SKILL GUIDE · ECONOMIC & FINANCIAL

Financial Preparedness Basics

Two habits that cost little but matter a lot once something's already gone wrong: keeping real cash on hand, and documenting what you own before you ever need to prove it was there. This is the hands-on side of the Economic & Financial chapter and its addendum.

Keep a real cash reserve

During a power outage, severe storm, or network disruption, ATMs, card readers, and even bank websites can stop working, sometimes for days, even when the stores themselves stay open. Cash doesn't depend on any of that.

1. Work toward $500–$1,000 in cash kept at home. If that's out of reach right now, even $100–$200 is meaningfully better than nothing; add to it $10 or $20 at a time.
2. Keep it in **small bills**: a mix of $1s, $5s, $10s, and $20s. A store running on a generator or a skeleton staff often can't break a $50 or $100 bill, which makes a large bill close to useless in exactly the situation you're planning for.
3. Store it with your document go-bag, in the same fireproof, grab-and-go location, rather than scattered around the house.

Where prep spending fits if money is tight

Everything above assumes some room to maneuver. If money is genuinely tight, this isn't about doing less, it's about doing things in an order that protects you fastest. Credit counselors work through this exact tradeoff with households every day, and the order they land on is more consistent than most other financial advice out there.

1. **A small starter cushion first, not a full emergency fund.** The $500–$1,000 cash reserve above (or closer to $2,000 if you're carrying more than $10,000 in debt) does double duty here: enough to absorb a surprise expense without reaching for a credit card, before anything else.
2. **Then high-interest debt, before adding much more to any reserve.** A credit card charging 20%+ interest is a guaranteed, compounding loss no savings account can outpace. Paying it down is the highest-return move available to most households, ahead of most further gear spending on this site's own Tiers.
3. **Then a full 3-to-6-month general emergency fund**, separate from anything in the Shopping List or this site's gear tiers, once high-interest debt is cleared. A fund you'd have to raid to stay on top of debt

payments isn't actually functioning as an emergency fund yet.

4. **Disability insurance before life insurance, if you have to choose between them.** A 20-year-old worker today has roughly a 1-in-4 chance of becoming disabled before reaching retirement age, a real risk this site's physical-preparedness content doesn't otherwise cover. Group disability coverage through an employer is often inexpensive; if it isn't offered, it's worth pricing on its own.

None of this means waiting to start the rest of this site's plan. Tier 1 already fits inside almost any budget, see the Shopping List. This sequencing is for the point where more spending starts competing with debt or a real safety net, not the starting line.

Document what you own before you need to prove it

An insurance claim after a disaster goes faster and further when you can show what you had, not just describe it from memory under stress. Do this now, while nothing is wrong.

1. Go room by room, including closets, the garage, and any storage unit, and take wide photos of each room, then close-ups of higher-value items: electronics, jewelry, tools, artwork, appliances.
2. For anything valuable, photograph the serial number or model plate and keep the receipt if you still have it.
3. Photograph the exterior too: roof, siding, and landscaping, so there's a "before" record if a storm damages it.
4. Keep the resulting photos and a simple room-by-room list somewhere that survives the same disaster your house doesn't: cloud storage, or the encrypted backup described in the document go-bag guide.
5. Redo this once or twice a year, or whenever you buy something expensive enough that its absence would actually matter to a claim.

TIP

Narrate a video walkthrough, not just still photos

Walk through the house with your phone recording video, opening cabinets and closets, and say brand names, approximate purchase prices, and anything else worth remembering out loud as you go. The audio does the work a photo alone can't: an adjuster or your own later memory has to guess at a still image, but a narrated video answers "what was that worth" on its own, months or years after the fact.

Know your policy before you need to use it

Write down your insurance policy numbers, coverage limits, deductible, and your agent's direct contact information, and keep it with the same documents. In the aftermath of a real disaster, tracking down which company insures you and what your policy number is can be its own frustrating delay, on top of everything else.

Write your own plan, in one sentence

Knowing the target number and actually having it in a drawer are two different things. Finish this sentence with your own real plan:

"By *my next payday*, I will add *$20 in small bills* to my cash reserve."

Know someone this guide would actually help? Being the person who's ready includes being the person who says something.

Send them this page ›

Sources

- Be Ready Utah, "Important Documents & Money": Be Ready Utah
- Emergency cash reserve amount and small-bill guidance: Utah State University Extension
- Home inventory and insurance-documentation guidance: United Policyholders
- Narrated video walkthrough as a home-inventory technique: Let's Get Moving
- Starter emergency fund before debt payoff, then a full 3–6 month fund after high-interest debt is cleared: National Foundation for Credit Counseling, NFCC
- Disability risk during working years: Social Security Administration, Actuarial Note 2025.6