Financial Health Frontiers

Strengthening Financial Health for Climate Resilience

4 Pillars To Weather the Storm

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About Financial Health Frontiers

Supported by the Citi Foundation, Financial Health Frontiers is an ambitious initiative that aims to identify the needs, challenges, and opportunities for the next era of financial health. Guided by an Advisory Council of industry experts, business leaders, policymakers, advocates, and researchers from across the country, the Frontiers initiative asks: What are the trends that will most influence financial health over the next generation? How can we harness them for greater and more equitable financial health? Who is not at the table now but has a critical stake in the financial health movement?

In our initial publication, "Financial Health Frontiers: Shaping the Future of Financial Health," we looked back at the evolution of the financial health field over the past 20 years, examined successes and challenges, and explored critical headwinds and tailwinds that will shape financial health in the years to come. Now, we're unpacking these issues in a series of topical briefs that examine opportunities to increase financial health broadly and equitably. Our first brief, "Financial Health Frontiers: Households Under Financial Pressure," examined critical turning points for the security of middle-class households. This brief dives into perhaps the most consequential issue of our time – climate change.

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Introduction

These days, it's hard to find anyone who hasn't been impacted by extreme weather and climate hazards in some way – from 2024's "heat dome" to the 2023 wildfires that blanketed much of the U.S. in smog, from flash floods in Nevada to the "100-year storms" that came twice in one week in the fall of 2024. The costs are staggering, and the impacts are widespread. It's not just headline-grabbing, billion-dollar events that are multiplying, either. The frequency of smaller-scale events has accelerated, with each one impacting smaller numbers of people but proving no less devastating to the families affected.[1] And on top of everything, our changing climate is creating persistent and chronic stressors with manifold implications for energy use, agriculture, housing, economic development, migration, and more, impacting families and communities alike.

- The U.S. has endured nearly 400 weather and climate disasters since 1980; the total cost of these events is more than $2.7 trillion.[2]
- Between 1980 and 2018, there were, on average, six natural disasters a year costing $1 billion or more.[3] From 2019 to 2023, that number skyrocketed to more than 20 such events annually.[4]
- Climate-related health costs in the U.S. now total over $800 billion per year.
- Extreme heat results in a loss of nearly 300 billion work hours per year worldwide.[5]

Financial health is a holistic concept that refers to people's ability to spend, save, borrow, and plan in ways that allow them to be secure and pursue opportunities. Financially healthy households struggle with few aspects of their financial lives; financially vulnerable households live amid severe financial strain, often experiencing unmanageable levels of debt, little to no emergency savings, and difficulty paying bills.

Whole communities may be hit, but the impacts are not felt evenly. Research has shown that households living on low incomes and communities of color are more likely to live in areas susceptible to climate hazards and to have a harder time rebounding from them.[6, 7, 8] They're less likely to have immediate funds on hand in case of emergencies, to be able to cover costs to mitigate the effects of a disaster, to have sufficient insurance to cover losses, and to have access to

[1] Nancy Walecki, "Tiny Climate Crises Are Adding Up to One Big Disaster," The Atlantic, November 2023.
[2] "Billion-Dollar Weather and Climate Disasters," National Centers for Environmental Information.
[3] Adam B. Smith, "2018's Billion Dollar Disasters in Context," NOAA, Climate.gov, February 2019.
[4] "Billion-Dollar Weather and Climate Disasters," National Centers for Environmental Information.
[5] "National Commission on Climate and Workforce Health," Health Action Alliance.
[6] "The Impact of Climate Change on American Household Finances," U.S. Department of the Treasury.
[7] Andrew Rumbach, Katherine Dickinson, Elizabeth Albright, & Deserai Crow, "After the Marshall Fire, Households with Fewer Financial Resources Are Falling Behind," Urban Institute, April 2023.
[8] Alique G Berberian, David J X Gonzalez, & Lara J Cushing, "Racial Disparities in Climate Change-Related Health Effects in the United States," Curr Environ Health Reports, May 2022.

affordable credit to rebuild.[9, 10] As a result, those without financial security will face the biggest financial repercussions.[11]

> *"Without significant intervention, climate hazards are likely to cause compounding financial burdens for vulnerable households with fewer resources and limited ability to prepare for and recover from shocks."*[12]
>
> -U.S. Department of the Treasury

Further, climate events can compromise our financial health by affecting our earning power, utility costs, access to credit, and the affordability of insurance, to name just a few.[13, 14,15] Our ability to prepare *now* for emergencies impacts our long-term ability to financially recover from them.

