

A photograph of a man with dark skin and short hair, wearing a plaid shirt, holding a young child with dark skin and curly hair. The child is wearing a white long-sleeved shirt with purple and blue horizontal stripes and is smiling broadly, showing their teeth. The background is a soft-focus outdoor setting with green grass and a building.

Child Care Aware[®] OF AMERICA
30 years

Child Care Disaster and Recovery Webinar Series

**When Disaster Strikes:
Protecting Your Family
Child Care Business**

October 3, 2017

Co-Sponsor:



NAFCC
National Association for Family Child Care
After Crisis, Your Protection, Our Commitment

Webinar Details

- The webinar is being recorded and will be made available to all webinar registrants within one week for viewing.
- NAFCC will e-mail certificates of attendance to those in attendance at tonight's live webinar. The certificate will be e-mailed within one week and sent to the e-mail address that you registered with.
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Webinar Navigation Tips



CHILD CARE DISASTER RESPONSE AND RECOVERY WEBINAR SERIES

ARE YOU PREPARED?

Coordination of Emergency and Respite Care Post Disasters
Tuesday, September 26 @ 2 p.m. ET

When Disaster Strikes: Protecting Your Family Child Care Business
Tuesday, October 3 @ 8:30 p.m. ET

Helping Children and Families after Disasters
Tuesday, October 24 @ 2 p.m. ET

Supporting Children in the Aftermath of Disasters
Tuesday, November 28 @ 2 p.m. ET

Addressing Post Disaster Financial and Resource Needs of Child Care Programs
Tuesday, December 19 @ 2 p.m. ET

Find out more and register for this **FREE** Series:
<https://goo.gl/j4yffu>





Help Child Care Programs **PREPARE,
RESPOND, and **RECOVER** from
Natural Disasters and Emergencies**

www.childcareprepare.org

Child Care Aware® of America is expanding its emergency preparedness resources!

**WHEN DISASTER STRIKES:
PROTECTING YOUR FAMILY CHILD
CARE BUSINESS**

PRESENTED BY TOM COPELAND

SPONSORED BY CHILD CARE AWARE OF AMERICA AND
THE NATIONAL ASSOCIATION FOR FAMILY CHILD CARE

INSTRUCTOR

- TOM COPELAND, JD
- TRAINER ON FAMILY CHILD CARE BUSINESS ISSUES SINCE 1981
- AUTHOR OF 9 BOOKS ON THE BUSINESS OF FAMILY CHILD CARE
- CONTACT ME WITH QUESTIONS: 651-280-5991; TOMCOPELAND@LIVE.COM
 - NO FEE TO ANSWER QUESTIONS
- WWW.TOMCOPELANDBLOG.COM
- WWW.FACEBOOK.COM/TOMCOPELANDBLOG

WELCOME!

- THIS WEBINAR WILL HELP YOU
 - CLAIM EXPENSES ASSOCIATED WITH DAMAGE TO YOUR PROPERTY SUFFERED BY A HURRICANE OR OTHER NATURAL DISASTER
 - PURCHASE ADEQUATE INSURANCE TO PROTECT YOUR BUSINESS
 - PLAN AHEAD TO REDUCE FINANCIAL DISRUPTION FROM FUTURE EMERGENCIES

DISCLAIMER

- "I'M NOT RENDERING LEGAL, TAX, OR OTHER PROFESSIONAL ADVICE. IF YOU REQUIRE THIS TYPE OF ASSISTANCE, PLEASE CONSULT A PROFESSIONAL TO REPRESENT YOU."

THE RISKS OF NATURAL DISASTERS

- INJURIES TO CHILDREN AND YOUR FAMILY
- PROPERTY DAMAGE
 - HOME, FURNITURE, APPLIANCES, CAR, EQUIPMENT
- LOST INCOME
- LAWSUITS

