

Coping with The Financial Aftermath of Terrorism

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The acts of terrorism on September 11, 2001 have directly impacted the lives of thousands of Americans who have lost a loved one and indirectly affected us all. One of the areas of people's lives that have been affected is their personal finances. While certainly not as tragic as the loss of life and destruction of landmark buildings, it is still an issue of widespread concern:

- ◆ Some people lost a spouse or partner who provided all or part of their household's income.
- ◆ Some people, who worked in lower Manhattan and elsewhere (e.g., airlines) lost their jobs.
- ◆ Some people also lost their health insurance, as well as their job. If their employer no longer exists, they have no way to access group health insurance on their own through the federal COBRA law.
- ◆ Some people have incurred unanticipated expenses for hotels and meals while stranded away from home during airport closings or costs for alternative methods of travel.
- ◆ All investors are affected by the impact of the terrorism upon financial markets.

Below is a list of financial tips during these difficult times or any other financial emergency:

- ◆ **Contact Your Creditors Immediately-** If you will have difficulty paying your bills as a result of a loss of household income, let your creditors know now, before you become delinquent on bills. Tell them the circumstances that have caused you difficulty and negotiate for a reduced or delayed payment. Note the name of the person that you speak to and the date and follow up all phone calls in writing summarizing the agreed upon terms.
- ◆ **Apply For and Obtain Available Payments-** This includes life insurance benefits, compensation payments announced by airlines and government agencies, and payments from an employer. Also, state unemployment benefits and any other payments available to unemployed workers through their union or trade association.
- ◆ **Dust off Your Resume-** Unfortunately, for many unemployed survivors, there will not be any severance pay. Their company no longer exists. Experts suggest developing a one-page resume that

stresses job skills, rather than chronological dates of employment. If you have samples of your work available on the Internet, add the Web links so that employers can easily learn more about you online.

- ◆ **Seek Alternative Health Insurance-** Check if health insurance is available through a spouse's employer, union, or professional or trade association. Another source of coverage, for uninsured people who qualify by income and family size, are state programs for the uninsured such as the New Jersey FamilyCare program (www.njfamilycare.org).
- ◆ **Reconstruct Records, If Necessary-** While some employers and financial firms that were affected in the World Trade Center collapse kept backup records at a secondary location, others did not. Workers whose employer no longer exists, or people who did business with WTC-based firms, may need to rely upon their own records to document their employment history or prove eligibility for benefits.
- ◆ **Reconsider Liquid Assets-** It was reported in the *Wall Street Journal* and several financial trade publications that money market mutual fund (MMMF) redemptions cannot be made when the financial markets are closed because they contain some securities that trade on the exchanges. The moral for consumers may be to put some of their emergency fund money in another type of cash asset, such as an I bond or bank CD, for increased liquidity in uncertain times.
- ◆ **Avoid Knee-Jerk Investment Decisions-** An already volatile stock market before the acts of terrorism has become even more so as trading resumed. Remember that investing is a long-term proposition and history tells us that there can be prolonged periods of declining stock prices. That is why stocks are not recommended for short-term (less than five-years away) financial goals and why diversification among several asset classes is recommended. The stock market is very efficient and share prices generally reflect events such as this. Over the long term, however, stocks have historically provided higher returns than bonds or cash.
- ◆ **Budget For Unanticipated Expenses-** Add the costs for alternative forms of transportation and other unforeseen expenses to your household spending plan and adjust other items as need.

- ◆ **Reach Out For Financial (As Well as Emotional) Support-** Many churches and community organizations are assisting victims of this terribly tragedy. Everyone in the country has been affected by this event in some way and the level of compassion and support is high.

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