

Disaster Preparedness and Liquid Savings

June 27, 2019

2-3 pm ET

Presenters:

Mr. Robert Ganem, FINRA

Ms. Nisah Abdul-Sabur, FEMA

Mr. Sebra Yen, FEMA;

Mr. David Sieminski, CFPB

Facilitator:

Dr. Heather Brown, CFPB



Disclaimer

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About the Bureau

The Bureau of Consumer Financial Protection (Bureau) regulates the offering and provision of consumer financial products and services under the Federal consumer financial laws, and educates and empowers consumers to make better informed financial decisions.

Financial Education Exchange (CFPB FinEx)

An online and in-person opportunity to access Bureau tools and resources, and connect with the Bureau and your peers engaged in financial education.

Our goal is to help you improve the financial well-being of the people you serve.

Regional convenings:

- Dallas, TX
- Fort Worth, TX
- Maryland
- Denver, CO
- Kansas City, MO
- Atlanta, GA
- Sacramento, CA
- Madison, WI
- St. Louis, MO
- Tacoma, WA
- Nashville, TN
- Boston, MA

Monthly e-newsletters

Annual surveys



Number of financial educators signed up for CFPB FinEx: **Over 5,000 Members!**

Monthly webinars include:

- Fraud prevention for older adults
- Disaster recovery and preparedness
- Resources for servicemembers
- Accessing credit scores
- Managing spending
- Debt collection resources
- Credit card spending
- Libraries as Financial Education Resources
- Financial Coaching
- Financial Education Programs Serving Immigrant Populations
- Federal Financial Education Resources
- Take Control of Your Auto Loan
- Financial Rules to Live By
- Resources for Parents
- Tips for Strengthening Financial Education Curriculum
- Resources for Parents and Caregivers
- Resources for Financial Caregivers
- Measuring Financial Well-Being
- Owning a Home
- Tax Time Savings
- Your Money, Your Goals Toolkit

**To sign up, email
CFPB_FinEx@cfpb.gov**

Resources for financial educators webpage

The screenshot shows the CFPB website's resources for financial educators page. At the top, the CFPB logo is on the left, and search and 'Submit a Complaint' links are on the right. A navigation bar includes 'Consumer Tools', 'Practitioner Resources', 'Data & Research', 'Policy & Compliance', and 'About Us'. The main content area is divided into two columns. The left column features a 'Financial education for adults' section with a paragraph about helping financial educators, followed by a 'Featured event' for 'Disaster Preparedness and Liquid Savings' on Thursday, June 27, 2019. The right column has an 'About us' section, a 'CONNECT WITH US' section with an email sign-up form, and a 'CONNECT WITH OTHERS' section with a LinkedIn group link. At the bottom of the left column, there is a 'Tools and resources to use with the people you serve' section with an icon of a toolbox and a link to explore resources. The right column also has a 'FURTHER READING' section with a blog post link.

cfpb Consumer Financial Protection Bureau

Q Search | [Submit a Complaint](#)

Consumer Tools | Practitioner Resources | Data & Research | Policy & Compliance | About Us

Financial education for adults

We help you help the people you serve. For adult financial educators, the tools here show our latest thinking on consumer financial behavior and effective financial education practices.

Featured event

Disaster Preparedness and Liquid Savings

Thursday, June 27, 2019 from 2-3pm ET

[View details and access previous webinars](#)

About us

We're the Consumer Financial Protection Bureau (CFPB), a U.S. government agency that makes sure banks, lenders, and other financial companies treat you fairly.

[Learn how the CFPB can help you](#)

CONNECT WITH US

Join the CFPB Financial Education Exchange (CFPB FinEx) to get the latest news, invitations to webinars, and to learn from your peers.

Email address

[Sign up](#) [See Privacy Act statement](#)

CONNECT WITH OTHERS

We also invite you to join our discussion group on LinkedIn, where we regularly post research, reports, and discussion topics.

[Join Financial Education Discussion Group](#)

FURTHER READING

[Blog](#)

[Fight zombies and time travel – this is not how your parents learned about money](#)

MAY 23, 2019

Tools and resources to use with the people you serve

We've gathered our tools, worksheets, handouts, and audio recordings by topic. You can use these resources with the people you serve. You can also [download the inventory](#) of materials that are available.

