Speaker 1: [00:02](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=2.32) I’m Alejandro Alba, and this is the FEMA podcast.

 [00:12](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=12.09) [*music*]

Speaker 1: [00:12](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=12.63) Alright, so if you're a millennial from the 1990s you may recall one of those famous hip hop songs and back in the day called Mo’ money, Mo’ problems. But in the realm of disaster preparedness, not saving enough money for an emergency crisis--that can actually create a multitude of problems. That's why today we're continuing our ‘Making Cents from Disasters’ series focusing on millennials and the importance of saving for an emergency crisis. It applies to all of us, particularly as millennials creating that safety net, saving $1 at a time, so we're prepared for any unwanted situation, especially with the support of friends and family. And we are pleased to be joined via phone by our guest, Dr. Anita Ward. She is the president and COO of Operation HOPE. She has a wealth of experience helping individuals like you and I on financial literacy, homeownership and small business just to name a few. Anita, welcome to the podcast. How are you?

Speaker 2: [01:04](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=64.89) Thank you. Thank you for having me. And while I'm not a millennial, I do have a 23-year-old son. So, I speak a little bit from the experience on both sides.

Speaker 1: [01:14](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=74.49) Awesome. We appreciate that and thank you so much for taking the time to speak with us this morning. So, Anita, obviously you have a wealth of knowledge on this subject as we briefly explained a second ago. But generally give us some brief detail. Why is it important to save?

Speaker 2: [01:27](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=87.92) Well, there are a number of reasons why and many of them are tied to disasters, but it's not just natural disasters. There are all kinds of disasters that come in that you need to be prepared for. And I'll give you a really simple example that I personally went through a couple of years ago. I broke my ankle. Of course, I thought, oh, it's not really broken, it's just sprained. But by the end of the day, I had to go to the hospital and ended up with surgery. What I didn't anticipate was everything I needed to go through and what I needed to pay out of pocket for a simple slip on a hardwood floor. You know, $16,000 of that expense, that medical expense wasn't covered. So, if I didn't have the savings, then that's going to turn into debt. Or, in fact, it may have turned into less than adequate care in some cases. But it's the unexpected disasters. It's what happens in life that comes along that you're not prepared for and it's tied back to, ‘do I have the savings, and do I have the money to deal with it?’ So, disaster takes lots of forms and I like to think of it as akin to well-being. So, you think about your physical well-being and your nutritional well-being, but you've also got to think about your financial well-being and in that kind of a holistic approach, then you're prepared for any kind of disaster that may come along.

Speaker 1: [02:50](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=170.73) You know, it's interesting you say that because here at FEMA we tend to focus primarily on natural disasters and being safe for something that sometimes can be, unfortunately, catastrophic. But you put it in very simple terms that it could be something as simple as hurting a part of your body. So, it doesn't have to be just disasters. It could be something as simple as a fall or just something simple.

Speaker 2: [03:09](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=189.77) Yes. Well we actually partner with you, as you know. So, I'm grateful one for the partnership. But also what we're finding in places like Puerto Rico and I think we've worked together on about 114 federally-declared disasters. But what we find in those situations is that the individuals and families who are prepared with some level of savings and cushion, they weather, no pun intended, they weather the storm--the financial storm a little bit better. They have the behaviors in place, the finances in place. But most importantly, as you know, they're prepared and they're more resilient as an outcome of that. And we don't really think about resiliency, or at least I didn't really think about it for a long time. But in order to have a resilient community, they also have to be in a place of financial resilience one by one. I love what you said, you know, one by one. Dollar by dollar. Saving is a little bit difficult. It's again like a behavior change, right? You have to put an effort into it and lean into it to come out on the other side with a different kind of behavior.

Speaker 1: [04:17](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=257.18) Have you, your family, or anyone you know, ever been affected by a natural disaster?