Indeed, to foster *climate resilience*, it is critical to strengthen *financial resilience*. In this brief, we explore what households need financially to be climate resilient. In particular, we focus on financially vulnerable households, which are disproportionately composed of people of color and those with low incomes and constrained assets.[16]

A whole host of stakeholders are actively investing and engaged in designing new solutions that could help our country build climate resilience, bringing momentum and energy at a critical moment. Indeed, there is a great deal of activity, and far more to be done, to ensure community, state, and national climate resilience. Yet household-level financial health hangs in the balance. We ask partners – financial service providers; insurers; community-based nonprofits; federal, state, and local officials; researchers; employers; innovators; philanthropists; and many more – to come together to increase financial resilience for the most vulnerable among us.

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[9] Andrew Rumbach, Katherine Dickinson, Elizabeth Albright, & Deserai Crow, "After the Marshall Fire, Households with Fewer Financial Resources Are Falling Behind," Urban Institute, April 2023.
[10] Dontá Council, Grace Meagher, & Leah Cabrera, "Risk and Resilience: How Weather-Related Disasters Impact Economically Marginalized Communities," Federal Reserve Bank of Atlanta, Community and Economic Development Discussion Paper, June 2024.
[11] Amy Brown, "Consumer Finance for Climate Action Landscape Analysis: Opportunities, Challenges and Pathways Forward," Inclusiv & SaverLife, October 2024.
[12] "The Impact of Climate Change on American Household Finances," U.S. Department of the Treasury.
[13] Ibid.
[14] Kennan Cepa, "What the Climate Crisis Means for Financial Health," Financial Health Network, July 2024.
[15] Sheida Elmi, Bianca Lopez, & Shehryar Nabi, "A Gathering Storm: Why The Growth in Climate Hazards Matters for Household Financial Security," Aspen Institute Financial Security Program, March 2024.
[16] Andrew Warren, Wanjira Chege, Kennan Cepa, & Necati Celik, "Financial Health Pulse® 2024 U.S. Trends Report," Financial Health Network, September 2024.

Financial Health in the Face of a Changing Climate

As we confront the climate crisis, building climate resilience in families must involve efforts to improve financial security. Fortunately, recent research, innovation, and investments have increased attention on the climate risks for vulnerable households and offered potential ways to design products and policies to increase financial health.

To better understand the barriers and risks that vulnerable families face – and identify the solutions that could support them – it's helpful to draw on a framework commonly utilized in emergency management. This framework conceptualizes the disaster lifecycle into four phases: mitigation (and adaptation), preparation, response, and recovery.[17] While this approach is typically utilized for emergency response to acute disasters, it can also be informative for gradual, chronic climate stressors that can be just as devastating.[18]

In this brief, we leverage this framework to introduce actions that are critical for fostering financial and climate resilient families, which is summarized in Figure 1 and explored in the subsequent sections. For each pillar, we examine the needs of vulnerable households, the promising innovations that are emerging, and the gaps that remain.

[17] "Climate Essentials for Emergency Managers," FEMA, July 2023.
[18] One drawback of the use of an emergency response approach is that such frameworks tend to focus on acute events – hurricanes or disease outbreaks – rather than more gradual chronic changes. In this brief, we have used the framework but applied it more broadly to all climate impacts, both acute and chronic.

Figure 1. Household needs for financial resilience in a changing climate.

Goal: Invest in efforts to lessen severity, reduce risk, and minimize harms for financially vulnerable households.

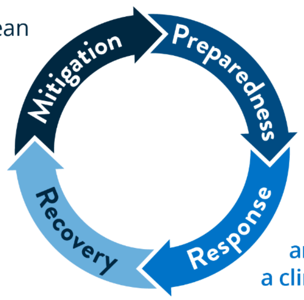
NEEDS FOR FINANCIAL RESILIENCE

- Communication and guidance to evaluate risks, prioritize appropriately, and take action
- Financing structures and incentives to spur adoption of climate-friendly energy sources, technology, and climate-resilient home modifications
- Community ownership models of clean energy and green technologies
- Solutions that target vulnerable households

Goal: Support advance preparation for climate events to lessen the ultimate impact.

