

WITH COMPLIMENTS
TAYLOR & ASSOCIATES
A REGISTERED INVESTMENT ADVISOR
WWW.IAMAFIDUCIARY.COM
310.260.1126

DISASTER PREPARATION - AN OVERVIEW

BY NIGEL B. TAYLOR, CFP®
AS FEATURED ON FOX 11 MORNING NEWS
“ASK THE EXPERT “



TAYLOR & ASSOCIATES

A CA Registered Investment Adviser Financial Planning · Wealth Management

Taylor & Associates is an Investment Adviser registered in California providing a full range of services to a wide variety of clients and businesses. Our mission is to ensure that our clients achieve their financial planning objectives and to assist them in protecting and preserving their estates as a lasting legacy for future generations. We maintain a fiduciary relationship with our clients, providing a very personalized service and coordinating with a team of other qualified professionals such as attorneys and accountants to better serve the your best interests. Nigel B. Taylor, CFP® began offering financial services in 1986 and graduated from the College of Financial Planning, Denver, CO in June 1993. He is fluent in English, German & Swedish.

Services Offered:

- Fee for Service Asset Allocation, Portfolio Monitoring and Wealth Management
- Comprehensive Financial, Retirement, Estate and Asset Protection Planning
- Pension Plan Advice and Analysis, Analysis and Drafting of Investment Policy Statements, Asset Allocation, Monitoring and Compliance for Defined Benefit & Defined Contribution Plans
- Gift, Estate and Charitable Planning
- Business and Business Succession Planning, Buy-Sell Agreements
- Group and Individual Life, Health, Disability, Long Term Care Insurance & fixed and variable life and annuities.

Licenses & Registrations held by Nigel B. Taylor, CFP®

- **CA Registered Investment Adviser (122944)**
- CERTIFIED FINANCIAL PLANNER™ Certificant (1993 – Present)
- Life & Variable Agent California Dept. of Insurance license number **0716446**

Achievements, Honors & Published Articles:

- 5 Star Adviser, Paladin Registry of Financial Planners (inception thru present)
- Board of Directors, Los Angeles Society, Institute of Certified Financial Planners 1994 – 1999
- President, Los Angeles Society, Institute of Certified Financial Planners 1999
- Member, Editorial Review Board, National Journal of Financial Planning 1996-2000
- Chairman, Financial Planning Association, Los Angeles Chapter in 2000
- Honorable mention, 1996-97 Silver anniversary Edition of "Who's Who in the West"
- Honorable mention, 1997 14th. & 15th. Edition of "Who's Who in the World"
- Honorable mention, 30th. & 31st. Edition of "Who's Who in Finance & Industry"
- Honorable mention, 52nd., 53rd. & Millennium Editions of "Who's Who in America"
- Author of and contributor to numerous articles on financial planning related issues from 1994 through the present in, among other publications; Consumer Reports, Wall Street Journal, The National Journal of Financial Planning, Amicus Curiae, Financial Planning Magazine, Ticker, Dow Jones Investment Advisor, Registered Representative, Bloomberg Wealth Management, The L.A. Times, & the L.A. Business Journal. Also featured guest on Fox 11 Morning News "Ask The Expert" Segment
- Honored With Biographical Cover Story, Financial Planning Magazine, February 2000

Preparing Yourself For Any Emergency

By Nigel B. Taylor, CFP®

CERT Instructor

Emergency Preparedness is probably the most overlooked item of any financial plan. In these uncertain times, disaster can strike from multiple directions, simultaneously. A few simple preparations, however, may prevent a catastrophe from overwhelming you and your family. A cup of common sense coupled with a pinch of technology equal the beginnings of a great recipe.

Recent catastrophes such as the fires in Northern California and San Bernardino, the Northridge, San Francisco and Whittier Quakes, the terrorist attacks of 9/11 and more recently Hurricane Katrina and the catastrophic earthquakes in Chile, New Zealand together with the worst earthquake in Japan's history (8.9 Richter scale March 2011) should have convinced everyone that it's time to get serious about planning for the inevitable, even if unpredictable catastrophe.