Speaker 2: [04:22](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=262.09) Yes. So, when I grew up in Pennsylvania and there was a flood in Harrisburg, sort of a..the river overflowed and there was mud everywhere and we were pushed out of our homes. I was quite young, and my parents were not educated about this and maybe that's what shaped me. I was a child, but I think those are the experiences that you look at the devastation. And I can still to this day, see, you know, mud marks on the walls of where all of the water came in and flooded everything and we lost everything. My parents weren't prepared. My parents didn't, you know, didn't understand that and didn't have savings. We were not wealthy people. We weren't middle-class people. We struggled day to day and lived paycheck to paycheck. I think that once you go through that, it leaves an impression on your mindset that it's not going to happen, that you're not going to allow it to happen again. Now, I've been fortunate, I lived in Houston (Texas) and didn't get impacted by any hurricanes and didn't get impacted in California by earthquakes, but I've generally lived in disaster-prone areas. But I'm always prepared. In my mind, it's like I cannot be prepared enough, and you cannot be resilient enough. You've got to change the way you think about it.

Speaker 1: [05:40](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=340.54) And I would imagine having that emergency fund, it may have taken a lot of the burden off you to know, you know what, this happened. I'm sorry it happened, but at least we have something to help you get back on your feet relatively quickly.

Speaker 2: [05:53](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=353.85) It's as simple as do you have the ability to pay for a hotel room? Do you have transportation? Where are you going to go? So, building an emergency fund really makes all the difference in the world. As you know, there are families that don't even have $500 in an emergency fund. If the CFPB publication, I think they released it two years ago saying that 70% of Americans couldn't afford that level of an emergency. I believe the millennial generation can start to drive that change and demonstrate a different kind of behavior. But it's as simple as things like, do you have a budget Alejandro?

Speaker 1: [06:34](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=394.41) Myself, absolutely. That was something that when I, when I came into my job I realized like, you know, real life, I have my living expenses, my personal expenses and over time you learn to become more financially conscious.

Speaker 2: [06:46](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=406.64) Yeah. So, I will tell you. Together, Operation HOPE and FEMA developed the EFFAK. And it's the emergency financial preparedness kit, right? What it allows you to do is answer a series of questions to say, are you prepared for an emergency? And I lived in Houston (Texas) for a lot of my life. I took the quiz three or four years ago and failed. I was not prepared at all and I had things like a budget, but I hadn't protected my documents. I had never really anticipated what a disaster would look like. I think a lot of your listeners, if they take the time and go through that EFFAK and then combine that with a few simple tips and best practices around savings, they will become much more resilient and find their way to well-being.

Speaker 1: [07:32](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=452.95) So let's say some of our listeners right now are pumped. They want to get started and say, hey Anita, I also want to become more financially prepared, but I don't know what or where to start. I don't know how much I should have in an emergency fund. How do we and our listeners determine how much is enough for their respective emergency fund?

Speaker 2: [07:50](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=470.8) Yes. So, best practice is to have about six months of emergency funding. So, take all of your expenses and set aside six months and then don't touch it. But, there are some really simple ways that you don't think about doing. How can I save six months? Because it seems like we'll have that's, you know, that's a lot of money. Maybe your $20,000 and that seems like a long way off. How can I do that? There are some simple things. There are some really, really interesting new fintech tools. I ran into one the other day called QOINS. It's Q-O-I-N-S and it's built by two young men who are in their late twenties and they face the same issue. They built this software that every time you pay for something. Maybe you go to Starbucks and you're buying a grande Latte for $3.65. You can round up that change to $4 and that rounded up change will go automatically into your savings account.

Speaker 1: [08:47](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=527.77) Oh, really?

Speaker 2: [08:48](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=528.77) It is the coolest software I've ever seen. And you just download the app and when you pay it will round up. Now I'm probably not going to miss that 35 cents. But at the end of the month, as much as I drink Starbucks, but you can do it for all of your payments, some of your payments to start. There are automatic ways to do it where you don't feel it in that same level. So, rounding up, saving change wherever you can do something automatically is really effective because it puts that money sort of out of sight and out of mind. And it's a very easy way to do that. Some employers will also let you deduct a certain amount from your paycheck the same way and transfer it directly into a savings account. So again, it's automatic and you're not thinking about it. But also getting to that six-month mark, you know, you have to be frugal.