NEEDS FOR FINANCIAL RESILIENCE

- Guidance to help households understand and make plans to have the required resources
- Support to build emergency savings
- Access to affordable insurance with built-in incentives for resilience upgrades



Goal: Support restoration and revitalization that acknowledges the "new normal."

NEEDS FOR FINANCIAL RESILIENCE

- Hands-on support so impacted households can file claims, access resources, avoid scams, and begin longer-term planning
- Rapid, hassle-free insurance payouts; innovations that fill gaps
- Access to affordable credit; payment flexibility from financial service providers
- Implementation of mitigation and adaptation strategies

Goal: Provide rapid relief to save lives, protect property and the environment, and meet basic needs in the aftermath of a climate event.

NEEDS FOR FINANCIAL RESILIENCE

- Immediate targeting and delivery of aid
- Guidance and streamlined systems for impacted households
- Flexibility and adaptability by financial service providers; rapid availability of financial institutions
- Flexible remote/leave policies from employers so people can retain income

Mitigation and Adaptation

Invest in efforts to lessen severity, reduce risk, and minimize harms for financially vulnerable households

Adaptation and mitigation efforts aim to lessen the impact of natural disasters on life and property, help families adapt to the reality of a changing climate, and forestall future change. While much attention is paid to major disasters like earthquakes, hurricanes, and forest fires, it's equally important to consider the chronic, pervasive effects of a warming planet, such as heat, rising sea levels, and chronic drought. In fact, **heat is the deadliest natural disaster**.[19, 20] As people become increasingly reliant on air conditioning and energy costs soar, energy costs have weighed heavier on Black, Latine, and Native American families, as well as families with low incomes.[21]

[19] "Weather Related Fatality and Injury Statistics," National Weather Service.
[20] Terri Adams-Fuller, "Extreme Heat Is Deadlier Than Hurricanes, Floods and Tornadoes Combined," Scientific American, July 2023.
[21] "How High Are Household Energy Burdens? An Assessment of National and Metropolitan Energy Burdens across the U.S.," American Council for an Energy-Efficient Economy, September 2020.

Families need guidance and resources to invest proactively in their homes, helping them:

- Weatherize their homes, reduce energy consumption, switch energy sources, and lower the cost of utilities and insurance.
- Withstand extreme weather events and minimize damage.
- Remediate health hazards worsened by climate change like mold, poor indoor air quality, and others.

Investing in these steps would reduce the financial and human toll of a changing climate and support financial well-being in the long term. But in a country where only 30% of people are Financially Healthy, these investments are often prohibitively expensive.[22] While costs vary dramatically based on housing size, age, location, and other factors, the Department of Energy estimates that the average cost just to weatherize a home is close to $5,000.[23] Altogether, investments can easily top tens of thousands of dollars. Barriers are especially high for renters, who have less agency to make upgrades, and have lower incomes and greater levels of financial vulnerability than homeowners.[24, 25]

Meeting the needs of vulnerable households requires creative thinking grounded in their needs and realities. Some of this is in program design. Refundable tax credits, for example, can help reach people living on low incomes who don't have tax liabilities. Additional efforts to defray upfront financial burdens are also critical. Point-of-sale rebate programs, such as those utilized in the Home Electrification and Appliance Rebates program, are one approach to lower upfront costs.[26] Transferable tax credits could also allow a third party (like a community financial institution) to receive a credit on behalf of the consumer, enabling the credit to be accessed at loan origination.[27]

Other innovation and collaboration is critical to creating solutions that target vulnerable households. For example, Elevate, a nonprofit working in the Midwest and the West Coast, is supporting multi-family property owners in retrofitting their units by providing energy savings both to property owners and tenants – a group often excluded from solutions.[28] Other initiatives, like community solar, can help make benefits available to a broader swath of households.[29] Still others are monitoring solutions for families with low incomes and identifying pathways for implementation, like the Consumer Finance for Climate Action led by Inclusiv and SaverLife.[30]

