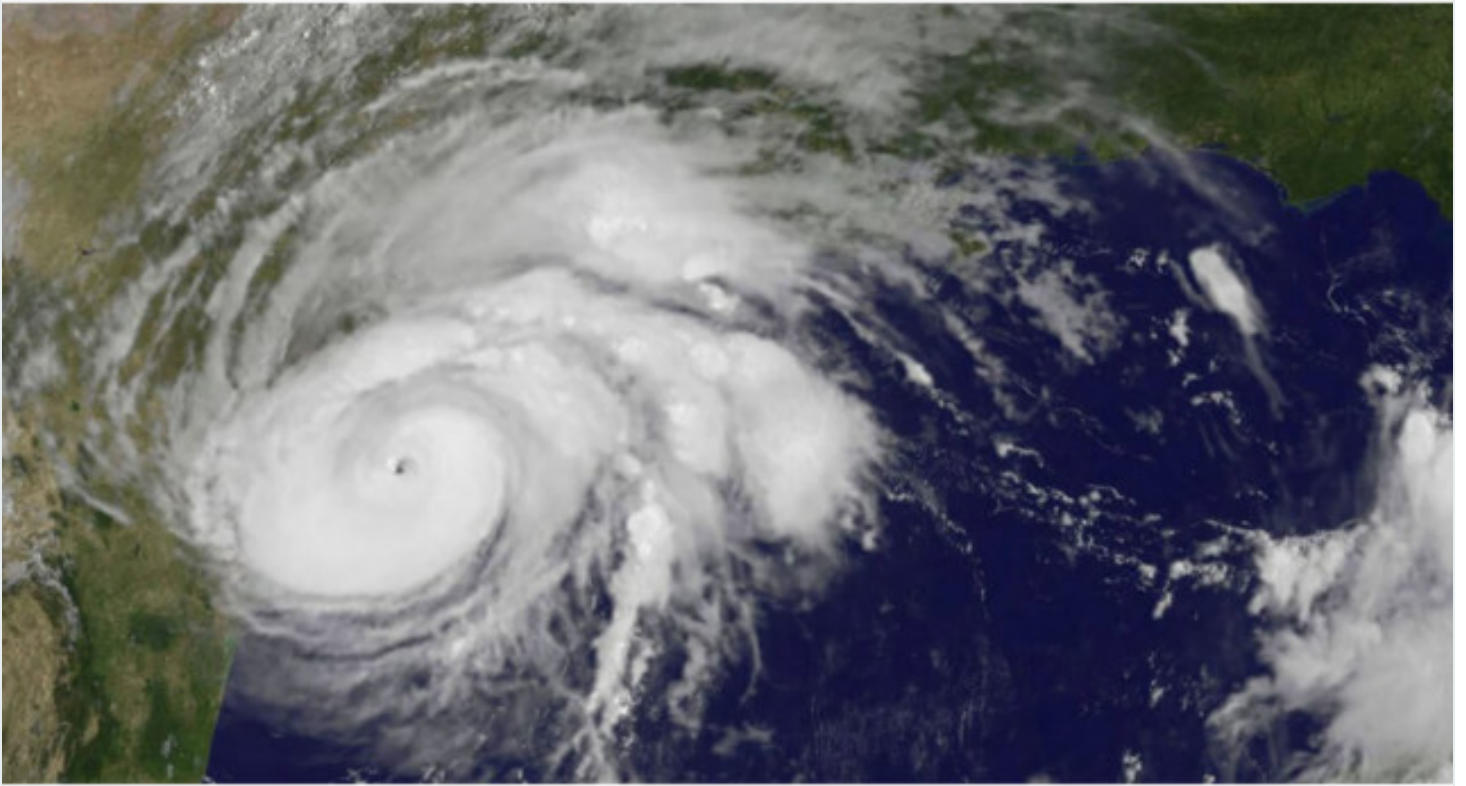


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how much recovering from a natural disaster would cost their family financially. And seven in ten (71 percent) say that such an event would have a major or moderate ...

May. 27, 2020



With the focus on the COVID-19 pandemic, the coming hurricane and wildfire season is likely not on many Americans' radars right now. However, with tens of millions more Americans in a financially precarious position over the last couple of months, it's more important than ever to be prepared for a natural disaster. Recent data found that while many Americans have taken at least one step towards being prepared, there are still more actions that can be taken in the short term to help protect their finances and their families should disaster strike.