Speaker 2: [09:38](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=578.58) Now I'm going to sound like a mother. You have to be conscious and set those goals in the same way that you would set your career goals or your health goals and then create an action plan to get yourself there. So, it might mean that while you might roll up some of those lattes, you may also cut some of those lattes. So, the idea that you'd want to break habits, you want to be frugal, you want to find ways where you're actually building that cushion. And that cushion is what starts to change behavior. There's one more tip that you should think about. So, my son always looks forward to, you know, the income tax returns. And I tell you, whenever you get a windfall like that, put it immediately into savings. You know you're going to be tempted to do something else with it, but put it immediately into savings. And again, as much as you can put there where you can't reach it and you're not dipping into it, the quicker you're going to get to your emergency funds.

Speaker 1: [10:34](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=634.1) You know when you mentioned the income tax returns, I'm guilty myself. Sometimes, we'd want to treat ourselves because we feel like, oh look at this extra money. I should reward myself for all the hard work that I've put in. Just a little treat for myself. But to your point, what you just said, that money can do a lot more benefit in the long-term. If we can just put it like you said, out of sight, out of mind into a savings account so we can build up that safety net little by little. Just real quick before we go to the next question, Anita. You mentioned the application QOINS. Is that a free application that all of our listeners could download and take advantage of?

Speaker 2: [11:04](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=664.48) You know, I believe it is. It's that early stage. So, I know I'm happy to be talking to millennials because they understand things like early stage. It’s early stage, but I think it's free now. So, you might want to get in while you can. I think it’s very revolutionary and something that really can make a change in behavior.

Speaker 1: [11:21](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=681.09) We have definitely noticed that even in-- not just QOINS but other applications that can help us get into the habit of subconsciously saving money with the expenses that we're making on a daily basis. Like you said, how it rounds up to the nearest dollar and it goes into an account that is put towards saving or investing and then it's out of sight, out of mind, but you're building that compound interest. In other words, you're building up your savings fund little by little. So it’s definitely to helpful to take advantage of.

Speaker 2: [11:43](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=703.67) Yes. I'm so happy to say that you even know, you know the importance of compound interest is magical. It's so funny.

Speaker 1: [11:55](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=715.58) So also Anita, so some of our millennial listeners, they may be living with their parents or not yet own their own property. However, for those that do or have recently purchased a home, why does having an emergency fund or a rainy-day fund as we can commonly refer to it. Why does that benefit us in the long-term?

Speaker 2: [12:11](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=731.55) First and foremost, you've got to save that down-payment to get into that home. But, when you're actually applying for a mortgage, not only do you need the down payment, but most of the lenders are going to look to see that you have six months in your savings account. Yeah. So, qualifying for a mortgage, you need a down payment, depending upon your credit score and the price of the home. You know, that's going to range anywhere from five to 10 maybe in some cases even 20% down payment. So, having said that, the next thing they're going to look at is can you pay for it? How much do you have in savings? How much is put aside? So, many lenders look for anywhere from four to six months of reserve savings so that they know you can cover that mortgage payment. I believe that home ownership is an important part of creating wealth.

Speaker 2: [13:05](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=785.28) However, I am seeing, I do see some trends among the millennial generation of renting versus buying, but I haven't been able to dig deep enough to determine is that just a consequence of heavy student debt or not having the savings ready yet or is our culture shifting away from home ownership to renting? It'll be interesting to see what the research bears out over the next few years. But, I'm still a big believer in home ownership and I encourage investing in real estate as a way to move from just surviving to thriving. As you're pulling together your money for real estate or whether it's your first home or an investment property, you're going to have to have the savings in place for both down payment and enough to cover mortgage payments for some period of time. And then there's more, I mean, think about it, once you buy a home, you've got maintenance and you've got insurance and you maybe just have cosmetic changes you want to make to the home. So, all of that requires cash out of pocket.

