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Your practice: Four lessons for advisers from Hurricane Sandy

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By Jennifer Hoyt Cummings Wed Oct 31, 2012 1:53pm EDT

(Reuters) - Disaster plans, normally a peripheral part of an adviser's day-to-day life, have become critical as wealth management firms impacted by Hurricane Sandy try to work from offsite locations, in flooded areas and amid power outages.

Reuters spoke to advisers at several firms affected by Sandy, as well as some hurt by other recent natural disasters, and collected advice that could help others in the industry prepare for the next emergency. Their four top tips are below.

Above all, they say, don't put off taking action on these - do it now while the storm is fresh in your mind.

"Put this on your calendar as a to-do item and make sure it gets done," said Ryan Wibberley, president of CIC Wealth Management in Gaithersburg, Maryland.

1. Get clients used to online meetings.

Jim Ludwick, president of MainStreet Financial Planning in Odenton, Maryland, found himself stranded this week in Las Vegas, where he was attending a U.S. Air Force reunion. For Ludwick, who gets paid by the hour to provide advice, it could have been a big financial blow.

He was able to keep five client meetings during the storm, however, thanks to Skype, the mostly free Internet-based video calling service.

Ludwick, who started using Skype for business in 2006, didn't consider it part of his disaster plan. He wanted to give his clients an alternative way to connect. Conditions for Skyping this week haven't been ideal - Ludwick is working from a Starbucks and running outside to the quiet of his car every time he makes a call.

But Skype has been a lifeline, allowing him to help clients - and his bottom

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line.

"I had one billable hour today unless I had Skype meetings. Now, I have four billable hours," he said.

2. Invest in a backup generator.

When an ice storm left Modera Wealth Management's Westwood, New Jersey, office without power for a week last year, the firm was paralyzed, unable to access the network that included its secure email system, trading platforms and rebalancing software.

After that, Modera, which manages more than \$1 billion in client assets, invested about \$12,000 in a backup generator to keep the company's servers running in an outage.

When Sandy came through Westwood, a suburb about 20 miles outside New York City, the town went dark and the generator kicked in. Now the firm is fully functional, with all employees at the office as of Wednesday morning, said Greg Plechner, a principal at Modera.

Plechner said the firm initially hesitated to spend so much on a generator. Now, he says, "the generator has already paid for itself."

3. No damage is too small for clients to document.

J.J. Burns, founder of J.J. Burns & Co. in Melville, New York, said the storm has reminded him of the importance of carefully photographing property damage.

Burns learned this the hard way last year after Hurricane Irene caused a 65-foot tree to fall and damage his garage, driveway and sprinkler system. He took dozens of pictures that helped him identify some things he might have overlooked - like a small dent in the garage's gutter system that ended up needing a major repair. The result: He collected some \$2,000 more than he otherwise would have from his insurer.

In the wake of Sandy, Burns, whose firm manages about \$200 million in client assets, has sent his clients a memo on managing insurance claims and is readying a system to make sure clients' photographs are backed up on a secure website.

Some of this may fall outside the job of a financial adviser, but Burns said his personal experiences have helped him realize how critical insurance is to a person's overall financial well-being.

4. Create a remote access option for client documents.

For years, EisnerAmper, a New York-based accounting and advisory firm, has put a heavy emphasis on electronically backing up all client paperwork in multiple secure locations.

The firm has its own database, which is backed up daily electronically and on tape, and it encourages clients to buy scanners to maintain their own electronic records at home.

On a day-to-day basis it's merely convenient - the firm can review tax returns without looking at a piece of paper - but in natural disasters the online backup system can be vital, said Tim Speiss, chairman of EisnerAmper's Personal Wealth Advisors.

In 2011 after Hurricane Irene, the firm could help clients quickly access their insurance policies and critical information, such as policy and contact numbers, Speiss said.

Natural disasters also are an opportunity to strengthen relationships at a time when clients may most need advice.

"From my perspective, this is an unbelievable opportunity to communicate with clients," said Burns, the adviser in New York.

(Reporting By Jennifer Hoyt Cummings; Editing by Jennifer Merritt and Douglas Royalty)

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