MANAGE RISKS

- DEDUCT DISASTER EXPENSES
- PURCHASE ADEQUATE INSURANCE
- PLAN AHEAD TO REDUCE FUTURE FINANCIAL DISRUPTION

DEDUCT DISASTER EXPENSES

CASUALTY LOSS

- CASUALTY LOSS
 - DAMAGE, DESTRUCTION OR LOSS DUE TO A NATURAL DISASTER, VANDALISM, THEFT OR CAR ACCIDENT
- COSTS MAY INCLUDE: PROPERTY DAMAGE TO HOME AND CONTENTS, MEDICAL TREATMENT, CLEANUP, MINOR REPAIRS, TEMPORARY HOUSING, RENTAL CAR, REPLACING SPOILED FOOD, BOARDING UP YOUR HOME OR SANDBAGGING PROPERTY
- YOU CAN DEDUCT CASUALTY LOSSES IF YOU FOLLOW THE RULES

FILE AN INSURANCE CLAIM

- IF YOU DON'T FILE AN INSURANCE CLAIM, YOU CAN'T DEDUCT A CASUALTY LOSS
- IF INSURANCE PAYS FULL CLAIM – NO TAX DEDUCTION
- IF YOU HAVE AN INSURANCE DEDUCTIBLE, OR YOU PAY PART/ALL OF COST
 - YOU MAY BE ABLE TO DEDUCT SOME BUSINESS DEDUCTIONS TO REDUCE YOUR TAXES
- IF YOU HAD TO SHUT DOWN BUSINESS TEMPORARILY, LOST INCOME IS NOT A DEDUCTION
 - REPORT LESS INCOME, PAY LESS IN TAXES

DEDUCTING A CASUALTY LOSS – BUSINESS ITEMS

- ITEM IS COMPLETELY DESTROYED – NO INSURANCE COVERAGE
 - IF IT HAS BEEN FULLY DEDUCTED OR DEPRECIATED
 - NO BUSINESS LOSS DEDUCTION
 - \$100 TOY: 100% DEDUCTED = NO BUSINESS LOSS
 - \$1,000 SOFA X 40% TIME-SPACE% = \$400: FULLY DEDUCTED OR DEPRECIATED = NO BUSINESS LOSS
- ITEM IS COMPLETELY DESTROYED – SOME INSURANCE COVERAGE
 - \$100 TOY (\$25 INSURANCE COVERAGE) = \$25 BUSINESS GAIN
 - \$1,000 SOFA (\$500 INSURANCE COVERAGE X 40% = \$200) = \$200 BUSINESS GAIN
 - REPORT BUSINESS GAIN ON IRS FORM 4797
 - IF YOUR HOME WAS DAMAGED OR DESTROYED IN A FEDERALLY DECLARED DISASTER AREA, INSURANCE PROCEEDS ARE NOT INCOME

DEDUCTING A CASUALTY LOSS - 2

- ITEM HAS NOT BEEN FULLY DEDUCTED OR DEPRECIATED – NO INSURANCE COVERAGE
 - BUSINESS LOSS IS PURCHASE PRICE – DEPRECIATION CLAIMED
 - \$3,000 SWING SET USED 100% IN BUSINESS, TWO YEARS OF DEPRECIATION CLAIMED
 - \$3,000 - \$388 (DEPRECIATION CLAIMED IN 2 YEARS) = \$2,612 BUSINESS LOSS THAT IS DEDUCTIBLE
- ITEM HAS NOT BEEN FULLY DEDUCTED OR DEPRECIATED – SOME INSURANCE COVERAGE
 - \$3,000 SWING SET (\$2,000 INSURANCE COVERAGE) = \$2,612 BUSINESS LOSS - \$2,000 = \$612 BUSINESS LOSS

CLAIMING A CASUALTY LOSS

- REPORT ANY CASUALTY LOSS ON IRS FORM 4684 – CAN BE BOTH A PERSONAL AND BUSINESS LOSS
- ANY BUSINESS LOSS (OR GAIN) IS TRANSFERRED TO IRS FORM 4797
- THEN IT'S TRANSFERRED TO IRS FORM 1040
- CASUALTY LOSSES CANNOT CREATE A LOSS ON FORM 8829, BUT EXCESS AMOUNT CAN BE FORWARDED TO FOLLOWING YEAR
- IF YOUR COMMUNITY WAS DECLARED A FEDERAL DISASTER AREA, SEE THE INSTRUCTIONS TO IRS FORM 4684

