

Family Finances During Disasters and Emergencies

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 apt 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 current spending as much as possible.
- Use cash reserves if available.
- Use unsecured credit – Wise use of credit card can help. If it will be several months before the balance can be paid, consider taking out a loan. Finance charges are apt to be lower than for a credit card.
- Borrow against assets – Borrowing against the equity in a house that was not damaged requires refinancing, a second mortgage or 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 – Can the service be eliminated? How can the bill be reduced? Take advantage of balanced billing plans for utilities and other variable accounts that even out payments over the year.
- Talk to insurance agents – Deductibles can be increased to reduce premiums, coverage reduced, life insurance converted to lower cost plans or life insurance on children discontinued.
- Consider bartering – If home repairs are needed, consider exchanging skills. Some communities have bartering networks and groups. Exchange of skills can be between neighbors and relatives or friends.

Ways to do without

- What services can be eliminated for a few weeks or months? Eating out, lessons, clothing purchases, beauty treatment and subscriptions add up. Can some be reduced or eliminated?
- Avoid impulse purchases – The urge to purchase may be strong, but before buying anything, take the time to think about whether it's absolutely necessary.

- Learn ways to say “no” – Persuasive sales associates, friends wanting to do something that costs more than the budget allows, children pressing for a toy, all need a clear response that the expenditures don’t fit family spending priorities at the moment.
- Shop less often and stick to a list – The more time spent shopping in stores or on line increases the chances of spending money.
- Consider alternatives before making new major purchases – Garage sales, second hand or thrift stores and want ads are sources of less expensive, used items.

Additional Income

Consider personal skills and available time that could generate additional income. A Second job, turning a craft or hobby into a business can bring in additional money to take care of increased expenses.

Additional OSU Extension Resources

[EC 1391 Setting Spending Priorities](#)

[EC 1392 Strategies for Spending Less](#)

[EC 1393 Deciding Which Bills to Pay First](#)

[EC 1394 Talking with Creditors](#)

[EC 1395 Keeping a Roof Overhead](#)

Adapted from Wisconsin Cooperative Extension, Iowa State University Extension, University of Florida Cooperative Extension