[Explore resources](#)

Find it at www.consumerfinance.gov/practitioner-resources/adult-financial-education/

Resources

Bureau Resources for Financial Educators webpage:
consumerfinance.gov/adult-financial-education

To sign up for the Financial Education Exchange:
CFPB_FinEx@cfpb.gov

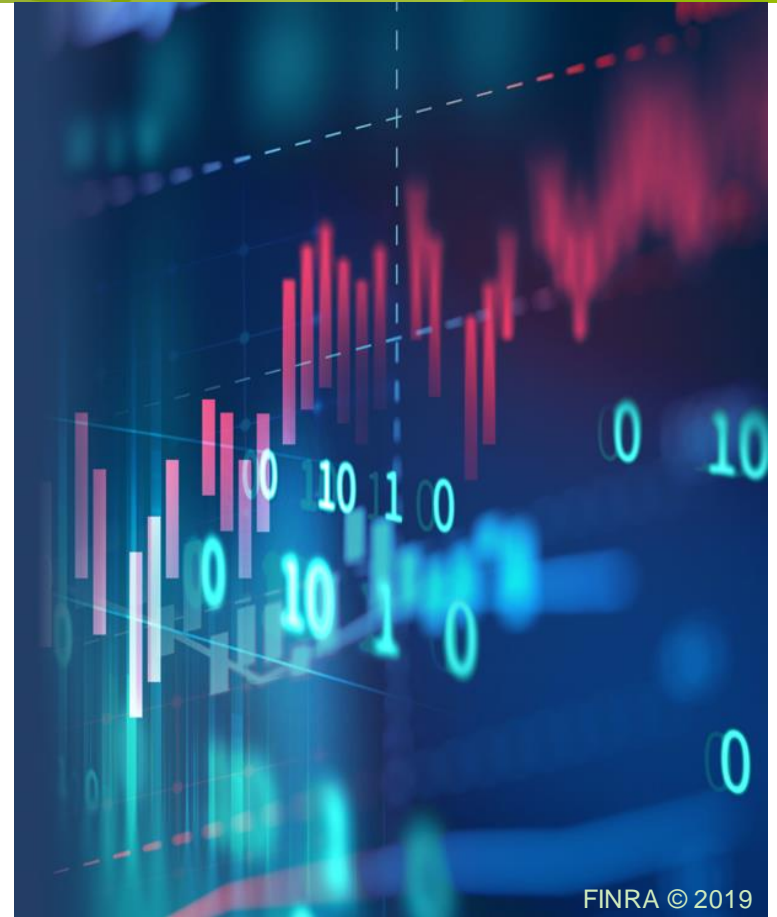
To sign up for the Financial Education Discussion Group:
linkedin.com/groups/CFPB-Financial-Education-Discussion-Group-5056623

Next FinEx Webinar:

- 1) July 31, 2019 at 2-3 pm ET – Misadventures in Money Management (MiMM) a virtual financial education tool.**

Financial Industry Regulatory Authority — FINRA

- Largest independent, non-governmental regulator of brokers and brokerage firms
- Created under federal law
- Works in partnership with, and is overseen by, the SEC
- Mission:
 - Investor protection
 - Market integrity



FINRA Investor Education Foundation



- Established in 2003 by the Financial Industry Regulatory Authority
- Mission: Empower underserved Americans with the knowledge, skills, and tools to make sound financial decisions throughout life
- Education, research, grants to advance financial capability in the U.S.

FINRAFoundation.org

Smart investing@your library®



- Established 2007
- ALA & FINRA Foundation
- 165 grants
- \$15+ million
- 1,100+ library facilities
- Unbiased resources
- Expansive network
- Programs & services for all ages

FINRA Foundation © 2019



- Disaster-response grants
- Public libraries serving low- and moderate-income families in communities eligible for FEMA's Individual Assistance Program
- Funds for collection development related to financial capability
- Communications assistance and consumer information materials
- Online training for librarians
- No application and minimal administrative burden

FINRA Foundation © 2019

Long, Challenging Road to Financial Recovery

A recent study* by
Urban Institute
concludes that the
financial impact of
natural disasters is:

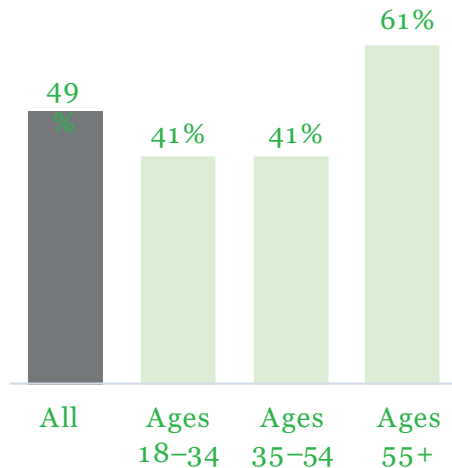
- ❑ Immediate and long-term, with severity often growing over time
- ❑ Harmful to credit scores, debt burden, bankruptcy, mortgage delinquency, and foreclosure
- ❑ Particularly severe for people experiencing financial fragility even before a disaster
- ❑ More challenging for people afflicted by medium-size disasters compared to large disasters

* *Insult to Injury: Natural Disasters and Residents' Financial Health*. Caroline Ratcliffe, et al. Urban Institute. April 2019.

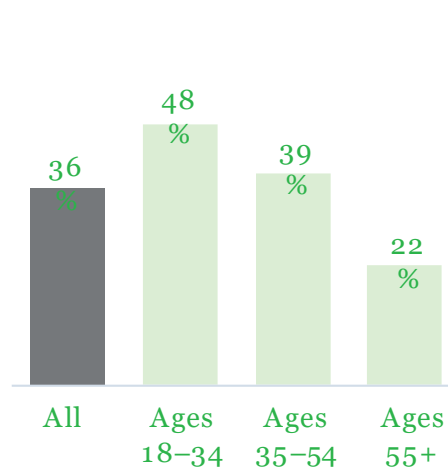
National Financial Capability Study

Many U.S. households are financially fragile, even before a disaster strikes.

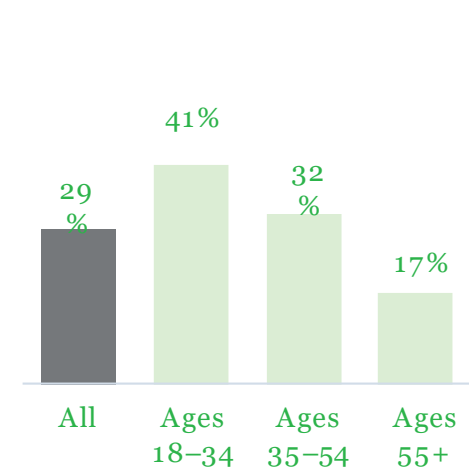
Fewer than half have an adequate emergency fund



More than a third cope with income volatility



About 3 in 10 struggle with medical cost difficulties



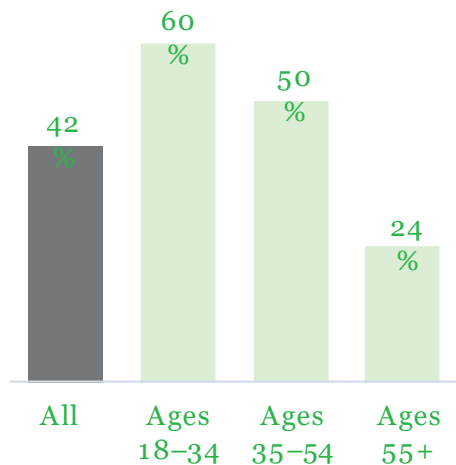
The State of U.S. Financial Capability. FINRA Foundation. June 2019.

FINRA Foundation © 2019

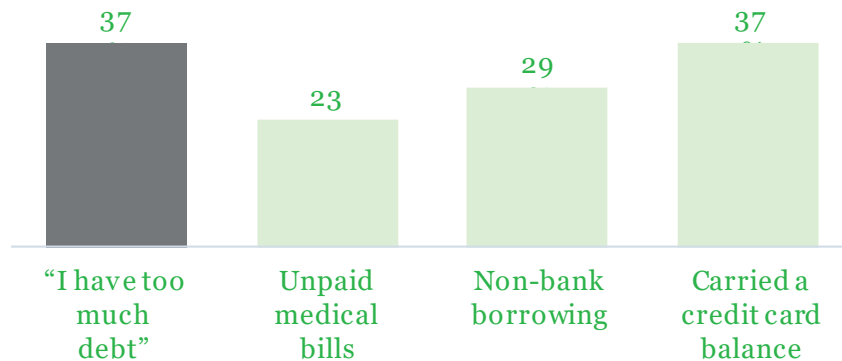
National Financial Capability Study

Many U.S. households are financially fragile, even before a disaster strikes.