Speaker 1: [14:07](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=847.85) You know, there's a saying that millennials like to use and maybe your son or yourself have heard of it before. We sometimes like to say ‘the struggle is real.’ So, when you were just talking about millennials not being able to pay for their own property, maybe right out of college, it's true. I can tell you a number of my friends from south Florida, they will go to college and just to save money until they can put a down payment on a home, they will move back with their parents or with their family members and just save up because you don't have those immediate living expenses rolling in every month. So, you can save more money expeditiously. But to your point about down payment and mortgage, I would imagine that that six months, maybe four months of expenses definitely comes in handy where, God forbid, if your home property becomes damaged by floodwater or wildfire, they want to make sure that you that money to pay for the repairs so the value of the home is not lost. Would that be fair?

Speaker 2: [14:52](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=892.1) Absolutely. And, I mean, FEMA is very generous in how it provides emergency funding after a catastrophic event. But, there is an interim period where you're going to have to cover your living expenses and or some of the FEMA money or your insurance money, there may still be a gap in, you know, what's covered and what isn't covered. So, you've got to have that savings in place. It's just such an important part of behavior and you can start small. So, it truly does come back to what's your action plan? Do you have an action plan? Have you set goals? You know, even if you're just saving a couple dollars a week, it begins to add up. We do a whole lot with financial counseling, as you know. So, all of our work is rooted in, we take people from unbanked or underbanked or struggling to thriving and bankable.

Speaker 2: [15:47](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=947.84) If you can save $200, I know this sounds crazy. But, if you get to the point of saving $200 it's like that 21-day you can break a habit kind of thing. $200.. all of a sudden, psychologically and behaviorally, you start to feel better about yourself. And I guess that's not terribly interesting until you put it within the framework that as we said earlier, 60 or 70% of Americans don't add that in savings. So, start small. Don't be discouraged, but start small and then continue to add to that. And, ultimately you will break that habit of spending more than what you're bringing in. I'll tell you something crazy. It's so crazy and I can't even believe it. I started my career in banking for the most part, and I had a vice chairman of the bank tell me oh, Anita, you know, you'll be successful when you're spending more than you're making.

Speaker 2: [16:41](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1001.98) And now I look back at it now and think almost to your point about you're getting your tax return and do you want to treat yourself? You're getting your first job. Suddenly you're, you know, a VP at a bank or somewhere and you, you want to treat yourself and that's okay once in a while. It's kind of like cheating on your diet every once in a while. You need to take in some carbs and be a little healthy. But you really have to stick to the plan. You're going to want to retire and you're going to want to be able to retire in a comfortable lifestyle. And, you start going back to your thing about compound interest. If you started savings now, if you just deposited 100 bucks every month for 10 years, I don't know, you get a six and a half percent interest rate, what does that get you to like 17 or $18,000. And it's going to keep doubling. And all you've put in is $100 a month. You keep it up for 20 years and that now you've doubled that, you've got $50,000. You could have another $150,000 at retirement, and all you've done was put away a little bit of money that you're not even going to notice at the end of every month.

Speaker 1: [17:52](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1072.31) So, that sounds like an exchange from instant gratification to long-term satisfaction because if you're avoiding the temptation to spend, spend, spend, you can build up a kind of a snowball effect where you're saving day-by-day and as you said, creating a good positive behavior in your life. And it builds up, like you said. So when you retire, you have a large enough safety net where you don't have to worry about financial expenses so much. You can retire comfortably and live the kind of lifestyle you want on your own terms.