Every CA household should, by now, have a large container with emergency supplies. This kit generally includes basic necessities. Sadly though, few households have any kind of emergency supplies on hand. According to a 2010 California Survey on Earthquake Preparedness;

- Less than 40% of Californians have made a personal disaster plan
- Fewer than 20% of Homeowners have retrofitted their homes
- Fewer than 50% of Households have disaster supply kits
- Only 40% of Californians store the recommended minimum of 3 gallons of water per person

During hurricane Katrina, thousands of desperate people risked their lives on the streets of New Orleans searching for basic staples such as food and water to survive as professional looters and criminals roamed in bands taking what pleased them. I believed crime and chaos will also be a factor in the event of a major disaster in California. How can it not be with so many unprepared people desperately trying to snatch up what's left in the stores and no idea when shelves will be restocked.

On December 14, 2010, The California Emergency Management Authority (CAL-EMA), Homeland Security and FEMA District 9 published The Southern California Catastrophic Earthquake Response Plan (OPLAN) providing a framework for a coordinated state/federal response to a catastrophic earthquake in Southern California. This OPLAN is the result of more than 1500 emergency management professionals determining how best to use the combined capabilities of the private sector, non-governmental organizations (NGOs), local state, tribal and federal resources to respond to a magnitude 7.8 earthquake on the southern San Andreas Fault.

Here are some of the key talking points of OPLAN. There is generally a catastrophic earthquake approximately every 150 years South of the San Gabriel Mountains along the San Andreas fault. The last catastrophic earthquake occurred over 300 years ago. The damage and casualty estimates illustrated in OPLAN are based on a catastrophic, 7.8 Richter scale earthquake

happening at 10am on a working day across the Southern California San Andreas Fault. Within the first 5 minutes of a catastrophic earthquake we can expect:

- 200,000 people will be working on the opposite side of the Fault line from their home and family. They will be unable to reach their homes by vehicle and may need to walk for hours or days.
- 1,800 dead from the initial quake
- 53,000 injured
- thousands trapped in collapsed buildings and elevators
- 1,500 collapsed buildings
- 300,000 damaged buildings
- 1,600 structure fires, some of which will develop into super conflagrations because of the lack of water to extinguish them

In the following weeks because of downed power lines, broken sewerage, water and gas mains, we can expect to have to function with no computers, cell phones, land line phones, gas, electricity or water for days or in some cases weeks, no access to banks or grocery stores and at least 255,000 people will be made homeless. In all this, and for the first three to five days, do not expect any assistance from the Fire or Police dept., FEMA or anyone else. In the immediate aftermath of a major catastrophe, these professionals already have their assigned tasks, which do not involve assisting the individual or family. It's going to be "every man for himself" for at least 72 hours, if not longer.

The only certain thing is that: An event of this size will happen and that, statistically, it will happen with 95% certainty within the next 35 years. Your standard of living following an earthquake of this magnitude will entirely depend on your level of preparedness.

Families with children in school and two working parents are not always at home when disaster strikes. It is therefore essential to create two action plans, one night and weekend plan when the family is generally together and one working day plan when the entire family is usually separated. Make sure everyone in the family knows where to go, who to call (if possible) and what to do. Property can be replaced, lives cannot. Assume the worst because based on what we are seeing in Japan as I revise this article, the worst is likely to be the norm. (no phones, electricity, public transportation, coupled with fires and chaos) Base any plan on this scenario and make sure everyone knows where to go and what to do. I will list a number of websites at the end of this article that contain tools and information to help you and the family prepare.

Don't hesitate a moment longer! I've included a list of items you should consider including in your disaster preparedness kit at the end of this article. Use this as a starting point and develop your own kit based on your personal needs. Oh, and for apartment house dwellers, please don't store your kit in the garage, the building may collapse in a quake and you'll never reach it.

