



Prepare for a Financial Emergency

Disasters and other emergencies can disrupt your finances and your sense of normal. Financial emergency preparedness helps you plan, recover, and rebuild after disasters and emergencies.

Types of Financial Emergencies

A financial emergency is any expense or loss of income you do not plan for, like a missed paycheck, a damaged roof, a flat tire, or medical bill.³ According to FEMA, 6 out of 10 households in America experience at least one financial emergency in a year and about one-third of American families do not have any savings.¹ Financial emergencies can result from health or medical care issues, household expenses, or natural disasters.

Prepare for Financial Emergencies

You can take these steps to prepare for financial emergencies: establish an emergency savings account, review insurance coverage, and compile important documents. Establish an emergency savings account as part of your budget to prepare for financial emergencies. Emergency savings may help weather unexpected financial incidents or setbacks.²

Review your insurance coverage. There are many types of insurance available to help offset financial emergencies. Some insurance options are health insurance, life insurance, disability insurance, property insurance, renters' insurance, and disaster insurance. With insurance, it is important to understand the type and limits of the coverage you obtain and review it regularly to see if you are comfortable with your level of coverage.

Illinois Extension's [Key Records and Contact Information Worksheet](#) is a way to start organizing important information and documents in the event of an emergency. Some documents that may be useful in the case of an emergency are identification cards (such as a license, passport, or social security card), insurance cards (health, property, life, etc.), credit cards, financial and legal documents, and health information (medical cards, list of essential prescriptions, etc.).

Another option is the *Emergency Financial First Aid Kit (EFFAK)* by FEMA.¹ This is a comprehensive toolkit to prepare for an emergency. The toolkit is designed to ensure important documents are together and accessible in an emergency. Complete the EFFAK to have your important documents and information ready in case of emergency. The EFFAK is available for free by calling (800) 480-2520 and asking for publication number P-2063 or by [downloading](https://www.fema.gov/emergency-financial-first-aid-kit) a copy from: <https://www.fema.gov/emergency-financial-first-aid-kit>.

Keep your *Worksheet* or *Financial First Aid Kit* in a safe location and update the information regularly. Communicate where this information is stored with those included in your financial emergency preparedness plan, such as trusted family members.

Rebuilding Records After a Disaster

After a disaster, some records may be difficult to locate. The IRS has free tax [return transcripts](#) available online at

<https://www.irs.gov/individuals/get-transcript>.⁵

Many banks and credit card companies also provide past records online. As for property records, documents may be obtained from the county assessor's office or the title company.

Avoid Financial Fraud Following a Disaster

Unfortunately, scams that attempt to take advantage of vulnerable victims are prevalent following a disaster. Some common post-disaster scams are fake charities, mortgage repayment or modification scams, and robocalls promising assistance.⁴ Do not share personal information or financial information with people you do not know. Report scams to local police or law enforcement agencies.

Tips for avoiding fraud following a disaster include⁴:

- Don't make decisions under pressure
- Don't fall for price gouging
- Stay updated on possible scams
- Protect yourself from identity theft

Disaster Emergency Resources

Many emergency resources exist in the case of a financial emergency. Depending on the circumstances, different resources may be more appropriate. Here is a list of some potential resources:

- <https://www.consumerfinance.gov/an-essential-guide-to-building-an-emergency-fund>
- <https://consumer.ftc.gov/articles/how-organize-your-finances-times-disaster>
- <https://www2.illinois.gov/ready/plan/Pages/Seniors.aspx>
- <https://www.redcross.org/get-help/how-to-prepare-for-emergencies/older-adults.html>

References

¹ Emergency Financial First Aid Kit (EFFAK). (2021, June 8). FEMA.gov. <http://www.fema.gov/emergency-financial-first-aid-kit>

² Emergency Savings and Financial Security: Insights from the Making Ends Meet Survey and Consumer Credit Panel. (2022, March 23). Consumer Financial Protection Bureau. <https://www.consumerfinance.gov/data-research/research-reports/emergency-savings-financial-security-insights-from-making-ends-meet-survey-and-consumer-credit-panel>

³ Financial Preparedness | Ready.gov. (2022). <https://www.ready.gov/financial-preparedness>

⁴ How do I avoid scams and fraud after a disaster? (2019, August 29). Consumer Financial Protection Bureau. <https://www.consumerfinance.gov/ask-cfpb/how-do-i-recognize-and-prevent-against-fraud-after-a-natural-disaster-en-1529>

⁵ Rebuilding records after a natural disaster is an essential step in recovery | Internal Revenue Service. (2022, October 19). <https://www.irs.gov/newsroom/rebuilding-records-after-a-natural-disaster-is-an-essential-step-in-recovery>