More than 4 in 10 engage in expensive credit card behavior



Burdensome debt is an everyday fact of life for many



The State of U.S. Financial Capability. FINRA Foundation. June 2019.

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FINRA Investor Education Foundation



When disasters strike, financial fraud is especially prevalent. Since 2005, the National Center for Disaster Fraud has received over 95,000 fraud complaints.

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[SaveAndInvest.org/FraudCenter](https://www.saveandinvest.org/fraudcenter)

FINRA Investor Education Foundation



Following a disaster, financial fraud is often the next storm on the horizon. It's critical to help consumers identify and counter the persuasion tactics favored by fraud criminals.

FINRA Foundation © 2019

SaveAndInvest.org/FraudCenter

Online Training for Library Professionals



Helping Library Patrons with Financial Information Needs



FINRA Foundation © 2019

SmartInvesting.ala.org

Selected Resources from FINRA



Set Your
Financial Goals



Start an Emergency
Fund



Risk Meter



Manage Your Debt



Loan Calculator



Scam Meter



Understand Your
Credit Score



Accrued Interest
Calculator



FINRA Securities
Helpline for Seniors



Control Your
Spending



Investor Alerts



BrokerCheck



Protect Your Identity



Avoid Fraud



File a Complaint

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[FINRA.org/Investors](https://www.finra.org/investors)

Ordering Materials – Free for Community Organizations



FINRA Foundation © 2019

<https://tools.finra.org/portal/sai-portal>



FEMA

Financial Preparedness: How Financial Counselors Can Shape the Conversation

Nisah Abdul-Sabur

Sebra Yen

Individual and Community Preparedness Division

Federal Emergency Management Agency

2019



2018-2022



Strategic Plan

Helping People. Together.

FEMA Mission: **Helping people before, during, and after disasters.**

STRATEGIC GOALS

I. BUILD A CULTURE OF PREPAREDNESS



1.1 Incentivize investments that reduce risk, including pre-disaster mitigation, and reduce disaster costs at all levels



1.2 Close the insurance gap



1.3 Help people prepare for disasters



1.4 Better learn from past disasters, improve continuously, and innovate

OBJECTIVES

II. READY THE NATION FOR CATASTROPHIC DISASTERS



2.1 Organize the "BEST" (Build, Empower, Sustain, and Train) scalable and capable incident workforce



2.2 Enhance intergovernmental coordination through FEMA Integration Teams



2.3 Posture FEMA and the whole community to provide life-saving and life-sustaining commodities, equipment, and personnel from all available sources



2.4 Improve continuity and resilient communications capabilities

III. REDUCE THE COMPLEXITY OF FEMA



3.1 Streamline the disaster survivor and grantee experience



3.2 Mature the National Disaster Recovery Framework



3.3 Develop innovative systems and business processes that enable FEMA's employees to rapidly and effectively deliver the agency's mission



3.4 Strengthen grants management, increase transparency, and improve data analytics

FEMA Vision:
A prepared and resilient Nation.



FEMA

UNLOCK YOUR FINANCIAL FUTURE: STEPS TO PREPAREDNESS

Building a culture of financial preparedness starts with the individual.

1. Know Your Risk
2. Make a Plan
3. Take Action



TODAY'S AGENDA



BENEFITS OF PLANNING AHEAD

Understand why planning ahead is important



KNOW YOUR RISK

Identify your risks



MAKE A PLAN

Know tools and resources that will help make a plan to be financially prepared



TAKE ACTION

Take immediate steps towards financial preparedness

BENEFITS OF PLANNING AHEAD



BENEFITS OF PLANNING AHEAD

What are the benefits of planning ahead and being financially prepared?