Six in ten Americans (61 percent) believe they are likely to be personally impacted by

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primary concern,” said Gregory J. Anton, CPA, CGMA, chair of the AICPA’s National CPA Financial Literacy Commission. “During the recovery process, access to financial resources and personal information is critically important. Taking action to put together a plan today will help protect your family and your finances should you ever find yourself impacted by a natural disaster.” **Understanding Financial Impacts of Natural Disasters**

Nearly four in ten Americans (37 percent) admit they do not have a good sense of how much recovering from a natural disaster would cost their family financially. And seven in ten (71 percent) say that such an event would have a major or moderate impact on their financial situation, including a third (33 percent) who said there would be a major impact.

“It is a good idea to run through the calculations for potential damage, finding temporary housing and other recovery costs, so you can check to see if you would have enough cash on hand to cover it,” added Anton. “Review your insurance to be sure you have the right amount of coverage and that you’re not overpaying. Make sure you know what is covered and don’t be afraid to comparison shop periodically to see if switching makes sense.”

Emergency Preparedness

The good news is nearly three-quarters of Americans (73 percent) have taken at least one step to prepare for a natural disaster, most commonly assembling a disaster supplies kit (34 percent), creating an evacuation plan (32 percent), or backing up and storing personal medical and financial records in a safe place (31 percent). The bad news is only 15 percent have created a disaster plan to protect their finances. And concerningly, a little more than a quarter of Americans (27 percent) have not taken any steps at all to prepare for a natural disaster.

Steps Americans Have Taken to Prepare for Natural Disaster

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- 19% Created or updated an estate plan and/or will
- 19% Purchased additional insurance (e.g., flood insurance, hurricane insurance, etc.)
- 15% Created a disaster plan to protect finances
- 2% Other
- 27% "I have not taken any steps to prepare for a natural disaster"

Take Steps Now to Protect Your Financial House "If you haven't filed your taxes yet this year, you have the opportunity to cross two 'to-dos' off your list at the same time," said Neal Stern, CPA, member AICPA's National CPA Financial Literacy Commission. "After filing, take it a step further and organize your important documents and put them in a safe place. Even if you never experience a disaster, the peace of mind gained from organizing your records is well worth the few hours spent on this important task."

Every situation is unique, but there are some general natural disaster emergency preparedness steps that all households should take to prepare for unexpected challenges. For Americans looking for help getting started on their own disaster plan today, visit www.360FinancialLiteracy.org/BePrepared. There you will find guidance that covers the five key components of a disaster plan to protect both your family and your finances.

COVID-19 Impact on Disaster Planning Preparations

Many people are living in an unsettled financial state right now— either from sudden unemployment, or perhaps just being displaced from their place of work or local area. Disruptions caused by the COVID-19 pandemic can complicate the process of preparing a plan to protect your financial wellness from the next natural disaster. Government and institutional responses may be slower than usual at this time. With that in mind, here are a few areas where Americans may want to get a head start.

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special risks you may face like flooding. As a first step, be sure you know how to contact your agent, who may be working remotely or with a reduced staff under current conditions.

Safe Deposit Box — If you have documents in a safe deposit box that you may need after a disaster, you may find that your local bank branch is closed or operating under restrictions. You can check with the bank's main office to learn how to access the box if local restrictions apply and may continue.

Wills, Powers of Attorney, and Health Care Proxies — If disaster results in incapacity, loss of a loved one, or serious injury, you'll want to be sure that your legal paperwork is up to date. Your attorney may be working remotely under pandemic-related conditions. If your papers need an update, it pays to get a head start in contacting the professionals you will look to for help and advice.

Employment-Based Programs — Visiting your human resources department to check on items that may help you manage through financial survival in a disaster, like your disability coverage or ability to borrow from a 401(k) or similar retirement plan, is likely not an option if your workplace is closed due to the pandemic. You can take steps now to learn how to get the information you need, and request any needed updates, by phone or online.

Methodology This survey was conducted online within the United States between November 5 – 7, 2019 among 2050 adults (aged 18 and over) by The Harris Poll on behalf of AICPA via its Harris On Demand omnibus product. Figures for age, sex, race/ethnicity, education, region, employment, marital status, and household income were weighted where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was used to adjust for respondents' propensity to be online.

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