

# After the Fire

HELPING CLIENTS PREPARE FOR UNFORESEEN DISASTERS IS A CRITICAL SERVICE

By Joseph Matthews, CFA

Like many of you, I've had the pleasure of working with an eclectic bunch of clients over the years. Now, even though the focus of my business is primarily assisting institutions as an adviser and branch manager, I've had the benefit of hindsight to observe a behavior ubiquitous at both the client and adviser level: overconfidence. My learning experience began with a catastrophic event.

Easter Sunday started out like any other holiday. My wife, the kids, and I scrambled to get the house set up and food prepared for guests. It was a nice holiday. The weather cooperated. The food and guests were great. My brother-in-law, always ready with his digital camera and camcorder, took plenty of video and pictures of the kids and the house. After a long day of entertaining, my family and I managed to get things back to normal and went to bed early.

## TWO EVENTS THAT OCCURRED THE MORNING OF THE FIRE SHED LIGHT ON THE MAGNITUDE OF OUR LOSS.

In the next few hours, our lives would change forever.

At about 1:00 a.m., my wife and I heard glass shatter. Thinking the cat had broken something, I got out of bed to investigate. From the top of the second floor stairs, I could see a curtain on fire. By the time I got to the bottom of the stairs, I realized we needed to evacuate the house immediately.

By the grace of God, all of our family members managed to escape. The miracle of our escape, with the only injury being a child with a broken foot, can be attributed to being well prepared. Our smoke detectors were hard wired with battery backup. My father, a retired fire department captain, ingrained in me

the importance of leaving a house fire immediately. That instruction helped all of us avoid an even worse catastrophe.

Our first responsibility during an emergency is to preserve that which truly can never be replaced: human life. A well-grounded emergency plan understood by all family members will increase the odds of this occurring. An equally well-thought-out plan to preserve those critical items needed afterward can help make a bad situation easier. Although my family and I could not have prevented or predicted this fire, we reduced its impact through prudent planning.

Two events that occurred the morning of the fire shed light on the magnitude of our loss.

The first was the sight of a Red Cross van. As I approached the van, a gentleman emerged and invited me in. After asking about the health of everyone,

including our pets, he very candidly asked me where we would be sleeping that night. I answered, "I don't know."

Fortunately, very shortly after this meeting, my wife and I learned of several places to stay. As we were winding up our conversation, he handed me a plastic bag. Upon opening the bag, I noticed all types of toiletries. Before I had the opportunity to confirm my bewildered look with a question, he told me that my family would need these things right away.

The second event occurred later that morning when a state police cruiser stopped in front of my house. The trooper rolled down his window and expressed his regrets. I had never

met him before nor did I expect to see him again. About fifteen minutes later, I was surprised to see him standing on my front lawn holding sneakers, socks, shorts, and a T-shirt. As I stood there barefoot and wearing pajamas, I thanked him and explained to him how his kindness was unnecessary. He put his arm around me and said, "Trust me, you'll need everything you are given. Take it all."

As a result of this fire, I have a new respect for the collection and preservation of data critical to one's everyday life. Although our lives have been changed forever because of the fire, our preparation for such an event made it easier to get through a very difficult time. Part of that preparation included having important information stored in a safe location, organized, and ready to use. The importance of this cannot be stressed enough, as it is critical to a family's ability to normalize after a crisis.

Fortunately, the firms many of us work for have developed documents designed to help clients with gathering important data. My firm has two: the family records organizer and the private wealth organizer workbook.

The *family records organizer* makes it easier for clients to gather important information in 13 distinct categories. Although I had stored safely many documents that my family needed after the fire, having this list as I collected my personal paperwork would have been helpful.

The *private wealth organizer workbook* documents the critical details of a client's financial life, and is a natural progression from the data-collection phase. By completing this exercise, clients begin the process of providing for loved ones, updating estate plans, and providing clear letters of instruction to key individuals in their lives.

After experiencing a traumatic event, an individual's perspective regarding



those things previously thought of as critically important typically changes. Following a catastrophe, your clients' ability to return to what they define as normal is extremely important. Their ability to access information required to complete workbooks will certainly help in a time of crisis. At the conclusion of these processes, they can be confident their affairs are in order.

Firms can offer additional services that can help clients deal with disasters, including data-aggregation software and bill-paying services. The benefits of electronic bill pay don't require much explanation. My firm has a proprietary data-aggregation tool called OneView. I highly recommend you become familiar with your firm's version as this service can help a client by creating a centralized source for much of their financial information.

This service would have been of tremendous help to me (both logistically as well as emotionally) because information I needed to file my 2012 tax return was destroyed one week before the state and federal filing deadlines.

Examples of the many types of accounts that can be viewed via data-aggregation tools fall into two main categories: online accounts and offline accounts. Online accounts should include investment and trading accounts, retirement plans, banking accounts, insurance, education savings accounts, mortgage and home equity loans, and other liabilities (i.e., credit cards). Offline accounts should include real estate, automobiles, jewelry, and art and wine collections.

Additionally, clients can use cloud- or internet-based document-storage tools, which can help avoid something that will forever affect our family—loss of pictures. We lost all of our family videos and photos, except those taken by my brother-in-law on Easter day.

As a result of what I have learned from dealing with a catastrophic event, I feel bound to share my story. The CFA Institute mission is "to lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society." As members and charterholders, we are charged not

only with placing our clients' interests first but also with helping our clients understand and be aware of issues of importance that may not be of concern to them.

Through the way most of us live, we in one way or another reflect the belief that the unthinkable only happens to the other guy (the overconfidence thing). I encourage all private wealth managers to incorporate data-collection, storage tools, and bill-paying services into their practice. Doing so will deepen your relationship with your clients and help them manage their financial orders in a very efficient manner. And should the unpredictable occur, you will be the adviser and friend who helped make a very difficult situation much easier.

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