As a FEMA CERT Instructor I further encourage everyone to participate in a local Community Emergency Response Team (CERT) disaster training program. This 21-hour course of education was originally developed by the Los Angeles Fire Dept. and after much success, adopted by FEMA as their official disaster preparedness course for the public. There are hundreds of CERT

programs all over the country in large cities and small towns and I would recommend you Google the term Community Emergency Response Team CERT then your city name in order to obtain information regarding any programs offered locally. This training will assist you in making the right decisions in a disaster and help you protect your family and neighbors. Please, become an involved citizen and attend the refresher drills and regular training exercises if they are offered in your community as well. Remember the principle “use it or lose it”. Trained disaster professionals and firefighters exercise daily and still make mistakes. The CERT program is not designed to make a professional first responder out of you in 21 hours, it is designed to give you the basic tools of survival and this training will hopefully save your life and perhaps the life of your next door neighbor!

With physical needs taken care of, you now need to turn your attention to surviving a catastrophe financially. All financial planners recommend families set aside an emergency fund. The amount needed has typically varied from three months to two years of outgoings, depending on whether the breadwinner is self employed, has variable income or works in a cyclical industry subject to occasional lay-offs etc. Generally these funds are kept in laddered C.D.’s or short-term Municipal Bonds. These funds will pay the bills if you are laid off or disabled for short periods of time. Additionally, if your roof blows off, the pipes burst while you are on vacation or the tree in your garden falls over onto your neighbor’s property and you have no coverage, it’s good to have other reasonably liquid investments on hand. Typically, these emergency funds are kept in some kind of liquid account at a local bank. Such emergency funds, however, won’t help in many situations such as large earthquakes, catastrophic fires or floods. Many families have suffered extreme hardships in the past as banks, stores and check-cashing facilities, equally affected by such disasters, were closed for days and even weeks thereafter.

A well-prepared family disaster kit should also have at least \$300.00 cash in one-dollar bills. During the Northridge quake, many families in Southern California couldn’t purchase staples like water, bread and milk because they had no cash on hand and their credit and debit cards were useless without electricity. Many others fell victim to the “Sorry, no change” scam, where people were forced to hand over \$10.00 notes for a gallon of water, so much so, that California later enacted legislation to prevent such abuses. However, bear in mind that such abuses are prosecuted **after the fact** and your family may NEED that water or milk to survive, so keep \$1.00 bills handy.

Know where your checkbook is and be ready to add it to your emergency kit. In fact, it’s a good idea to keep the next sequential check booklet in your kit and rotate it out as you use your checks. While your local bank may be closed, their processing centers are generally still up and running so checks may still be written for things such as rent, mortgage, or insurance premium payments.

The first, best defense against any kind of catastrophic loss is insurance; life, health, disability, property casualty etc., and the time to ask whether you are covered against a particular loss and to what extent is, **before you purchase the policy**, NOT after a disaster has struck.

Understanding your various insurance policies and the coverages they provide is paramount to emergency preparedness. Coverages should be reviewed regularly to ensure they are up to date.

Consult a competent CERTIFIED FINANCIAL PLANNER™ Certificant (CFP®), Chartered Life Underwriter or Chartered Financial Consultant who is also insurance licensed in your state on matters pertaining to life, health, disability and long term care insurance. Consult an “independent” property-casualty broker on matters pertaining to auto, homeowners, renters, liability and commercial insurance etc. DO NOT ask a fee-only planner who does not possess an insurance license of some kind to assist you with your insurance affairs for a fee. They may claim to be “unbiased and on your side”, but in most States they are acting outside the law. In some States if found guilty an administrative fine may be imposed, in California it is a crime punishable by criminal fines and imprisonment. If your fee only planner is charging a fee for advice in the business of insurance, ask him/her for an insurance license number and if he/she cannot provide one, either walk away and find a licensed professional, or, if you are already a long-time client and enjoy doing business with them otherwise, ask them for a referral to a licensed agent.

