

We all watched in horror as the wildfires in California consumed thousands of acres and, along with it, lives, livelihoods, pets, homes, and other prized and irreplaceable possessions. Communities coast to coast have been affected.

This tragedy underscores important planning lessons you can apply to prepare for the next 'fire'. You may already be familiar with many of these strategies, but I encourage you to read them all. My hope is that the severity of the fires and their widespread impact will convince you and those you love to review and act without delay. Fundamental pre-crisis planning on your part can help mitigate the effects of the next emergency.

**Review your important legal documents** at least once a year and anytime there is a major change in your life or those closest to you, including but not limited to:

- Last will and testament
- Durable Powers of Attorney
- Healthcare Proxy
- Trusts

Even though these documents are written by and most easily read by attorneys, I always advise clients do their best to review and understand them, focusing on who is included, excluded, and the powers/bequests given. Be sure to

- Revisit guardianship of minor children and any special needs situations
- Review contingent roles in case people you have designated are no longer able or willing to serve (or if you want to replace them)

Reach out to your attorney if you have any questions, your documents are more than several years old, you moved to another state, or your situation or needs have changed.

You may also have designated beneficiaries elsewhere. Review annually and keep beneficiaries updated on:

- life insurance policies
- individual and employer-sponsored retirement plans
- annuities
- bank and investment Payable-on-Death (POD) accounts and Transfer-on-Death (TOD) designations

Jointly owned property, contracts and other agreements should also be reviewed as these assets will also transfer automatically upon the owner's death.

**Review your insurance to be sure your coverage still meets your needs.** Also review beneficiary designations, changes in premiums, and check for discounts, including:

- Property and Casualty insurance – property values and replacement costs have risen substantially. Make sure your coverage still meets your needs, and that you understand what's covered and what's not
- Life insurance – review beneficiaries and amounts. Speak with your attorney to see if putting life insurance policies in an Irrevocable Life Insurance Trust (ILIT) to remove it from your estate makes sense for you
- Health insurance – understand your coverage
- Long Term Care insurance – understand your coverage
- Car insurance - understand your coverage

Contact your insurance agent, broker, carrier, attorney and/or financial advisor with any questions.

#### **What should I do with all of these documents?**

- Scan or digitize as much as you can, then either store it on an *encrypted flash drive* offsite and/or copy the files to a digital vault set up with multifactor authentication. It's easy and prudent to keep more than one secure back up.
- Make sure somebody you trust knows how to access your passwords, vault and files if something happens to you, including to that *encrypted flash drive* above.
- For vital records where you need the originals, keep copies for yourself securely in a fireproof box that you can take with you in an emergency. Make sure your attorney has duplicate copies of all important legal documents in his or her office.

#### **What other vital records should I safeguard?**

In addition to your legal and insurance documents covered above, you should safeguard anything you would not want to lose, would be onerous to replace, or where you need originals. In other cases, secure digital versions may be just as good:

- Birth and death certificates
- Passports/Visas/Naturalization papers
- Car registration(s)
- Medical cards, records, and prescriptions
- Employment records
- Tax returns
- Drivers' License
- Social Security Card
- ID cards
- Credit cards
- Medical history
- Important phone numbers
- Titles and deeds
- Marriage license / divorce decree / custody agreement
- Statements from each of your financial accounts with account number, phone number, address, etc.
- Military and VA records
- Vet records for your pets

#### **What else should I digitize?**

- Anything that you can that has monetary or sentimental value to you. Scan your photos, family albums and movies, historic audio and video recordings, family tree, favorite artwork, children's

artwork – whatever is important to you. While not the same as holding the original photo, you wouldn't want to lose those treasured images of your grandparents from 1920.

- Backup your computer, phone, and other devices that have irreplaceable data. And make sure your backup system is kept up to date. Cloud based systems can manage or supplement existing backups. Whatever system you are using, make sure it is working, current, and includes redundancy.
- Passwords. People store their passwords using a variety of methods, including notebooks, folders, and electronic password managers. Whatever system you are using, make sure you have a secure backup offsite. And please, please, make sure you are not reusing passwords and that they are long, random and unique.
- Video everything in house, all rooms, all drawers open, all closet contents, basement, garage, including artwork, jewelry, etc. This can be done with your phone (which can be backed up offsite or in the cloud, or both).

### **Sounds like a lot of work!**

It is, but it will be worth the investment in time. Think of the amount of time it would take to reproduce whatever could be reproduced, not to mention those irreplaceable items.

### **You're a financial advisor. What about my money?**

Great question!

- Keep a small amount of emergency cash in a safe place, like with your important documents above. This way you can pay for services if technology goes down.
- Maintain an emergency fund outside of your investments. The CFP Board recommends keeping "at least three to six months' worth of your essential expenses in an emergency fund—or more if you think your job is in jeopardy."<sup>1</sup> Keep this liquid, like in short-term Treasuries or a Treasury money market fund. Don't put this money at risk.
- Beware of scams, especially after an emergency when you are most vulnerable. If it sounds too good to be true, it most likely is.

### **What about the things I cannot digitize?**

For those special pieces of jewelry and other irreplaceable family heirlooms that cannot be digitized, you can consider:

- Keeping them in a safety deposit box at a bank.
- Storing them in a fireproof box or safe. Put a label with your name on it. If you do not have time to grab it on the way out, hopefully it can be retrieved when things settle.
- Asking a trusted relative in another town to safeguard them.

### **Anything else?**

- Know how to turn off your water, electricity and gas supply.
- Check out Homeland Security's [www.ready.gov](http://www.ready.gov) website. They are a great resource for help with all kinds of disasters and emergencies. Among other things, their "make a plan" section can help with financial preparedness, home fire escape plan, creating a family emergency plan, a disaster supply kit, and a campus section to help college students be prepared.
- Practice a family fire drill and escape plan, including having smoke alarms on every level and in each bedroom, and test them every six months. Make sure your entire family is aware of these plans <https://www.ready.gov/home-fire-escape-plan>
- Don't forget to make a kit for your pet!

While planning for emergencies can't prevent them, being prepared can help ease the challenges they bring.

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