

What Your Clients Have Not Done with Their Documents—and How to Bring It Up

Clients rarely think of document access as a vulnerability. The plan is in place, the paperwork is signed, and the folder or binder containing that paperwork is somewhere at home. But a disaster does not wait for someone to remember where “somewhere” is. When a client is displaced, incapacitated, or unreachable, a plan that cannot be located or acted on by the right people is not really a plan at all.

Safeguarding critical documents is a key part of the Federal Emergency Management Agency’s (FEMA’s) disaster-preparedness guidance. Advisors should emphasize it, since they may be among the first people a client or the client’s family calls after a disaster to begin putting the pieces back together.

Asking a few basic questions now can help stress-test a plan before an emergency exposes its gaps. For example: Who has the authority to act on an account if the client is incapacitated? Where are the documents establishing that authority? Can the right people quickly access them in an emergency?

Addressing such questions with clients ahead of time can keep a simple oversight from becoming a major blind spot during an emergency when it may be impossible to revisit a plan until the dust settles.

Document Checklist

Important documents can feel abstract when no one needs to use them immediately. A birth certificate, an insurance policy, a power of attorney, or an account record may sit untouched for years, much as the risk of a wildfire, hurricane, or other emergency can feel remote until the client experiences one firsthand.

Suddenly, the stakes are real, a plan is put to the test, and documents that once seemed precautionary may become essential.

To prepare for that possibility, advisors and clients should adopt a “not if, but when” mindset that lets them take back control, even in the uncertainty of a disaster, by understanding the risks, making a plan, and protecting critical records.

Part of FEMA’s preparedness process involves safeguarding documents, information, and valuables, including the following:¹

- **Documents that identify individuals and household members:** birth and marriage certificates, adoption records, and child custody papers
- **Financial and legal records:** housing and vehicle documents, financial account information, insurance policies, and estate planning documents
- **Medical information:** health insurance records, medical powers of attorney, medication information, and physician contacts
- **Household contacts:** employers, schools, social service providers, and home repair services

¹ *Safeguard Critical Documents and Valuables*, Ready (July 2018), https://www.ready.gov/sites/default/files/2020-03/fema_safeguard-critical-documents-and-valuables.pdf.

- **Valuables and personal items:** priceless mementos, keepsakes, and other belongings that may be difficult or impossible to replace

It is not enough to simply know this information and these items. Clients should be able to access them at a moment's notice, and they should be protected against the same conditions that could force an evacuation.

FEMA recommends that key financial, legal, and contact information be

- stored as paper copies at home in a fireproof and waterproof box or safe, in a bank safe-deposit box, or with a trusted friend or relative and
- stored electronically in a password-protected format on a flash drive or external hard drive kept in a fireproof and waterproof container or through a secure cloud-based service.

An Advisor's Pre- and Postdisaster Document To-Dos

Advisors are positioned to serve as disaster-preparedness intermediaries—and much more.

FEMA may set up shelters and recovery centers, but advisors can help put the pieces together—and back together—behind the scenes. Before and after a disaster, they can assist clients with organizing documents, connecting information, and addressing parts of a plan that are scattered, inaccessible, or no longer working together seamlessly.

Before a Disaster: Identify and Close Document Gaps

- **Confirm that digital backups exist.** Ensure that clients have digitized their files. Verify that critical documents have been scanned and stored through a secure, password-protected cloud service or other protected digital storage system.
- **Establish plan access.** Documents are of limited use during an emergency if they are locked away or nobody can find them. Confirm that fiduciaries, designated family members, and trusted contacts have instructions for accessing the client's physical documents and digital copies.
- **Verify physical storage recommendations.** Ask whether the client's original documents are protected in a fireproof and waterproof safe and if secondary copies are kept at a separate location.
- **Review the document go-bag.** A sudden evacuation can leave little time to search through files. Confirm that the client has a portable, protected set of essential records, including identification, Social Security cards, estate planning documents, insurance information, financial account details, and medication records.

After a Disaster: Recover and Reassess

- **Prioritize replacement of damaged or missing documents.** Encourage clients to begin with the records they are most likely to need right away, including identification, property records, insurance policies, and estate planning documents.
- **Locate tax and financial records.** Help clients determine where prior returns, account statements, property records, and cost-basis information are stored. Their accountant, attorney, financial institutions, or other professionals may also have copies.

- **Conduct a postdisaster planning review.** Treat the recovery period as a real-world plan assessment. For example, did the client's experience expose gaps in the estate plan, insurance coverage, emergency liquidity, or broader financial plan?
- **Reassess authority, access, and contact information.** Consider the effectiveness of fiduciary appointments, account permissions, document access instructions, or emergency contacts based on who was available and able to act during the crisis, and make updates accordingly.

Get Plans off the Shelf for On-the-Ground Deployment

Emergencies do not wait until clients are prepared. Many disasters follow predictable seasonal patterns, but there is no telling exactly when and where they may strike.

Plans should account for a range of possibilities and be ready to deploy promptly. Gaps can cause delays that make a bad situation worse and turn temporary setbacks into prolonged crises.

A plan's effectiveness may be revealed only at the final hour, but preparing it for action now by asking questions, testing assumptions, and thinking through possible consequences is an advisor's equivalent of conducting an emergency drill.

Such client conversations can prove both forward-looking and far-reaching when disaster strikes, setting your clients up to act faster and recover more effectively.