

## Disaster-Proof Your Finances

By Eric C. Pritz, CFP®, CMFC

### How to get your financial house in order

In recent weeks, we've watched wall-to-wall news coverage detailing the devastation wrought throughout Houston and the Texas gulf coast by Hurricane Harvey, followed by the extensive damage Hurricane Irma inflicted across the Caribbean and all along Florida's south and west coasts. As if those two events weren't catastrophic enough, at the same time that Irma was bearing down on Florida, the most powerful earthquake in a century (magnitude 8.1) struck southern Mexico.

According to a recent L.A. Times article, a similar magnitude earthquake along the San Andreas Fault would likely cause widespread major damage – some of it catastrophic – from Palm Springs all the way to San Luis Obispo. Perhaps you've already set aside a stockpile of batteries, water and canned goods just in case. Some of you may even have splurged on purchasing a back-up generator. But have you taken the same kind of preparative measures to help protect your wealth in case of a natural disaster?

### Ensure safekeeping of important documents

Don't let your fears about data security (e.g., the recent Equifax breach) prevent you from electronically storing copies of critical paperwork such as wills, trust documents and insurance policies. It's time to get those documents scanned and uploaded. The chance that hackers will somehow be able to find and access those documents is far more remote than the potential for them to be destroyed (whether kept in your home or a safe deposit box) in the event of a fire, flood or earthquake.

Ask your financial advisor whether or not their firm has a document storage solution for clients. Many firms like ours offer secure client portals that not only facilitate the delivery of statements and performance reports, but provide a digital lockbox functionality for storing important documents.

### Inventory all your physical assets

Many of you may have significant wealth tied up in tangible objects such as artwork, antiques and jewelry. Make sure that you have a thorough inventory of all those items with detailed photographs of each. If you do have a valuable individual piece or significant collection of art, there are specific fine art insurance companies that will provide an appraisal and underwrite an individual property insurance policy.

Don't make the all-too-common mistake of assuming that your homeowner's policy will insure you in the case of an earthquake, flood or landslide/mudslide. While these policies typically provide coverage for a wide range of disasters – from tornadoes to fires and storms – earthquakes typically require a separate policy. In California, because of the high risk, the cost of these policies can be excessive. If you don't have a policy in place, you may want to explore the nonprofit California Earthquake Authority's website (<https://www.earthquakeauthority.com/>), for policy coverage options and costs.

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### Other financial preparations

In addition to the above, keep an easily accessible list of important financial, medical and other contacts (with phone numbers, emails and account/policy numbers) along with a sufficient amount of cash to cover out-of-pocket expenses for a week. You'll also want to have copies of important identification documents (e.g., driver's licenses, passports, Social Security cards, birth certificates) on hand as they will likely be needed to facilitate insurance claims and to access your financial assets.

We can't stop natural disasters from occurring. But we can certainly do our best to prepare in advance for them. While nobody wants to dwell on the potential for a major quake striking southern California, we all know deep down that it's not a question of if but rather when. To paraphrase the famous words of Benjamin Franklin, "an ounce of financial prevention is worth a pound of cure."

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