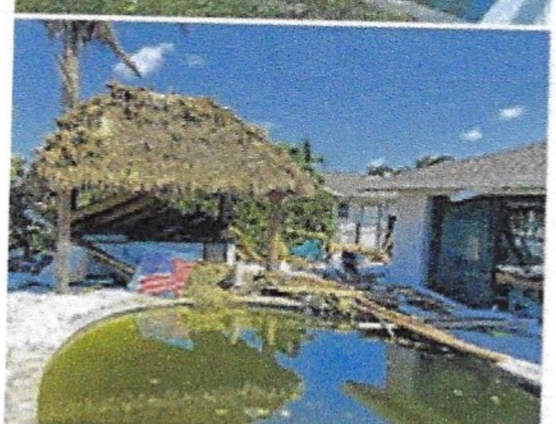
WSJ Print Edition

CLOCKWISE FROM TOP: SAMANTHA TARRANT; JASON JOHNSON (4) Samantha Tarrant's property, left, in Texas after Hurricane Beryl. Right, Michele Johnson goes through her belongings.



After the Storm Comes the Financial Toll

Even with insurance, families need years to pay the bills and rebuild savings; some delay retirement plans or move away

BY VERONICA DAGHER AND KATHERINE HAMILTON

Storms like Hurricane Helene need only minutes to devastate people's finances. Even those with decent insurance and thousands in government support need many years to recover.

Jason Johnson, 49, watched from his neighbor's third-floor window two years ago as 10 feet of water from the Gulf of Mexico surged through his Fort Myers Beach, Fla., house during Hurricane Ian.

His Jeep Grand Cherokee floated down the street—along with his refrigerator. His home, filled with 3 inches of mud and a catfish, was unlivable. His two cars and boat were unsalvageable.

They were well insured. Flood insurance paid out $350,000. They got about $32,000 from the car and boat insurances combined.

He and his wife, Michele Johnson, 55, knew it wasn't enough.

"Ian's been a huge financial burden that set us back years," he said.

When a hurricane or other natural disaster hits, the costs are immediate. They are also often long-lasting. There are hotel bills and lost days of work. Then there is money needed to cover construction and the rebuild.

Homeowners and renters often postpone retirement and attempt to take on more work. Many take on more debt and then fall behind on that debt. The share of people in a community who miss debt payments continues to rise for years after a disaster and eventually doubles four years after a storm, according to the Urban Institute.

The Johnsons took $200,000 from their savings for home repairs after the hurricane two years ago.

They are also paying off a $60,000 loan for the one-bedroom RV they lived in for almost two years during the rebuilding.

They were still paying off that storm damage when Helene delivered another gut punch in September. The flooding might add another $70,000 to their tab. Their dream of being debt free by retirement now seems far-fetched. As does the Caribbean vacation Michele longs to take.

"I'm so tired of this," he said.

Compound damage

The financial toll of hurricanes is hardest on those who were straining to make ends meet before the storm. Bankruptcies rise and mortgage delinquencies remain elevated for years afterward, according to 2019 research by the Urban Institute.

"It's like somebody hanging on to the bottom rung of a ladder and you start to see their fingers slipping," said Urban Institute researcher Daniel Teles. "They are trying to pay their mortgage, but they're also paying rent."

Eight trees fell on Samantha Tarrant's property in Texas during Hurricane Beryl in July. They set off a domino effect that landed her $8,000 in debt, she estimates.

The damage cut off her Internet access for a month, reducing the hours she could work at her remote job. A tree also fell on an uninsured shed where she was refurbishing antique furniture as part of a side business she runs.

All that, along with the cost of removing the trees, put her behind on most of her bills.

"FEMA will come in and kind of help, but it's not enough," Tarrant said of the Federal Emergency Management Agency. "When you're living paycheck to paycheck, there's no way you can prepare for it all."

Credit scores fall 46 points on average following a disaster, and many don't rebound much even four years later, according to a 2017 paper by the Federal Reserve Bank of Kansas City.

Those living on the outskirts of the storm's path often fare worse financially, according to the Institute. This happens because aid from FEMA and other assistance groups is usually larger for the hardest-hit regions initially.

Change of plans

Scott Townsley had planned to fully retire at the end of 2022. Hurricane Ian changed that.

The storm did more than $300,000 in damage to his Sanibel Island, Fla., home. Insurance covered about half of the cost of the repairs, though it took 12 months of wrangling to get most of the funds. Townsley, a consultant, picked up a few more clients and kept working to help shoulder the cost.

Townsley considered himself lucky as some of his neighbors still hadn't been reimbursed by insurers, he said.

The storm, however, wasn't the only cost. After the hurricane, the insurance premium on his 3,000square-foot home increased to nearly $20,000. *

Townsley and his wife, Carol, decided it was time to move. They sold their Sanibel home earlier this year for about $1.7 million, about $300,000 less than what it would have sold for before the storm, he said. *

"It's just money, and a wasted year," he said. "But we're the lucky ones. We get that."

The risk and rising cost of getting hit by another storm is leading many to contemplate a move.

"We live in paradise 95% of the time, but the other 5% can be a total nightmare," said Becky Monroe. She and her husband used about $200,000 of their retirement savings to fix their Sanibel Island house after Hurricane Ian. "We're fortunate to have enough in our retirement to fund the cost of a hurricane at least once, but if it were to happen again we would have to give serious thought to staying on Sanibel," she said.

Jason and Michele Johnson's boat and home in Florida were severely damaged during Hurricane Ian two years ago. The Johnsons are still paying off storm-related debt.