PURCHASE ADEQUATE INSURANCE

PRIMARY INSURANCE POLICIES

- HOMEOWNER'S INSURANCE
- BUSINESS PROPERTY INSURANCE
- BUSINESS LIABILITY INSURANCE
- VEHICLE INSURANCE

HOMEOWNER'S INSURANCE

- POLICY COVERS
 - HOUSE
 - REPAIR AND REPLACEMENT
 - PROPERTY
 - CONTENTS (FURNITURE, CLOTHING, ALL PERSONAL ITEMS)
 - LIMITED PERSONAL LIABILITY
 - MEDICAL EXPENSES WHEN NEIGHBOR FALLS OFF DECK

WHAT'S NOT COVERED

- MANY HOMEOWNER'S POLICIES RESTRICT (OR DENY) COVERAGE FOR PROVIDERS
- POLICY MAY NO LONGER COVER
 - HOUSE
 - CONTENTS (ABOVE \$2,000 OF BUSINESS PROPERTY)
 - WILL NOT COVER IF CHILDREN FALL OFF DECK
- MANY PROVIDERS ARE NOT AWARE OF THESE RESTRICTIONS!

HOW TO ENSURE COVERAGE

- ASK INSURANCE AGENT TO VERIFY COVERAGE IN WRITING!
 - AGENTS SOMETIMES DON'T KNOW OF POLICY RESTRICTIONS
- MAY NEED SEPARATE BUSINESS PROPERTY INSURANCE TO COVER CONTENTS
- RENTERS WILL NEED RENTER'S INSURANCE THAT COVERS THEIR BUSINESS PROPERTY

BUSINESS LIABILITY INSURANCE

- YOU SHOULD NOT OPERATE WITHOUT ADEQUATE BUSINESS LIABILITY INSURANCE!
- THE RISKS ARE REAL
 - CHILDREN INURED
 - PARENT LAWSUITS
- NOTIFYING PARENTS THAT YOU DON'T HAVE THIS INSURANCE WILL NOT PROTECT YOUR LATER
- UNREGULATED PROVIDERS CAN'T GET BUSINESS LIABILITY INSURANCE

WHAT SHOULD THE POLICY COVER?

- PROFESSIONAL LIABILITY (FAILURE TO SUPERVISE)
- LEGAL DEFENSE IN EXCESS OF POLICY LIMITS
- CHILD ABUSE – COVER ALL FAMILY MEMBERS
- ACCIDENTAL MEDICAL
- ACCIDENTS AWAY FROM HOME
- MAY ALSO PROVIDE SOME COVERAGE FOR LOSS/DAMAGE OF PROPERTY DUE TO A DISASTER

WHAT'S PROBABLY NOT COVERED

- WATER (SWIMMING POOLS, WADING POOLS, PONDS)
- TRAMPOLINES
- PETS (DOGS)
- CRIMINAL LEGAL DEFENSE

HOW MUCH INSURANCE SHOULD I GET?

- AS MUCH AS YOU CAN AFFORD – SOME IS BETTER THAN NONE
- \$1 MILLION PER OCCURRENCE
 - COVERAGE FOR EACH INCIDENT
- \$2-\$3 MILLION AGGREGATE
 - TOTAL COVERAGE FOR THE LIFE OF THE POLICY (1 YEAR)
- MORE INSURANCE IS INEXPENSIVE
 - \$300,000 AGGREGATE VS. \$2 MILLION AGGREGATE
 - PROBABLY LESS THAN \$100 EXTRA COST

VEHICLE INSURANCE

- TRANSPORTING CHILDREN IS A MAJOR FINANCIAL RISK
- TELL INSURANCE AGENT HOW YOU USE YOUR VEHICLE FOR BUSINESS
 - TRANSPORT CHILDREN
 - USE VEHICLE FOR BUSINESS ERRANDS
 - BANK, GROCERY STORE, TRAINING, TARGET, ETC.

ARE YOU COVERED?