Speaker 2: [18:21](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1101.01) Absolutely. Do you know who Jack Dorsey is? He's the founder of Twitter and he runs Twitter and Square. I sort of adulterated a management style of his. But in order to run both companies, he has what he calls ‘theme days.’ So, Monday he might be working on programs or products, and Tuesday might be working on clients. So, what I did was I turned that into my own sort of financial well-being plan, and I just picked, I call them ‘theme days.’ So, on Monday, Wednesday and Friday I put aside money. So, those are my savings days. And then my little sort of instant gratification or cheat days or Tuesdays and Thursdays. So, I'm, I'm giving myself permission, but at the same time, I'm sticking to Jack’s plan around these theme days. And so, you can make whatever model works for you. But on those days, I don't buy anything. It's like, okay, these particular-- Monday, Wednesday or Friday, Anita, you cannot buy anything.

Speaker 2: [19:20](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1160.2) So, you start thinking about it and pretty soon, you know what? I buy a lot less, my behavior changes, I'm putting more into savings. And I think that's important. And now I have my son doing the same. So, he'll be, you know, a homeowner next year and you start thinking about how you save that. But I do, I mean I do recognize Alejandro, that this is a generation that is really laden with student debt more than ever and impacts from the economy more than ever. But, that's the reason why you need to be more focused and more laser-focused on preparedness and resiliency.

Speaker 1: [19:54](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1194.97) So, just so our listeners understand, it sounds like you've broken this down into a step by step process to hold yourself accountable. And, correct me if I'm wrong, but you may have had support from friends and family to keep you motivated to keep you on this journey, so you don't break into other kinds of habits where you might be spending more frequently than saving.

Speaker 2: [20:14](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1214.6) Absolutely. So again, I go back, I really do equate this to the same thing as health and well-being. It's just your financial well-being. And one of the biggest and most important factors to recovering from illnesses and getting yourself in a healthy place is the support of friends and family. And so to the degree that you are social and to the degree that you can rely on that encouragement of your family. My boss, John Hope Bryant likes to say, if you hang around nine broke people, you're going to be the 10th. So you know, you want to look for individuals who are also in that same savings mindset. So that way, you're kind of frugal together and you encourage each other toward financial health.

Speaker 1: [21:02](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1262.64) I mean myself, when I came out of college, a lot of my friends and I, we had debt. And, initially, it seems like a monumental task. But little by little, if you surround yourself with those people who are going to motivate you and even those who have may have recently paid off all their debts and they're starting to save, learning what behaviors they made to change their life to transform their financial level of preparedness can keep you going. So, millennials, one of our largest concerns, as you noted, is the ability to pay off our debts such as credit cards or student loans. What is a positive but pragmatic message of encouragement you give who may be trying to save? Like I want to save, but I mean I'm juggling all these bills. Or, I may have the challenge of limited income,

Speaker 2: [21:45](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1305.11) My most practical advice is start simple. You have to make choices. And, some of those choices, knowing that it is on the long-term horizon, start as simple as you can. And, if that means that you're putting a dollar a day away, by the end of the month, there's $30. And if you go back to your compound interest example, then now you'll have $8,000 versus $18. So, start simple, start where it's comfortable for you, and start by putting away what you can. It's more about the behavior and getting there. And then I would seek--come to Operation HOPE. And not to put in a sales plug, but we don't charge any consumers anything. Come to Operation HOPE and get a financial coach to help you set up your plan, set up your budget. They'll encourage you along the way, but they'll look at your situation around deb, situation around savings, and they'll come up with plans that will help you get through that effort and see some light on the other side. So, just go to OperationHOPE.org, and there are coaches all around the country who can get you to a healthy place.

Speaker 1: [22:59](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1379.14) Do you think those coaches would be able to help tailor a saving strategy to prepare for something like a natural disaster? Would you guys be able to tailor that?

