

September 2005 Commentary

Financial Preparedness when Disaster Strikes

"There are some things you learn best in calm,
and some in storm." - Willa Cather

Events like Hurricane Katrina remind us that we never really know what to expect. Yet every year parts of the country are hit by hurricanes, floods, tornadoes, landslides, fires and other types of disasters. How prepared are you for these types of disasters?



Preparation comes in many forms. There are things you can do to protect your family and your property. You can create an emergency plan and a disaster supplies kit. In this commentary we focus on how to prepare financially for disasters.

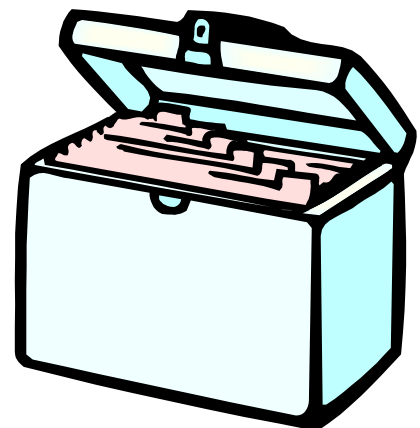
There are several actions you can take now to help prepare for an unexpected and hopefully unlikely disaster.

Organize important papers - A home safe is a convenient place to store important papers, but could it withstand a fire, flood or tornado? A safe deposit box is also a good place to store important papers, but it could be sealed temporarily in the event of your death (so keep the originals of your will with your law firm or other corporate fiduciary and copies in your home safe).

If you have to leave your house in a hurry you might want to gather your most important papers quickly (if you haven't already stored some of them in a safe deposit box). Do you know where they are? Important documents that you may need to access include:

- Insurance policies
- Mortgage documents
- Social security card, passport, credit cards
- Medical records
- Tax returns
- Estate documents (wills, trusts, power of attorney, medical powers, etc.)
- Birth, death and marriage certificates, adoption papers, military records
- Copies of drivers' licenses, car titles
- Recent checking, saving, and investment account statements
- Back-up disks of your important computer files

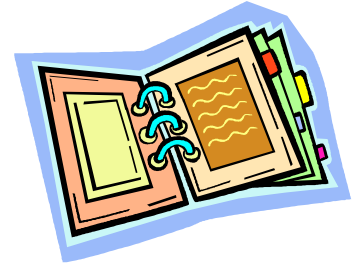
A disaster supply kit for your financial documents - Think about putting the records you would want to take with you in an "evacuation box" that you can grab quickly if you need to leave your home in a hurry. This box could include copies of the above materials, as well as a letter of instruction to your loved ones in case you are not there to help them through a disaster. Ideally, the box should be portable, fire-resistant and water-proof, but not so heavy that it can't be moved!



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"I always tried to turn every disaster into an opportunity." - John D. Rockefeller

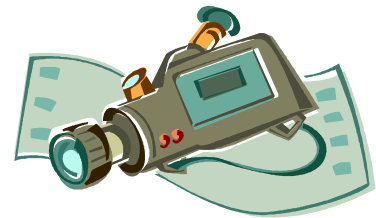
Organize contact information - It is also important to have a list of telephone numbers that relate to all of the important documents listed on the previous page, as well as contact numbers, addresses and email addresses for family and friends, insurance agent, attorneys and other advisors. Make several copies of this list and store it in several secure locations (e.g. at work, safe deposit box, evacuation box, with family or a trusted friend).



Then, once a year, go through your safe and disaster supply kit to make sure your records are up-to-date. Be sure to update your records after making major purchases or completing major remodeling projects.

After a disaster, a supply of cash might come in handy, especially if you cannot get home, or if your bank and ATMs are unavailable, or if the power is out. Generally enough cash to cover three to seven days of expenses is recommended.

Conduct a home inventory - Inventory your household possessions by making a list of everything you own. If disaster strikes this list could help you prove the value of what you owned if those possessions are damaged or destroyed and help you to receive a fast, fair payment from your insurance company for your losses. The inventory record can be written and/or visual (photographs or video). Include photos of open closet doors, as well as items in your basement and garage. Photograph the exterior of your home, as well as cars, boats and recreational vehicles. Update the inventory list annually.



Create a disaster plan - Meet with your family and discuss why you need to prepare for disaster. Plan to share responsibilities and work together as a team. Discuss the types of disasters that are most likely to happen. Explain what to do in each case. Pick two places to meet: 1) Right outside your home in case of a sudden emergency, like a fire. 2) Outside your neighborhood in case you can't return home.



After a disaster, it's often easier to call long distance. Ask an out-of-state friend to be your "family contact." Other family members should call this person and tell them where they are. Everyone must know your contact's phone number.

Sometimes you might have some time to take a few possessions with you. Decide what household items you would put on a very short priority list if you had the time to take them. If you could take only one suitcase or pack a single carload, what would you take?

For further information, the websites for the Red Cross (www.redcross.org) and the Federal Emergency Management Agency or FEMA (www.fema.gov) are good resources for all kinds of information on preparing for disasters. In any event, take some action now to prepare for unexpected events - it will make it much easier to cope should a disaster occur.