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[22] Andrew Warren, Wanjira Chege, Kennan Cepa, & Necati Celik, "Financial Health Pulse® 2024 U.S. Trends Report," Financial Health Network, September 2024.
[23] "Weatherization Works!," U.S. Department of Energy, February 2018.
[24] Leigh Phillips, Maya Pendleton, Rebekah Collinsworth, & Maddy Gorrell, "Climate Constraints on the Finances of Low- and Middle-Income Households and the Tools to Ease Them," SaverLife, What's Possible: Investing Now for Prosperous, Sustainable Neighborhoods, 2024.
[25] Andrew Warren, Wanjira Chege, Kennan Cepa, & Necati Celik, "Financial Health Pulse® 2024 U.S. Trends Report," Financial Health Network, September 2024.
[26] "Home Energy Rebates Programs," U.S. Department of Energy.
[27] Leigh Phillips, Maya Pendleton, Rebekah Collinsworth, & Maddy Gorrell, "Climate Constraints on the Finances of Low- and Middle-Income Households and the Tools to Ease Them," SaverLife, What's Possible: Investing Now for Prosperous, Sustainable Neighborhoods 2024.
[28] "Elevate Energy: Energy Efficiency Services for Affordable Multifamily Buildings," Environmental Protection Agency.
[29] Community solar describes programs where multiple customers can access and purchase energy produced in off-site solar arrays. See "Community Solar Basics," Office of Energy Efficiency & Renewable Energy.
[30] "Community Finance for Climate Action," Inclusiv.

Large-scale investments are underway. The 2022 Inflation Reduction Act (IRA) introduced or expanded a number of programs that can support individual families, including the $27 billion Greenhouse Gas Reduction Fund (GGRF).[31] Over time, as these programs roll out into states, cities, and communities, they have the potential to support millions of struggling families, spurred on by a commitment that 40% of the resources will reach disadvantaged communities.[32] A host of organizations will be engaged in rolling out the funding to local communities – and ultimately, individual families. For example, as partners of the Clean Communities Investment Accelerator, nonprofits like Opportunity Finance Network and Inclusiv will work with community development credit unions to deliver energy efficiency, electrification, and solar access to consumers, homeowners, and small businesses.[33]

The GGRF's Promise for Communities With Low Incomes

The Inflation Reduction Act's Greenhouse Gas Reduction Fund (GGRF) has three components:

- **The National Clean Investment Fund** establishes institutions that will deliver affordable financing for clean tech projects nationwide.
- **The Clean Communities Investment Accelerator** establishes hubs for funding and technical assistance for community lenders working in disadvantaged communities and communities with low incomes.
- **Solar for All** expands the number of disadvantaged communities and communities with low incomes that are primed for distributed solar investment.

In addition to the IRA, numerous other government programs have been introduced or expanded to support climate resilience. As just one example, states like New York have introduced low-interest loans and grants for homeowners with low and moderate incomes in flood-prone areas.[34]

While public investments offer an enormous opportunity, systemic change will require deep involvement, action, and collaboration from the private sector as well. Many of the resources provided in the IRA, for example, are intended to catalyze private sector investment in climate hazard mitigation and adaptation. Yet this influx of capital is not the sole reason firms are well situated to get into the climate business. For example, financial institutions have the opportunity to leverage their unique data to understand risks and develop tailored, affordable products that support weatherization and adaptation efforts. Indeed, such products are investments in ensuring a resilient consumer base – and lowering risks for consumers, financial institutions, employers, and communities alike.

[31] "About the Greenhouse Gas Reduction Fund," Environmental Protection Agency, last updated August 2024.
[32] "Justice40: A Whole-of-Government Initiative," The White House.
[33] "Clean Communities Investment Accelerator," Environmental Protection Agency, last updated August 2024.
[34] "Resilient Retrofits," New York State.

Preparedness

Support advance preparation for climate emergencies to lessen the ultimate impact

People may naturally feel overwhelmed by the scope of the challenge they are confronting as weather and climate change, current places become less livable, and the threat of large-scale disaster increases. Households would benefit from tangible guidance that helps them prioritize and get the best outcome from limited resources: *How much money should I have access to in the wake of an extreme weather event? What are the two to three most important steps I can take to protect my home? If I have $1,000, how can I best use it to safeguard my property?* Such guidance would restore a sense of agency to a formidable issue.

Numerous organizations have prepared financial planning checklists or guides for families to use to financially prepare for emergencies.[35] These typically involve gathering details of all key financial instruments, reviewing insurance plans to ensure they are sufficient, gathering emergency supplies and resources, and holding discussions with family members.