Purchasing the right insurance at the right time is also important. For example, people in the mountain and foothill burn zones around California will have hopefully purchased their flood insurance immediately following the fires. Subsequent heavy rains and slides having occurred often sweep mud and debris down from bare hillsides, inundating neighborhoods. Traditional homeowners insurance does not cover losses based on flood or debris of this kind. Parking a vehicle in a subterranean garage with no water damage coverage is another hard lesson many learned. While tenants of flooded buildings now fight landlords for compensation, their auto payments are still due and they’ll also need replacement transportation.

Learn the language of insurance. Understand whether “replacement” under your policy means the depreciated market value of the item at the time of the loss “Actual Cash Value”, or, the “full replacement value” of the item without depreciation. Ask whether certain items in your home such as computers, electronic equipment, artwork or other collectibles require an additional rider to be fully covered. Don’t procrastinate until it’s too late. The California Dept. of Insurance has a glossary of terms and other educational materials to assist you in your choice of an agent, broker and insurance policy.

More importantly, hundreds of thousands of professionals have an office in the home. Please remember that your homeowner or renters policies do not cover home offices or any equipment located therein even if you use such equipment (computers, printers, office furniture etc.) for personal purposes as well. A separate commercial policy will need to be purchased for any property owned by the business and for any business related liabilities and this will also require an additional rider to cover the property for earthquakes. With competent assistance from a licensed agent, you should be able to obtain both personal and commercial in home coverages for almost the same price as just a renters or homeowners policy.

Technology rules, until the lights go out..... then what? Many families spend hours painstakingly transferring everything from serial numbers of large ticket items, to photographs of expensive collectibles to their home computer for insurance purposes. These are all great ideas, until the hard drive melts in a fire, a flood damages the computer beyond redemption, or the Fire department red tags the building after an earthquake and you can’t get to your computer.

Make a photographic inventory of your possessions. Keep the negatives safe and at the time of processing ask for a digital copy on CD, which costs only pennies more. Unfortunately, the digital age has also seen the advent of digital retouching and many insurance companies are wary of pure digital imaging nowadays. So use traditional film wherever possible, or, consider the following idea; Many stores now offer disposable digital cameras in addition to traditional disposables for as little as \$10-\$20. When your insurance agent visits to sell you or update your policy, walk through the house taking pictures of your valuables, hand him/her the camera to process and be sure to get a receipt for it. Don't forget to ask for a disc with the pictures on for your files. If you have a camcorder MAKE time to take a walk through your house, filming each possession of value and again, hand him the film and get a receipt.

Accurate records are important for submitting complete insurance claims in the aftermath of a disaster. Burn this information to numerous, password-encrypted CD's (Make them CD-RW for easy updating) and place them in your emergency kit, your car, at work and perhaps with relatives if they are located in a different geographic area. With good encryption, your information remains safe from misuse and fully accessible when needed. Many Internet service providers (Earthlink, .mac etc.) now offer free or ultra-low cost storage space to customers on their servers for files and folders. Cloud computing is no longer just for large corporations, it's cheap easy and generally safe, depending on just how secure your password habits are. I always use passwords that are random and contain more than 14-18 digits.

If disaster strikes, you'll be able to access and download all your information from any computer, anywhere in the world, anytime. With everything gone, an insurance claims adjuster can immediately provide more accurate claims payments just by popping your CD into his notebook PC, or, downloading your files to his computer. Also consider purchasing a USB flash drive. Flash drives the size of a nickel can store up to 16 gigabytes of information, which is more than enough space for all the important documents and photos in your household. Plug the flash drive into an open USB port and create an important documents folder on your hard drive. Purchase an inexpensive back-up utility software and program the software to back up all your important files to the drive and an off site server on a daily basis. If disaster strikes unexpectedly, grab the flash drive and simply place it in your pocket. Reasonably priced programs are available for both Mac & PC that can hold data plus pictures of all your valuables.

