

FOR IMMEDIATE RELEASE

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SAVING NOW COULD PAY OFF AFTER A DISASTER

CATASTROPHE SAVINGS ACCOUNTS EXPLAINED

JACKSON, Miss. – April is Financial Capability Month. No matter how much or how little money you have, recovering from a disaster can be challenging and stressful. Preparing now makes rebuilding easier.

A Catastrophe Savings Account (CSA) is a tax-advantaged regular savings or money market account designed to assist in a catastrophic loss or to self-insure all or a portion of one's home. In 2015, the Mississippi Legislature enacted legislation to regulate CSAs. While you are exempt from state income tax on the account, federal taxes still apply.

The funds in a Catastrophe Savings Account can be used for the following purposes:

- To pay an insurance deductible under an insurance policy that covers the taxpayer's legal residence in Mississippi, if that policy covers hurricane, flood, windstorm or other "Catastrophic Event" damage.
- To pay for "Catastrophic Event" damages that are not covered by the insurance policy after the deductible has been paid.
- To pay self-insured losses for the taxpayer's legal residence from a hurricane, flood, windstorm, or other "Catastrophic Event."

"April is Financial Capability Month and is also one of our peak months for severe weather and flooding threats. I hope people will take time now to prepare for the future. You never know when a catastrophe will happen. A 'Catastrophic Event' means windstorms, earthquakes, hurricanes, ice storms, tornadoes, high winds, floods, and hail. The term 'Catastrophic Event' also includes any event or occurrence for which a Presidential declaration of disaster, or declaration of disaster by the Governor, is issued," said Insurance Commissioner Mike Chaney.

For more information on Catastrophe Savings Accounts, visit <https://www.mid.ms.gov/mississippi-insurance-department/preparedness/catastrophe-savings-account/>

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