- USE VEHICLE OCCASIONALLY FOR BUSINESS
 - MAY NOT NEED MORE INSURANCE
- USE VEHICLE REGULARLY FOR BUSINESS
 - MAY NEED COMMERCIAL VEHICLE INSURANCE
 - INSURANCE COMPANY MAY CANCEL YOUR POLICY

VERIFY COVERAGE

- GET COVERAGE FOR ALL BUSINESS USE IN WRITING
 - IF IT'S NOT IN WRITING – ASSUME YOU ARE NOT COVERED
- SOME PROVIDERS NO LONGER TRANSPORT CHILDREN
- NEVER GET IN A VEHICLE WITH CHILDREN WITHOUT ADEQUATE INSURANCE!

OTHER VEHICLE INSURANCE ISSUES

- NEVER CHARGE PARENTS TO TRANSPORT CHILDREN
 - INCLUDE IN REGULAR FEE
- IF PARENT IS TRANSPORTING CHILDREN IN HER VEHICLE
 - HER INSURANCE WILL COVER CHILDREN
 - GET PARENT PERMISSION
 - MAKE SURE PARENT HAS INSURANCE
- IF YOUR EMPLOYEE TRANSPORT CHILDREN
 - GET "HIRED AND NON-OWNED LIABILITY" COVERAGE

EXCUSES FOR NOT BUYING ADEQUATE INSURANCE

- I DON'T HAVE MUCH MONEY, SO THERE IS NOTHING TO SUE ME FOR
- I'VE NEVER HAD AN ACCIDENT/NATURAL DISASTER
- I CAN'T BE SUED FOR MORE THAN MY INSURANCE COVERAGE, SO WHY BUY MORE THAN THE BARE MINIMUM?
- MY PARENTS SIGNED A LIABILITY WAIVER

FINDING INSURANCE

- INSURANCE DIRECTORY: WWW.TOMCOPELANDBLOG.COM
- TALK TO AN INDEPENDENT INSURANCE AGENT
- ASK OTHER PROVIDERS, TAX PROFESSIONALS, CURRENT INSURANCE AGENTS

WORKING WITH AN INSURANCE AGENT

- BE COMPLETELY OPEN ABOUT YOUR CIRCUMSTANCES
- REPORT ALL ACCIDENTS AND INCIDENTS
- MEET WITH AN AGENT AFTER MAJOR LIFE CHANGES
 - MARRIAGE, DIVORCE, BIRTH, NEW HOME, DISASTER
- ASK QUESTIONS – AGENT IS ON YOUR SIDE

MAKING A CLAIM

- YOUR INSURANCE COMPANY MAY TURN DOWN YOUR CLAIM OR OFFER YOU LESS THAN WHAT YOU THINK IS FAIR
- IF SO, DON'T IMMEDIATELY GIVE UP
- DON'T SIGN ANYTHING THAT ACCEPTS THEIR OFFER/DECISION UNTIL YOU HAVE EXHAUSTED THE APPEALS PROCESS
- IF NECESSARY, SEEK LEGAL HELP

DEDUCTING INSURANCE COSTS

- HOMEOWNERS/RENTERS INSURANCE
 - TIME-SPACE PERCENTAGE DEDUCTIBLE
- BUSINESS PROPERTY AND BUSINESS LIABILITY INSURANCE
 - 100% DEDUCTIBLE
- VEHICLE INSURANCE
 - ONLY PARTLY DEDUCTIBLE IF YOU USE THE ACTUAL EXPENSES METHOD TO CLAIM VEHICLE EXPENSES

**PLAN AHEAD TO REDUCE
FUTURE FINANCIAL
DISRUPTION**

ESTABLISH AN EMERGENCY FUND

- SET ASIDE ENOUGH MONEY IN AN EMERGENCY FUND TO COVER
 - ALL INSURANCE DEDUCTIBLES
 - OPERATING EXPENSES FOR YOUR FAMILY FOR 3 MONTHS
- SOURCE OF MONEY
 - PORTION OF CACFP MONTHLY CHECK
 - PARENT REGISTRATION/LATE PICK UP FEES
 - TAX REFUNDS
 - OTHER?