It's also important to maintain a list of all your credit card accounts, their contact numbers and mailing address for payments. Late payments can lead to a dramatic increase in interest charged on all your cards AND a lowering of your FICO score. Also remember to scan a copy of your bank and brokerage information and if possible, copies of any legal documents and records such as titles to your home and automobile, insurance policies, birth and marriage certificates, social security cards, passports, wills and trusts etc. Scan in your last three years tax returns and ask your accountant whether he has a continuity plan for disaster. If you don't own a scanner, there are plenty of copy places and stores that have both Mac & PC computers and scanners available for a "per minute" charge where you can create your digital records. Just ensure that you purge all documents created for scanning from the store's computer before leaving to prevent identity theft. There should be at least one competent person on-staff at these locations to assist you with this process. Keep the originals in a fire safe box close to your disaster kit to take with you if you are forced to evacuate.

Since the heinous attacks of 9/11, which shut down Wall Street and much of the financial services sector for days, brokerage houses and financial institutions have all introduced continuity plans, which must be delivered to their customers. Keep copies of these continuity plans with your important files. They provide vital information about how the companies you do business with store your account and other records and how they intend to operate in a time of crisis. Remember, your local bank, broker and insurance agent is likely to be as devastated by any disaster as you are and having a copy of their continuity plans will facilitate better access to your financial accounts.

Finally, don't wait for the next disaster to strike before educating yourself on emergency procedures. Search the web **now**, for useful information that can help you through a disaster.

Here's a great, true story of a Katrina survivor heard on my local news station shortly after the disaster. The distraught victim described how she called FEMA for help. After taking down her details they explained she would receive her assistance application package in the mail within ten days. She explained she didn't have mail delivery because her house was "gone", they promised to send it to "hold for pick up" at her post office, she explained the post office was gone. A neighbor's house? No she said, their houses were all gone too. They told her they would be happy to E-mail her the package, she explained her computer was gone along with the house, and anyway, there was no DSL, no cable and no electricity even if she had a computer. FEMA offered to fax it to the location where she was. She explained she was standing in a field next to a Red Cross food station using a borrowed cell phone and there was no fax there. They then basically told her if she could find a fax machine somewhere that was working they'd be happy to help. The lesson to be learned now is; when the infrastructure breaks down, getting instant relief is going to be difficult to impossible. Just realize that you may be on your own for more than a week if a true disaster strikes. If you have relatives out of State, they could become lifesavers in more ways than one in an emergency by providing temporary shelter and more importantly, a temporary address for contact by agencies and insurance companies etc.

Apart from all the documentation mentioned in this article, a comprehensive source of booklets available in both English and Spanish can be found by visiting the L.A. Community Emergency Response Team's web site at:

<http://www.cert-la.com/education/preparedness.htm>

Here you'll find a plethora of great guides and manuals on how to survive the next catastrophic disaster, which as we all know is just a matter of time for us all. So what are you waiting for, get motivated and do something to prepare yourself and your family **TODAY!**

Nigel B. Taylor, CFP® is a Principal of Taylor & Associates, a Registered Investment Adviser in Santa Monica, CA. He specializes in comprehensive financial planning, wealth and portfolio management. He is also a FEMA CERT Instructor and teaches the 21 Hour CERT Disaster Preparedness class.

Use this basic list as a starting point and customize it to your family's needs!