BENEFITS OF PLANNING AHEAD

- **Peace of mind**
- **Limit property damage**
- **Better manage savings**
- **Be better prepared to navigate the recovery process**



STEP 1



KNOW YOUR RISK

What are some potential hazards that may affect your client's community?

Do your clients have money set aside for that hazard?

KNOW YOUR RISKS: POTENTIAL HAZARDS

- **Active Shooter**
- **Attacks in Public Places**
- **Avalanche**
- **Bioterrorism**
- **Chemical Emergencies**
- **Cybersecurity**
- **Drought**
- **Earthquakes**
- **Emergency Alerts**
- **Explosions**
- **Extreme Heat**
- **Floods**
- **Hazardous Materials Incidents**
- **Home Fires**
- **Hurricanes**
- **Landslides & Debris Flow**
- **Nuclear Explosion**
- **Nuclear Power Plants**
- **Pandemic**
- **Power Outages**
- **Severe Weather**

IMPORTANCE OF BEING FINANCIALLY PREPARED IN DISASTERS

40%

of Americans said they would not have enough money to cover a \$400 emergency expense

*2018 Federal Reserve Survey

30%

of individuals do not have any money set aside for an emergency

*2018 National Household Survey

70%

is the national rate for uninsured losses for disasters

*Swiss Re. (2015).
Underinsurance of Property Risks: Closing the Gap.

Impacts of Financial Stress

Financial stress after a disaster include health effects such as: post-traumatic stress disorder, depression, anxiety, and increased use/misuse of drugs and/or alcohol



AT A GLANCE: INDIVIDUAL ASSISTANCE

4.7M

people applied for assistance in response to hurricanes in 2017

35%

of applicants received housing and other needs assistance

\$4,300

was the average amount of housing assistance paid to survivors for the 2017 hurricane season

\$1,300

was the average amount for other needs assistance

FEMA Individuals and Households Program (IHP)

FEMA's Individuals and Households Program provides at maximum of around **\$30,000** per household to assist with housing repair and replacement, temporary housing assistance, and other needs assistance.



FEMA

STEP 2



MAKE A PLAN

What kinds of information, messages, or tools can financially protect your clients from the impact of disasters?

EMERGENCY FINANCIAL FIRST AID KIT

- Partnered with Operation Hope to develop the Emergency Financial First Aid Kit (updated 2018).
- The EFFAK is a tool that helps individuals and families organize critical financial, medical, and household information. It includes a checklist of important documents and forms to compile your relevant information.

The EFFAK was developed through a partnership with:



FEMA



KEY ACTIONS TO MAKING A PLAN

- 1 **Safeguard Important Documents**
- 2 **Save for a Rainy Day**
- 3 **Establish a Cash-in-Hand Reserve**
- 4 **Know Your Insurance Coverage**



STEP 3



TAKE ACTION

What are some steps your clients can take right now to protect themselves and their property, as well as manage risk?

What types of insurance might be important in preparation for a disaster?

NATIONAL FINANCIAL CAPABILITY MONTH

National Financial Capability Month, observed every April, serves as a reminder for the Nation to review their financial health.

- 1 Partner with Financial Literacy and Education Commission (FLEC) and financial preparedness subject matter experts to provide the public with messages and easy-to-use resources to boost preparedness action
- 2 Engage stakeholders and communities through a series of social and digital media events
- 3 Events and resources available via [usa.gov/flec](https://www.usa.gov/flec)

20+

public and private sector organizations working to amplify financial preparedness efforts



FINANCIAL PREPAREDNESS FOR YOUTH

Building a true culture of financial preparedness starts with youth.



Youth Preparedness Council Members are working on financial preparedness projects throughout the country.



Youth can learn the value of money from an early age. From their first allowance to their first paycheck, youth can start saving for an emergency.



Youth are a trusted source of information and act as good messengers.



Teaching the importance of finance at an early age can result in better credit scores, debt management, and budgeting as children grow.

ready.gov/youth-preparedness-council

KNOW YOUR INSURANCE OPTIONS

Most standard insurance policies do not cover flood damage. Only flood insurance protects from the financial devastation of flooding.



DO YOU NEED FLOOD INSURANCE?

