

PREPTalks

New perspectives for emergency managers



Financial Literacy: Overcoming Liquid Asset Poverty
John Hope Bryant

Agenda

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Introductions (5 minutes)

Watch the PrepTalks (20 minutes)

Discussion (30 minutes)

Introduction



- Bryant is founder, chairman, and chief executive officer of Operation HOPE, Inc., the nonprofit provider of financial dignity education and economic empowerment programs.
- He is the author of the bestselling books, “The Memo: Five Rules for Your Economic Liberation” and “How the Poor can Save Capitalism: Rebuilding the Path to the Middle Class.”

Watch the PrepTalk

<https://www.fema.gov/blog/preptalks-john-hope-bryant-financial-literacy-and-overcoming-liquid-asset-poverty>

Topics

- The Path to Financially Resilient Individuals
- Safeguarding Critical Documents
- Leveraging Disaster Resources for Economic Prosperity

Topic 1: The Path to Financially Resilient Individuals

- Factors that can trap individuals in poverty:
 - Self-esteem, role models, friends and family, confidence, aspiration, and opportunity.
- When these are linked in a negative or downward cycle, it becomes more challenging to break the path to poverty.
- Poverty is based on low self-esteem and low confidence.

Liquid Asset Poverty Rates

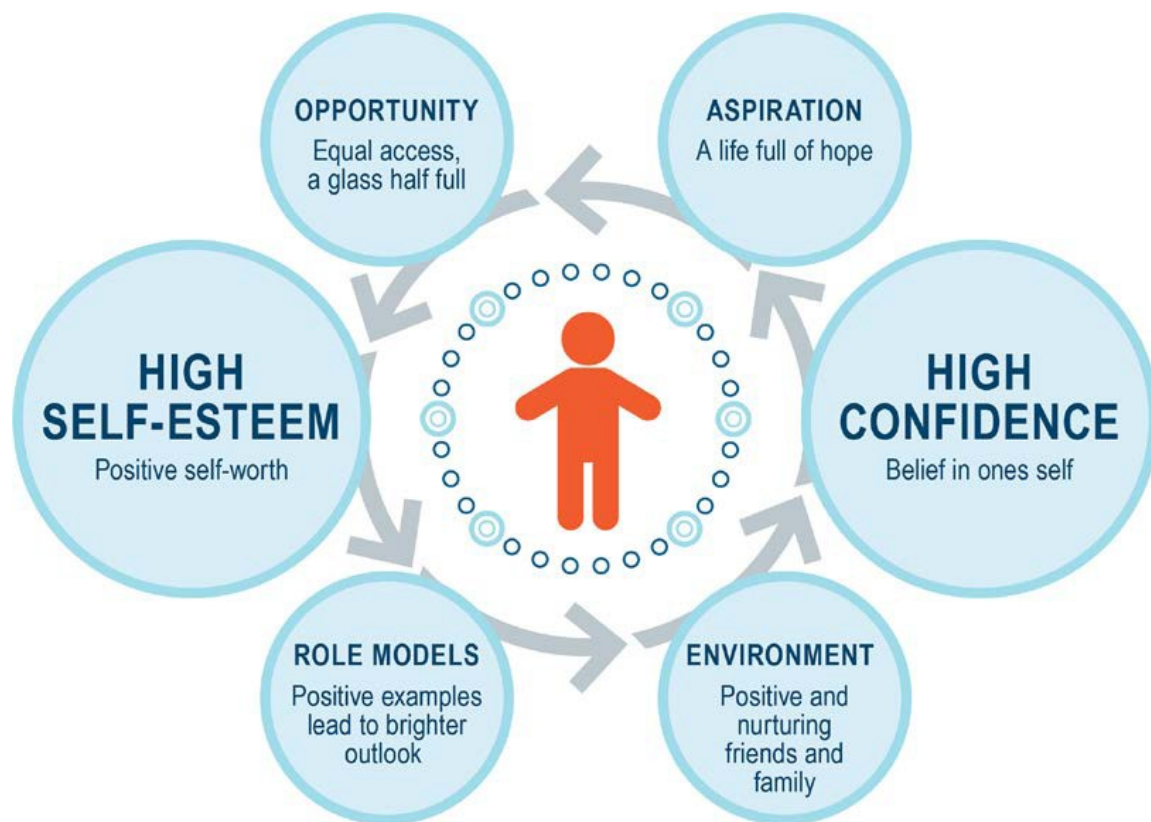
43% of American households—equivalent to 127.5 million people—are “liquid asset poor.” These families do not have even a minimal financial cushion to protect them in the event of a job loss, medical emergency, or other financial crisis. The rate is significantly higher for households of color at 65%. 56% of all consumers have a subprime credit score, a FICO credit score below 640.