Speaker 2: [23:06](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1386.31) Well, that's exactly what we do. So, every one of our coaches is also trained in disaster preparedness and disaster recovery. And then we tie that to natural disasters and we tie that to personal disasters. So, remember, I know that with FEMA we're focused so much on those, those natural disasters. But there's also personal disasters. A medical emergency could bankrupt somebody, in addition to that hurricane. I saw a very encouraging recent statistic that said 44% of millennials say they have an emergency savings for three months. Now, that is, that's encouraging data. If that's the case, then we're starting to make in-roads, I think that's up from about 30% from last year. So, year over year, it looks like emergency savings funds are becoming more of a focus in the millennial generation. And, I think that's wonderful because it really does give you that buffer between you know, savings and debt and you start thinking about your life and how you can overcome some of those hurdles.

Speaker 1: [24:16](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1456.65) You know, some of our listeners may hear that stat of 44% having a three-month emergency savings fund and they may think, you know what, if they can do it, so can I. I can be part of that family too. It sounds like if you are going through these struggles for whatever reason, some of them are unwanted, you should, and we encourage you to ask for help from those and build a support system around you.

Speaker 2: [24:39](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1479.48) Yes, yes. And like I said, as much as you can do that's automatic that you're not seeing. Maybe you have a checking and savings account. Just set up a simple transfer of $5 from your checking account to your savings account once a month. And, over the course of time, it's going to accumulate, and you're not going to notice it. So, I think it comes down to what's your mindset? And when you're ready to do that, you’re going to lean in and do it. So, put your mindset in the right place. And, there is lots of free help out there in terms of building budgets, building plans, understanding credit score. You should be pulling your credit scores. And, you don't think about that with natural disasters. But people who have a 700-credit score have more access to capital, have more access to the things that they need in order to recover.

Speaker 2: [25:33](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1533.21) So work on getting your credit score to at least a 700. And again, there are financial well-being organizations like ours who can help you get there, and they'll work with you to negotiate with your creditors. They'll work with you to move your credit score. And, all of that is free. So, it's just a matter of first playing your head. For me, it's always about, you know, your mindset, whether you're trying to lose 10 pounds or save $200. You have to have your mindset where it needs to be. And then once you get there, then you need your support mechanism. And then it's just mechanical. Then it's just the tactics of rolling up your change, you know, automatically pulling $5 out, building a savings plan, and getting the resources that can help you get there.

Speaker 1: [26:18](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1578.29) So, what if we turn around the tables for a second? What could be the unintended consequences, let's say in a disaster if we're not prepared with a savings fund?

Speaker 2: [26:27](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1587.74) Oh my goodness, it's catastrophic. I mean..so, for example, I'll give you really simple ones. The floodwaters come in, your home is destroyed. How do you -- and your car's destroyed, swept away in the flood. You have no money. How do you get to a hotel? How do you get your family? Where's your transportation? How are you going to live for what could be, I don't know, months? How are you going to live for months? How do you get to your job? What if your job is destroyed by the hurricane or the fires or whatever that happens to be? So now you don't have employment because business is gone, and you potentially don't have a place to live and you don't have transportation. So, you are essentially without any lifelines. Hopefully, you have family. But what if you don't? I mean, think about all those, sadly, the individuals who don't have a support network or don't have a family network. Now, you're going to have to find a shelter. It can go down a very deep and difficult economic rabbit hole.

Speaker 1: [27:36](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1656.92) One thing that we always hate to see is that after a flood or a wildfire is that in contrast to something like a tornado where it's very rapid, very fast, in and out, sometimes a wildfire or a flood could delay your ability to get back into your home. If you're kept out of your home, God forbid, for beyond a week or even two weeks, that's got to create some kind of anxiety, doesn't it? Because you're not able to rebuild, but you're not able to assess what the actual damage was.