Did you know that just one inch of water can cause \$25,000 of damage to your home?

See how much a flood could cost you at **[floodsmart.gov](https://www.floodsmart.gov)**



FINANCIAL PREPAREDNESS RESOURCES



FEMA

For tools and resources on financial preparedness, please check out:



- **Ready.gov/financial-preparedness**



- **FloodSmart.gov**

Visit Us:
[Ready.gov/financial-preparedness](https://www.ready.gov/financial-preparedness)

Contact Us:
fema-prepare@fema.dhs.gov

*Federal Emergency Management Agency
Individual & Community Preparedness Division*
400 C Street SW, Washington, DC 20024



Start Small, Save Up

An Initiative of the Consumer Financial Protection Bureau



Why Start Small, Save Up?

Thirty nine percent of American adults would not cover a \$400 emergency expense out of their own liquid savings.

- Twelve percent said they could not cover the \$400 expense at all.
- Twenty seven percent said they would cover it by selling something or borrowing money.

Source: Report on the Economic Well-Being of U.S. Households in 2018. Board of Governors, Federal Reserve System. May

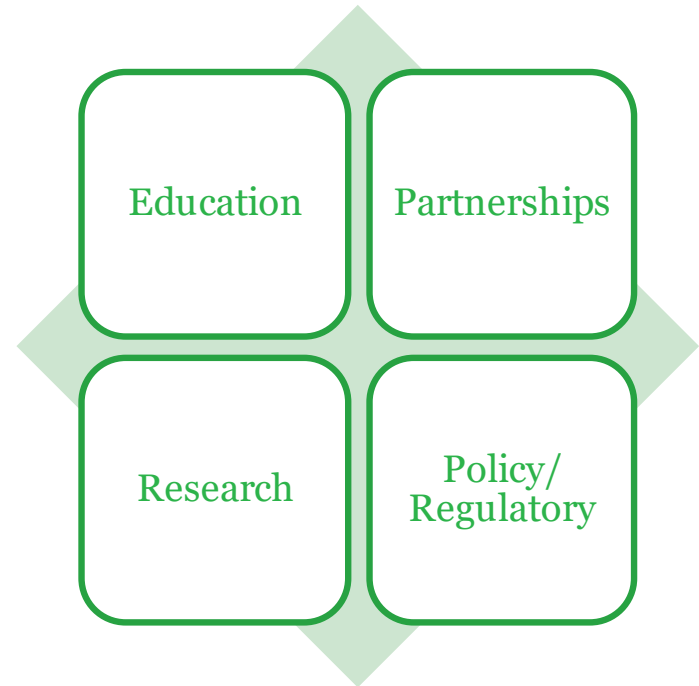
2019

Why Start Small, Save Up?

- Savings is critical to a person's financial well-being.
- A lack of short-term savings causes financial stress and can result in significant financial hardship when the unexpected happens.
- Without a liquid savings cushion, people are less able to save for education, homeownership, retirement, and other long-term goals.

Start Small, Save Up Vision

Start Small, Save Up seeks to increase people's financial well-being through **education, partnerships, research,** and **policy** or regulatory improvements that increase people's opportunities to save and empower them to realize their personal savings goals.



Start Small, Save Up Audience Focus

Start Small, Save Up will initially focus its efforts on **people who have experienced a financial shock in the last 12 months**, and who

- Have a reasonable ability to save
- Are reachable through multiple channels available to the Bureau
- Are receptive to messages about savings

In future years, work is envisioned to support two additional audiences (1) people actively working to overcome debt, and (2) people anticipating a pivotal life event.

Start Small, Save Up strategic plan overview

The *Start Small, Save Up* campaign plan includes four primary strategies:

1. Increase access to conventional savings products and services that facilitate liquid savings
2. Increase supply of automated savings options and awareness of how to use those options to facilitate savings
3. Increase consumer capacity to save within existing income constraints
4. Increase reliable information available to consumers about available saving options

New *Your Money Your Goals* tools to encourage saving

Coming Soon!

Building your savings? Start with small goals.

Featuring 8 tools to:

- Build a plan to save
- Determine where to save
- Better manage cash flow
- Set reasonable goals for saving
- Build a rainy day fund
- Save a portion of a tax refund

