

## Ice Storm 2009 – Help for Now, Planning for the Future

Do you know anyone who *wasn't* affected by our “storm of the century”? Although our office was down for almost a week, others had it much worse. However, I'm sure you all join me in gratitude and amazement at the selflessness and generosity of both neighbors and strangers. Thanks especially to the National Guard, utility workers, and the many churches and organizations that helped with the relief effort!

### Tax Help for Now

The IRS is neither neighbor nor stranger, but the National Disaster Relief Act of 2008 includes tax changes for 2009 that will help out those in federally-declared disaster areas.

- Individuals can claim casualty loss deductions even if they don't itemize.
- Casualty losses have no 10% of Adjusted Gross Income (“AGI”) floor to qualify for deduction. However, your losses must total more than \$500 for you to deduct them. (NOTE: both of these first two points are huge in terms of who will be able to deduct storm-related losses.)
- Individuals may opt to carry back qualified natural disaster losses for five years instead of two.

### Help for businesses is also included:

- Affected business taxpayers can deduct certain qualified disaster cleanup expenses
- Businesses also may be eligible for special depreciation allowance rules for the purchase of qualified disaster assistance property.

### Planning for the Future

The ice storm has brought the need for a disaster recovery plan to light for a lot of us. If your only plan was driving to Nashville to wait for the lights to come on, you may not have a full tank of gas the next time! While this list is nowhere near comprehensive, please consider it to be “food for thought” to jumpstart your disaster recovery plan.

### For Individuals

- Know what your insurance policy covers! This is an especially good time to see if you have loss of use, earthquake and other natural disaster coverage, etc.
- In addition to the obvious (bottled water, canned goods, etc.), you probably learned cash was king once businesses began re-opening. Consider keeping cash for at least a few days' worth of expenses in a safe place.
- If you don't own a generator, know where to get one if you need it. Many families were able to share living quarters because one of them had a large generator. (BUT, I'd still recommend finding a decently priced generator for the future – just in case.)
- If you don't have a land line at home – know which neighbors can let you borrow one.
- Teach your family members basic safety precautions to use (how to prevent carbon-monoxide poisoning, when to stay away from power lines, etc.) when the power is out.
- From a total financial planning perspective – begin saving with the goal of having a three-to-six month liquid reserve in the bank. If you bank only locally, consider keeping part of these funds in a bank in another location.
- Despite rumors to the contrary, FEMA rarely reimburses individuals for disaster costs. That doesn't mean the President won't authorize individual aid by publication time, but FEMA's bailout of state and local governments is a big help in an indirect way.
- Ready.gov has a very handy Family Emergency Plan form that you can print out from their website. Make sure each family member has an updated copy.

### For Businesses

Being paperless was a huge benefit during the aftermath of the storm. Had circumstances been different (an office fire, for example), we would have been able to move to a different location

almost immediately to continue business. As with the “Individual” notes above, please consider this list to be a summary to help begin your unique recovery plan.

- Study your business insurance coverage. Think of the worst that can happen and find out if it is covered. If not, analyze potential cost versus benefit of coverage. Also, be aware that insurance providers vary in their access to specialized coverage and that their rates can vary based upon their focus on certain industries.
- A critical component of insurance coverage is business interruption insurance. Many business owners don't even know it's available, but having it can mean you open your doors after the next disaster.
- Of course, you should have a separate plan strictly for your technology systems. I cannot emphasize enough the importance of not only having a disaster-proof backup system, but of also testing your system on a regular basis. Since we went paperless, we've been very pleased with our offsite backup providers – call if you'd like recommendations.
- Decide on a central contact method for all employees should your electricity, cell phone, and Internet all go down at the same time.
- If feasible, select at least two locations for substitute offices, one within 25 miles, and the other within 125 miles. You will at least be able to maintain contact with customers who *do* still have power and let them know that you're still in business.
- If your office is *not* paperless, keep copies of all critical documents in easily accessible offsite storage.

The ice storms were a wake-up call for many people in the four-state area. While countless things that could have gone wrong didn't, we can learn a lot from our mistakes so we're prepared the next time disaster strikes.