Speaker 2: [28:05](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1685.28) Yes. So I, I hadn't even gone done the mental health side of this. But, absolutely. Not only is there a financial implication, but there is a mental implication. So, that anxiety now can lead to depression, and getting out of that mental piece back into the, the state of mind where you can actually, you know, engage again and look for work or try to recover-- all of that is impactful. I tell people Operation HOPE obviously is partnered with FEMA and the Red Cross during disasters. But once Anderson Cooper leaves and the cameras are gone, what's behind that is a financial impact that can last for nearly a decade in some cases. Communities are simply destroyed and struggling to recover. We still have 10 coaches, I believe, in Puerto Rico from two years ago where people in the mountains are still struggling to recover and when there isn't savings and you've got to pay a contractor, how do you repair your home? And, if you are fortunate enough to buy a home because you saved, your wealth is tied up in that property, and you can't let it go in disrepair-- without being repaired. So, you don't have the savings there. You've got to stretch your insurance money and your emergency FEMA grants. But you're in a position where recovery is tough if you haven't prepared yourself for it.

Speaker 1: [29:34](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1774.12) Sometimes, we have the misunderstanding that an emergency fund should be so large that it can pay for the entire recovery. But, the way we understand it, the way I understand it is that it's to help jumpstart the recovery to help you get back on your feet and then get into the long-term rebuilding process.

Speaker 2: [29:49](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1789.73) That is exactly correct.

Speaker 1: [29:51](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1791.63) For us to change our behavior, something has to happen to us that we start to take action.

Speaker 2: [29:56](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1796.96) Yes. That's unfortunate, isn't it? It's.. we're humans. My son, I don't know about the rest of your listeners, but my son I think feels like he's invincible in some ways. And I tried to avoid that, but life really does happen. You just have to, unfortunately, sometimes have to go through it because you can listen to me or they can listen to you or to the FEMA directors, but I would encourage all of your listeners go complete an EFFAK. Go to the FEMA website. Complete the EFFAK. See if you are prepared. But then also reach out to resources. There are many government resources that you can find on the FEMA site. We have resources on the Operation HOPE site. I would appeal to your listeners not to get into a situation where something has to happen to you in order for you to take action. Think about it again as your overall well-being. It's just one more step towards success. So, let's turn it into a positive rather than a negative and say that something positive happened to you today because they heard your podcast and that's what caused them to take action.

Speaker 1: [31:05](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1865.55) And, as someone who grew up in the south Florida area all the way through high school, I can't tell you the countless number of times I've told my friends down there, you guys, it’s hurricane season, take care of everything you've worked hard for. You do not want to be on the other end of that disaster without a savings fund or without insurance. It's, it sounds difficult to do, but once you take those steps, it can make a huge difference in the aftermath. Anita, I'd like to close with this one last thing. What resources besides, you've mentioned the EFFAK, which is spelled E-F-F-A-K. You've mentioned reaching out to Operation HOPE because you guys offer a diversity of resources, like I said, financial literacy, home ownership, and small business. Are there any other resources that our listeners can take advantage of, and explore so they can learn more about financial preparedness on a personal level?

Speaker 2: [31:56](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1916.7) Yeah. I would encourage them to also go to their banker, which seems counter-intuitive, but the banks have many resources that they can offer you that are also free around savings and preparedness. We, you know, we all do banking off our phones these days, but there are bankers and resources inside of banks and on many of their websites. So, whomever you bank with, I would reach out to them. And then also in each of your cities, there are preparedness guides and preparedness assistance to get going around saving and in your community that will, they'll share with you potential issues.

[*music*]

Speaker 1: [32:35](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1955.84) We welcome your comments and suggestions on this and future episodes. Help us to improve the podcast by rating us and leaving a comment. If you have ideas for a future topic, send us an email at fema-podcast@fema.dhs.gov. If you would like to learn more about this episode or other topics, visit [www.fema.gov/podcast](http://www.fema.gov/podcast).

 [32:40](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1960.16)

 [32:59](https://www.temi.com/editor/t/EOnh1fHwelW2p_OoNCTn1orokARrXLI6jiTt3H5W7KbmCN2gxGsQWzzOHI7br3D3xI3qk87jzcN5y_yMGzf3ioIyFY4?loadFrom=DocumentDeeplink&ts=1979.56)