

Handling Family Finances During Disasters & Emergencies

EM 8868-E • August 2004

Disasters can create serious financial crises for families. Insurance may not cover as much as anticipated or needed. Home and places of employment may be lost. Family members may be out of work due to injuries. In an ideal world, families would have adequate cash reserves or credit to draw on for disasters. But reality is likely to be far from ideal.

Making decisions about repairs and purchases and developing resources to maintain a home can be difficult. However, some basic financial tools and household saving strategies can help families during an emergency.

Financial strategies

- Cut back on spending as much as possible.
- Use cash reserves, if available.
- Use unsecured credit. Wise use of credit cards can help. If it will be several months before the balance can be paid, consider taking out a loan. Finance charges likely will be lower than credit card interest rates.
- Borrow against assets. Borrowing against the equity in a house that was not damaged requires refinancing, taking out a second mortgage, or obtaining a home equity line of credit. Another possibility is to borrow against employee pension plans or whole life insurance policies.
- Liquidate assets. Consider selling major assets to generate cash.
- Discuss options for reducing interest charges on outstanding loans with creditors.

Ways to save

- Carefully examine each monthly bill. Decide if the service can be eliminated or reduced. Investigate equal payment plans that make payments the same each month.

- Talk to insurance agents. Increase deductibles, reduce coverage, convert life insurance to lower-cost plans, or discontinue life insurance on children to reduce expenses.
- Consider bartering. If home repairs are needed, exchange skills with neighbors, relatives, and friends. See if your community has bartering networks and groups.

Ways to do without

- Identify services that can be eliminated for several weeks or months. Re-evaluate dining out, special lessons, clothing purchases, and subscription renewals. Determine how to reduce or eliminate these expenses.
- Avoid impulse purchases. The urge to purchase may be strong, but take the time to think about whether the item is absolutely necessary before buying anything.
- Learn to say “no.” Sales associates can be persuasive, friends will invite you to join them in a special activity, and children may ask for a new toy. Be prepared to explain that the expenditure doesn’t fit spending priorities.
- Shop less often and follow a list you develop beforehand. The more time spent in stores or shopping online increases the chances of spending money.
- Consider alternatives before making major new purchases. Visit garage sales and second-hand or thrift stores; review classified ads for used items.

Additional income

Evaluate your skills to see if a craft or hobby might be turned into a business as a possible way to earn additional money. Determine if a second-job is a realistic opportunity to generate additional income.

Extension resources

The OSU Extension Service has materials on related topics. To locate the local office of the OSU Extension Service, go to "County Government" in your telephone book.

Publications and videos are available for viewing on the OSU Extension website (extension.oregonstate.edu, then "Publications").

EC 1391-E, *Managing Between Jobs: Setting Spending Priorities*

EC 1392-E, *Managing Between Jobs: Strategies for Spending Less*

EC 1393-E, *Managing Between Jobs: Deciding Which Bills to Pay First*

EC 1394-E, *Managing Between Jobs: Talking With Creditors*

EC 1395-E, *Managing Between Jobs: Keeping a Roof Overhead*

Other resources

American Red Cross. The alphabetical listing in local phone books will point you to a local chapter of the American Red Cross. The agency's website includes information and materials in English and Spanish (www.redcross.org).

Emergency Management. The "County Government" section in local phone books lists each county's emergency management unit. Listings vary by county (look under Sheriff or Health departments, Emergency Management services, Civil Defense, Public Works, or related units).

Extension Disaster Education Network

(EDEN). This website provides a list of resources developed in other states about floods; drought; snow, ice, and wind damage; animal emergencies; and general disaster (www.agctr.lsu.edu/eden, then "Extension websites" and "Other on-line sources").

Emergency Animal Rescue Service (EARS).

This site provides tips for animal owners and links to emergency shopping lists for owners of dogs, cats, birds, horses, reptiles, and amphibians (www.uan.org/ears/index.html).

Federal Emergency Management Agency

(FEMA). The online library offers publications and videos in English and Spanish and includes materials specifically developed for children (www.fema.gov).

Oregon Emergency Management (OEM).

Affiliated with the Oregon State Police, the OEM website offers emergency-related information on earthquakes and tsunamis, and provides disaster recovery resources (www.osp.state.or.us/oem).

Social Security Online. The official site of the Social Security Administration, this site links to hundreds of publications in 21 languages and provides information on survivor benefits and programs (www.ssa.gov).