Source: [Assets & Opportunity Scorecard, Prosperitynow.org](#)

Topic 1: The Path to Financially Resilient Individuals

- Focused interventions on these factors can lead to a path of financial dignity.
- Goal: integrate financial literacy with peoples' aspirations, including financial well-being, home ownership, and entrepreneurship.

HOPE DOCTRINE ON WEALTH



Topic 1: The Path to Financially Resilient Individuals



1. Looking at your community, who are the positive role models for different demographic populations who can demonstrate viable paths to financial stability? How can you help make these role models more visible in the community? More accessible?
2. How can you work with stakeholders to create supportive environments where individuals can build the needed confidence to improve their financial standing?
3. Aspiration and Opportunity are the factors at the top of the circle. Think about how you and your partners can make your community better aware of the economic opportunities that are open to them.
4. How can you work with your emergency preparedness community partners to increase awareness about how credit scores are calculated and why they are such an important part of everyone's financial profile?
5. Communicate that checking your own credit report or scores won't hurt your credit score. Use this checklist to help people take the first step, www.consumerfinance.gov/f/documents/201701_cfpb_Credit-report-review-checklist.pdf.

Topic 2: Safeguarding Critical Documents

- One of the top five things survivors wish they had done before a disaster was to **collect and safeguard their household documents**, such as:
 - Financial and legal documentation
 - Insurance coverage
 - Medical paperwork
- Personal documentation and household contacts is crucial to be able to start the recovery process.
- Regardless of income or savings, everyone should collect and safeguard their household information.

It's not just about poor people. There are million dollar properties that can't be rebuilt after the recent wildfires. [They thought], "my home is paid off – I don't need insurance." In Houston, 10% of the homes devastated by the flooding had flood insurance.

— John Hope Bryant

Topic 2: Safeguarding Critical Documents

- Operation Hope and FEMA have worked together to help individuals and families strengthen their financial preparedness for emergencies by promoting the Emergency Financial First Aid Kit (EFFAK).
- EFFAK
 - Provides guidance for individuals and households to organize and secure important documents.
 - Encourages household to have a rainy day fund with information on saving and investing
 - Can be ordered from the FEMA Publication Warehouse, downloaded from the website, or completed online and saved.

[Some neighborhoods] were in a crisis before your disaster ever hit. Their problem is a number. It's a 500 credit score neighborhood. Not a racial issue, not a political issue, not urban vs rural; it's 500 credit scores.

— John Hope Bryant

Topic 2: Safeguarding Critical Documents



1. What community groups can you work with to encourage their network to use the EFFAK to compile and safeguard their critical household information? Are there volunteers in your community who can give EFFAK presentations to community groups? Perhaps Legal Aid Services, or banks and credit unions in your community would help you conduct outreach.
2. Emergency managers and emergency responders can also be personally affected when disasters hit the community; how can leadership encourage financial preparedness among staff and volunteers?
3. How can we encourage more individuals to review and understand their insurance policies? And have adequate levels of insurance – including business interruption, homeowners, and renters insurance.
4. How can you encourage individuals with the resources to set aside emergency savings to help them through an emergency? And because many people simply do not have the resources for emergency savings, how can your community build social capital to provide that form of “informal insurance”?

Topic 3: Leveraging Disaster Resources for Economic Prosperity

- Disasters bring an influx of resources to a community
- Emergency Managers need to plan now for effective ways to use the different funding streams and other resources that may become available to support community recovery after a disaster.

[Emergency Managers] are the new economic development czar[s]. You get a pop of unscheduled economic vitality after every disaster. But if all you are is an unscheduled water hose of money and all you have is ready, fire, aim – you can do nothing about changing [the economic crisis].

– John Hope Bryant

Topic 3: Leveraging Disaster Resources for Economic Prosperity



1. How can you create a strategy or a framework that could ensure those disaster recovery dollars also serve to increase individual's economic resilience?
2. Given that many federal programs are difficult for disaster survivors to understand (for example the Small Business Administration making personal loans), how can you help ensure your residents are able to take advantage of what is available?
3. Plan for outreach to the unbanked and underbanked residents in your community. Those who are not in the financial system often have greater challenges accessing recovery funding..
4. FEMA's "[Pre-Disaster Recovery Planning Guide for Local Governments](#)" can help you plan now for the decisions you will face in recovery and encourages communities to be inclusive in the planning process to be ready to help all members of the community recover.

Discussion of Next Steps

- Brainstorm innovative ways to showcase role models and establish environments that will support financial literacy and improved credit scores in your community.
- Conduct an outreach campaign to encourage individuals to compile and safeguard critical documents and review their insurance policies.
- Revise recovery plans to incorporate ways to build individual and community financial resilience.

It's not that poor and struggling families got the memo on money and screwed it up. They never got the memo.

— John Hope Bryant

PrepTalks. New Perspectives for Emergency Managers.

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www.fema.gov/preptalks