Most of these steps primarily require time and awareness – a challenge in itself, given that people chronically underestimate their own climate risk – but several also require financial outlays of varying size.[36] For example, many guides suggest that families stockpile enough food, water, and medications to last at least three days. Ready.gov advises families to save money in an emergency savings account, with a small amount of cash at home in case ATMs and credit cards are not functioning. This tracks with recent research that showed that those who experienced a weather event saw more increases in their household expenses – in particular, housing and healthcare expenses – than those who didn't experience a disaster.[37]

Resources are critical for preparing for weather events. Yet a particularly challenging recommendation is to plan to afford alternative living arrangements for up to **six months** after an event – an enormous task given that in 2024, 37% of all households and only 23% of households with low incomes reported having savings to cover at least six months of living expenses.[38] Yet census data shows that long displacements are all too common: of the 3 million people who were displaced from their homes in 2022, 20% were out of their homes for at least a month, and an additional 16% *never* returned.[39]

Guides and checklists offer structured guidance to families on preparing for emergencies, but they cannot help families build the savings they need. Employers, who already serve as an important

[35] See, for example, "Emergency Financial First Aid Toolkit (EFFAK)," FEMA, September 2019, or "Disaster Financial Recovery Score," Operation HOPE.
[36] "Most property owners underestimate their flood risk," Munich RE, June 2024.
[37] Kennan Cepa & Wanjira Chege, "Exploring the Link Between Housing and Healthcare Costs and Weather Events," Financial Health Network, October 2024.
[38] Authors' analysis of Financial Health Pulse® 2024 data. Households with low incomes included respondents reporting less than $30,000 in annual household income.
[39] "Table 2. Length of Displacement From Home Because of Natural Disaster and Damage Severity, by Select Characteristics," U.S. Census Bureau, January 2023.

access point for health and life insurance, are increasingly offering emergency savings vehicles that could be supplemented with education on climate resiliency.[40] Larger efforts are also taking hold to support families in becoming more financially resilient, such as movements to encourage "living wages," numerous pilots for universal basic income, and bipartisan agreement on the need to lower the cost of living.[41, 42, 43, 44]

Finally, one key step in planning ahead for disasters is reviewing insurance plans to ensure they are sufficient – yet a quarter of residents in "high-loss" states don't carry residential insurance (renters or homeowners).[45] While critical for all households to document their assets ahead of disasters, this can be particularly important for heirs property owners, or those with a "tangled title."[46] This problem of uninsurance and underinsurance is poised to only get worse: property insurance rates have risen significantly, even as benefits are being cut, and some providers have been pulling out of high-risk locales altogether.[47, 48] A number of steps could help address this broad-based risk, including proactive risk mitigation communication efforts, discounts or rewards for fireproofing or fortification efforts, and leveraging technology to target education and incentives.[49]

Response

Provide rapid relief to save lives, protect property and the environment, and meet basic needs in the aftermath of a climate event

In the immediate aftermath of a disaster, families need to access basic resources such as food, medical care, and housing rapidly. However, banks and ATMs may not be accessible or functional, and payment networks can be disrupted.[50] Further, support from the Federal Emergency Management Agency (FEMA) – only available for federally declared disasters – can take time to be delivered and may not be sufficient. While FEMA has been working to improve support and speed delivery, new technologies have also emerged that could help hasten disbursement of lifesaving

40 "Coming Soon: A New Way for Employees to Build an Emergency Savings," ADP.
41 "Living Wage FOR US," Living Wage FOR US.
42 Meghan Greene & Lisa Berdie, "Financial Health Frontiers: Households Under Financial Pressure," Financial Health Network, September 2024.
43 "'24 Democratic Party Platform," Democratic National Committee, 2024.
44 "The 2024 Republican Platform: Make America Great Again!," Republican National Committee, 2024.
45 Kennan Cepa, Wanjira Chege, & Angela Fontes, "Pulse Points Summer 2023: Weathering Financial Setbacks From Natural Disasters," Financial Health Network, August 2023.
46 Heirs property owners are property owners without a formally transferred title from a previous generation(s). It is challenging for heirs property owners to safeguard their assets while lacking clear documentation, and can be the basis to exclude them from financial relief in the wake of a disaster. See "Supporting Heirs Property Owners Through Natural Disaster and Resiliency Programs," JPMorgan Chase PolicyCenter, June 2024.
47 Benjamin J. Keys & Philip Mulder, "Property Insurance and Disaster Risk: New Evidence from Mortgage Escrow Data," National Bureau of Economic Research, June 2024.
48 Jacob Bogage, "Home insurers cut natural disasters from policies as climate risks grow," The Washington Post, September 2023.
49 Kelly Cusick, David Sherwood, Michelle Canaan, & Namrata Sharma, "Bridging insurance gaps to prepare homeowners for emerging climate change risks," Deloitte Center for Financial Services, May 2024.
50 Bill Hardekopf, "This Week In Credit Card News: Hurricane Aftermath Causes Payment Problems In Affected Areas," Forbes, October 2024.