EMERGENCY FUND - 2

- PUT EMERGENCY FUND IN A CHECKING/SAVINGS ACCOUNT OR MONEY MARKET FUND AND DON'T USE IT FOR ANYTHING ELSE
- DON'T PUT IT IN THE STOCK MARKET OR A CD WHERE IT COULD LOSE VALUE OR PAY A PENALTY FOR EARLY WITHDRAWAL
- SMALL AMOUNTS ADD UP: \$50 A MONTH = \$600 BY END OF YEAR AND \$3,000 IN FIVE YEARS

CONDUCT A HOUSEHOLD INVENTORY

- INSURANCE WON'T PAY FOR ITEMS THAT YOU CAN'T IDENTIFY THAT WERE DESTROYED
- TAKE PICTURES (VIDEO) OF ALL BUSINESS AND PERSONAL ITEMS IN YOUR HOME
- STORE ON A FLASH DRIVE AND PUT IN A SAFE DEPOSIT BOX
- TAX ADVANTAGES: YOU CAN DEPRECIATE ALL ITEMS OWNED BEFORE YOUR BUSINESS BEGAN THAT YOU USE IN YOUR BUSINESS
 - IF YOU HAVEN'T DONE THIS BEFORE, USE IRS FORM 3115 TO CLAIM ALL PREVIOUSLY UNCLAIMED DEPRECIATION

KEEP BUSINESS RECORDS IN A SAFE PLACE

- SAVE ALL YOUR BUSINESS RECORDS FOR AT LEAST 3 YEARS AFTER FILING YOUR TAXES (SOME STATES REQUIRE YOU TO SAVE THEM FOR 4 YEARS)
- PUT BUSINESS RECORDS IN PLASTIC CONTAINERS OR IN A FIRE RESISTANT FILE CABINET
- YOU CAN SCAN RECEIPTS AND RECORDS ONTO YOUR COMPUTER (NO NEED TO SAVE PAPER RECORDS IF YOU DO)
- PUT PERSONAL (BIRTH CERTIFICATES, PASSPORTS, VALUABLES) AND BUSINESS RECORDS IN A SAFE DEPOSIT BOX

IDENTIFY A BACKUP CAREGIVER

- YOU MAY NEED A BACKUP CAREGIVER AFTER A DISASTER IF YOU ARE INJURED OR YOUR HOME IS DAMAGED
- PLAN AHEAD AND IDENTIFY THIS PERSON(S) NOW
- CHECK WITH YOUR BUSINESS LIABILITY INSURANCE TO SEE IF YOU ARE COVERED WHEN CARE IS PROVIDED BY A BACKUP CAREGIVER IN YOUR HOME OR ANOTHER HOME
- GET WORKERS COMPENSATION INSURANCE FOR THE BACKUP
- HAVING A BACKUP CAN REDUCE STRESS FOR EVERYONE

SET POLICIES ON PARENT AND STAFF PAYMENTS

- IF YOU MUST CLOSE YOUR BUSINESS FOR A DAY /WEEK/MONTH:
 - ARE PARENTS REQUIRED TO PAY YOU DURING THIS TIME?
 - WILL YOU PAY EMPLOYEES DURING THIS TIME?
- YOU CAN SET WHATEVER POLICIES YOU WANT TO ANSWER THESE QUESTIONS
- HAVING PARENTS PAY FOR A DAY OR TWO IS REASONABLE – A MONTH?
- DON'T COMMIT YOURSELF TO PAYING EMPLOYEES IN WRITING – GIVE YOURSELF FLEXIBILITY DEPENDING ON THE CIRCUMSTANCES

SUMMARY

- NATURAL DISASTERS CANNOT BE PREVENTED
- TAKE ADVANTAGE OF TAX RULES TO DEDUCT CASUALTY LOSSES
- DON'T GIVE UP IF CLAIM IS INITIALLY DENIED OR REDUCED
- PURCHASE ADEQUATE INSURANCE TO PROTECT YOUR BUSINESS/PROPERTY
- PLAN AHEAD TO REDUCE THE FINANCIAL IMPACT OF A FUTURE EMERGENCY
- I HOPE FOR THE BEST FOR EVERYONE WHO HAS BEEN AFFECTED BY RECENT DISASTERS!

CONTACT TOM

- 651-280-5991
- TOMCOPELAND@LIVE.COM
 - NO FEE TO ANSWER QUESTIONS
- WWW.TOMCOPELANDBLOG.COM
- FACEBOOK: WWW.FACEBOOK.COM/TOMCOPELANDBLOG
- GOOD LUCK!