GENERAL SUPPLIES

1 PROPANE GAS STOVE UNIT.	2 BOTTLES PROPANE GAS 16 oz
1 MOBILE SHOWER UNIT 5 GALLON.	12 AA BATTERIES
1 BOX SOFTKINS TOWELETTES.	1 SET COOKING POTS.
3 BOXES WATERPROOF MATCHES.	2 SETS CUTLERY.
40FT. NYLON ROPE.	8 "D" BATTERIES
VARIOUS SAFETY PINS.	1 PACKAGE SANITARY TOWELS
1 TOILET ROLL.	2 PKTS. KLEENEX TISSUES.
1 CAN INSECT SPRAY 6 OZ.	30 TRASH BAGS (30 GALLON)
1 SPEED STICK DEODORANT.	1 SEWING KIT.
1 FOLDING HAIR BRUSH.	2 TOOTHBRUSHES.
1 TUBE TOOTHPASTE	10 SANDWICH BAGS (7x8")
1 PAIR NAIL CLIPPERS.	1 SET EMERGENCY FISHING GEAR.
1 SPORT KNIFE.	1 BAR SOAP.
1 BODY WASH.	1 SMALL TUBE HANDCREME.
22 PANTI SHIELDS.	2 FLASHLIGHT BULBS.
1 MONKEY WRENCH.	4 SCREWDRIVERS.
2 EMERGENCY FLARES (30 MINS.)	2 EMERGENCY BLANKETS.
1 PADLOCK	1 INFLATABLE DOUBLE BED
1 PKT. COTTON WOOL SWABS.	12 SOUP BOWLS (PLASTIC)
15 DINNER PLATES (9" PLASTIC)	2 ROLLER BALL PENS
1 WRITING BLOCK.	2 FOLDING DRINKING CUPS.
WATER PURIFICATION TABS 50 PIECES.	1 TWO MAN TENT
1 ROLL 2" DUCT TAPE	1 ROLL NYLON TWINE
1 JUBILEE CLIP	1 BOX CANDLES
1 ROLL ELECTRICIAN'S TAPE	5 10X11 STORAGE BAGS.
1 INFLATABLE DOUBLE BED	2 x EVAC-U8 SMOKE FILTER MASKS
1 x CAN OPENER	

FIRST AID SUPPLIES

1 GAUZE BANDAGE (2")	2 GAUZE BANDAGES (3")
20 BAND AIDS (1")	1 ROLL WATERPROOF TAPE.
4 STERILE PADS (3x3")	4 EXTRA LARGE BAND AIDS.
4 TRANSPARENT DRESSINGS (2x3")	2 PAIRS LATEX GLOVES.
1 TUBE ANTIBIOTIC CREAM.	10 DISINFECTANT TOWELETTES.
1 BOTTLE TYLENOL.	

Additional Supplies Should Be Kept At Your Workplace And In Your Vehicles

Disaster Prep. Food Supplies

Replace & Renew On An Annual Basis

- 2 x 12oz Hormel Corned Beef
- 2 x 12oz Hormel Turkey Spam
- 2 x 10oz Valley Fresh Chunk Chicken in Water
- 2 x 15oz Hormel Turkey Chili (no beans)
- 2 x 40oz Dinty Moore Beef Stew
- 2 x 40oz Chef Boyardee Beef Mini Ravioli
- 2 x 16oz Bush's Best Homestyle Baked Beans
- 2 x 12oz Chicken of the Sea Tuna in Water
- 2 x 15oz Van Kamp's Pork & Beans
- 1 x 15oz Campbell's Spaghetti Meatballs
- 2 x 5oz Libby's Chicken Vienna Sausage
- 2 x 2.5oz Gerber Chicken Sticks
- 2 x 2.5oz Gerber Turkey Sticks
- 2 x 18.6oz Campbell's Select Italian Sausage w. Pasta & Pepperoni Soup
- 1 x 18.6oz Campbell's Select Roasted Chicken w. long grain rice Soup
- 1 x 18.6oz Campbell's Select Italian Style Wedding Soup
- 1 x 18.6oz Campbell's Select Cream Chicken Alfredo Soup
- 1 x 19oz Vons Hearty Beef & Vegetables Soup
- 3 x 15 1/4oz Del Monte Gold & White Corn
- 3 x 15oz Del Monte Sweet Peas
- 1 x 14oz Del Monte Sliced Carrots
- 3 x 15oz Vons Fruit Cocktail
- 2 x 15oz Vons Sliced Yellow Cling Peaches
- 2 x 15oz Del Monte Sliced Pears
- 1 x 20oz Del Monte Pineapple Chunks
- 5 x 14oz Carnation Sweetened Condensed Milk
- 1 x 23oz Tree Top Apple Sauce
- 1 x 12oz Planters Honey Roasted Peanuts
- 1 x 10oz Safeway Select Café Vienna Coffee Beverage

**Remember, You May Need More Based On The Size Of Your Family
And Don't Forget!! Three to Seven Gallons Of Water Minimum Per Person**