funds.[51] For example, Google and GiveDirectly have begun leveraging AI to help identify the people most in need of support after a crisis and rapidly deliver aid.[52]

While technology is an important execution tool, it can never supplant the power of communities. Community financial institutions have frequently played important roles in rapid response, with lessons that could be instructive for banks and other financial providers. After Hurricane Maria in Puerto Rico, local cooperativas opened weeks or months before other institutions.[53] They provided immediate financial assistance, food, and childcare to employees so branches could resume operations, and they temporarily relaxed some risk controls to help residents meet immediate needs.

For many families – especially those without financial cushions – maintaining employment and the income it provides is critical to make ends meet. Employers can be flexible in remote or leave policies to support their workforce. Bank of America has built a "Life Event Service" team staffed by professionals with "empathy and emergency" expertise to help employees with large and small events, including natural disasters.[54] Many employers also offer relief funds that can be made available quickly in instances of disaster. Canary is one firm that enables rapid funds to employees in crisis.

Recovery

Support restoration and revitalization that acknowledges the "new normal"

As families seek to rebuild their lives, there's a great need for trusted advisors to help navigate an intimidating and overwhelming landscape that can also come with bad actors and scams.[55] Nonprofits, community development financial institutions (CDFIs), and local leaders can play an important role in helping people identify and access resources. As one example, Money Management International, a nonprofit debt counseling agency, offers disaster financial recovery counseling to anyone living in an area declared a federal or state disaster by helping them apply for FEMA aid, develop a recovery plan, and navigate insurance.[56, 57] Similarly, Operation HOPE deploys teams to disaster-hit areas to support residents with recovery planning.[58]

[51] "Biden-Harris Administration Reforms Disaster Assistance Program to Help Survivors Recover Faster," FEMA, January 2024.
[52] Adele Peters, "How Google and GiveDirectly are using AI mapping to get cash to Hurricane Ian victims," Fast Company, October 2022.
[53] Cathie Mahon & René Vargas Martínez, "Community-Based Lenders Provide Critical Financial Services After Climate Events: Lessons From Hurricanes Maria and Irma in Puerto Rico," Inclusiv, What's Possible: Investing Now for Prosperous, Sustainable Neighborhoods, 2024.
[54] Emma Burleigh, "How Bank of America built an 'emergency task force' to help employees in crisis," Fortune, September 2024.
[55] "Your disaster checklist," CFPB, FEMA, January 2023.
[56] "Disaster Recovery Counseling," Money Management International.
[57] "Project Porchlight," Money Management International.
[58] "Financial Disaster Recovery," Operation HOPE.

Insured families need payments rapidly after a disaster so they can rebuild and get back to their normal lives. However, the process can be cumbersome and time-intensive. Several new ideas are emerging to make insurance more accessible and widely available.

- iink Payments is a fintech that accelerates the disbursement of insurance funds by digitizing the burdensome process of obtaining mortgage company endorsements before a check can be deposited.[59]
- Raincoat is another tech-driven company offering rapid payments to people affected by disasters.[60] It leverages the concept of *"parametric insurance,"* which defines conditions, such as rainfall total, that automatically trigger a payment to policyholders.[61] This concept is especially attractive because it can be deployed for those who do not own property.
- Additional parametric products are becoming available to help fill coverage gaps for those who are insured but have high deductibles.[62, 63]
- New York City is also piloting the parametric model, with a 2023 program that offers funds to households with low and moderate incomes that have been damaged by floods.[64]

Of course, there are a host of other areas where innovation and creative support are critical. Lenders and creditors need to offer flexibility and relief to those who are experiencing a disaster. Following the historic fire of 2023 in Hawaii, banks and credit unions established relief funds, deferred loan payments, and offered lower-cost personal loans.[65]

It's also important to recognize that the effects of climate hazards will not only ripple out to communities where people live now, but also to where they will be in the future. "Recovery" doesn't imply a wholesale return to the past; recovery efforts need to help families adapt to the *new* reality, with homes built to withstand future hazards and livelihoods aligned with a greener future. For some, this could imply new ways of building in the same location; for others, relocating could be a more viable option.

[59] Tom McGrath & Zaan Pirani, "Increasing Fund Access for Disaster Recovery: Q&A With iink Payments," Financial Health Network, July 2024.
[60] "Parametric Insurance: Managing Climate Resiliency," Raincoat.
[61] Joshua B. Horton & David W. Keith, "Multilateral parametric climate risk insurance: a tool to facilitate agreement about deployment of solar geoengineering?," Climate Policy, 2019.
[62] "Earthquake Insurance," FEMA, last updated December 2022.
[63] "Our Changing Climate: Implications on Financial Health and Resiliency," Financial Health Network, June 2024.
[64] "MOCEJ and CNYCN Launch Innovative Pilot to Address Flooding," NYC Mayor's Office of Climate & Environmental Justice, March 2023.
[65] Frank Gargano, "How credit unions and banks are responding to wildfires in Hawaii," American Banker, August 2023.

Harnessing Collaboration To Scale Climate Resilience

Climate issues may seem intractable, but the combination of large-scale investments and proliferating innovation offer signs of hope. Moreover, research has found that, despite our polarized environment, many Americans *underestimate* the degree of agreement on our changing climate, with young people particularly likely to recognize the impact on our country and the world.[66], [67] In looking at the landscape of efforts tackling climate change from a financial health lens, we find a wealth of innovation, energy, and creativity.

Yet there is far more to be done. To ensure resilience for high-profile climate disasters and smaller, chronic issues alike, people need support at every stage to better understand their vulnerability, identify the most impactful adaptations (and the applicable funding sources), avoid scams, and set the foundation for a "new normal." Many of us play a role in supporting households financial resilience in a changing climate:

- **Insurance providers, governments, landlords, and lenders** are well positioned to educate households on their risks.[68]
- **Financial planners and coaches** can help families navigate options, plan ahead, and recover.
- **Financial institutions and employers** can provide financial tools to help families build resources.
- **Nonprofits and local communities** can connect households to the training needed for future climate-ready careers, and strengthen local ownership among the communities who are most impacted.
- **Local organizations** need capacity and resiliency so they can rapidly respond. Philanthropy and government, too, play a role here.

Ultimately, it is critical that programs, policies, and systems evolve to both increase agency among, and lessen the burden on, individual households.

People also need financial resources at every stage, which requires both public and private funding, innovation across a range of sectors, flexibility, and unique incentive systems that ultimately reach "the last mile." We can learn a great deal from the COVID-19 pandemic, which taught us the importance of rapid response, the value of relief and forbearance, and the very slim financial margins on which many families survive. The tremendous recent government investments provide a

[66] Gregg Sparkman, Nathan Geiger, & Elke U. Weber, "Americans experience a false social reality by underestimating popular climate policy support by nearly half," Nature Communications, August 2002.
[67] Brian Kennedy & Alec Tyson, "How Republicans view climate change and energy issues," Pew Research Center, March 2024.
[68] Providing information about climate risks can impact household decision-making. For example, providing prospective homebuyers with information about the flood risk of properties influenced households' evaluations of risks and their decisions throughout the homebuying process. See Daryl Fairweather, Matthew E. Kahn, Robert D. Metcalfe, & Sebastian Sandoval Olascoaga, "Expecting Climate Change: A Nationwide Field Experiment in the Housing Market," National Bureau of Economic Research, NBER Working Paper No. 33119, November 2024.

unique opportunity to leverage rare resources: Now is the moment to act to multiply their impact, particularly for the most vulnerable households. Solutions should be co-designed with input from the people most affected.

In the fight against climate change, everyone has a role to play. As SaverLife CEO Leigh Phillips said at a recent Financial Health Network event, "This is a field and a sector that knows how to collaborate. We have collaborated across financial institutions, regulators, municipal governments, nonprofits, technology companies, employers … figure out what your role is and play that role to the best of your ability, because the worst thing you can do is nothing."[69]

At the Financial Health Network, we will continue to explore the impact of natural disasters and financial health through research, conversations, and engaging directly with companies. We welcome ideas from you to explore opportunities for collaboration across sectors and industries. To engage with Financial Health Frontiers and stay up to date about financial health in the U.S., please sign up for our newsletter at finhealthnetwork.org/programs/financial-health-frontiers.

[69] "Our Changing Climate: Implications on Financial Health and Resiliency," Financial Health Network, June 2024.