

Surviving after the Storm

HURRICANE HARVEY devastated Texas and came for parts of Louisiana in late August (and as of this writing, much of Florida was bracing for Hurricane Irma). More than 51 inches of rain inundated Houston, according to the National Weather Service. *USA Today* reports that more than 30,000 people have piled into Houston shelters.

The damage by Hurricane Harvey, according to AccuWeather, is expected to reach \$190 billion—almost four times the amount of damage caused by 2005's catastrophic Hurricane Katrina.

Here are some things to keep in mind to help yourselves and communicate with your clients during this time:

Take care of you first. With nearly 500 members in the FPA of Houston chapter, no doubt you are suffering yourselves. Carolyn McClanahan wrote in *Financial Planning* that you must help yourself before you help others. But when you do have some semblance of starting to recover and you're ready to reach out to your clients, let them know you're OK. You can Tweet or post on your firm's Facebook page.

Make sure clients are OK. Call clients who may be affected when you get a chance. Many might not answer, but try until they do. Ensure they are physically and mentally alright before

tackling any concrete financial issues. The emotional toll of this catastrophe will be just as high as the financial toll.

Many clients might need extensive repairs not covered by their insurance. According to the *Washington Post*, the majority of homeowners in areas hit hardest by Harvey don't have flood insurance. Citing data from FEMA, the *Washington Post* reports that only 17 percent of homeowners in the Texas counties hardest hit have flood insurance.

If your clients are among those without flood insurance, look into federal disaster relief aid, U.S. Small Business Administration disaster loans, or home equity loans. Of course, homes must often first be repaired before a home equity line is approved.

Help with the insurance process. Advise clients to initially make only repairs that prevent further damage. Have them take pictures of everything and save all receipts for materials, housing, meals, and storage. Encourage clients to file claims as quickly as possible. This will help also with claiming a casualty loss on their tax returns.

Use your contacts to expedite getting your clients the help they need. McClanahan said that insurance agents are overwhelmed during disasters. If you have connections in

Disasters are horrible, and ideally we've helped clients prepare in advance. Even the best preparation doesn't cover everything, and your clients will appreciate anything you can do to help them recover after these catastrophic events.

—Carolyn McClanahan, CFP®,
M.D., *Financial Planning*

the insurance industry, use them to better serve your clients.

“Thankfully, our country is full of helpers who will get to work quickly,” McClanahan wrote.


\$758 million...

Powerball jackpot that Mavis Wanczyk won in late August. Her after-tax winnings amount to \$336 million.

(InvestmentNews)

\$6.7 million...

Amount a 2 percent after-tax return on \$336 million would generate per year without touching principle.

(InvestmentNews)

38...Percentage of women who out-earn their husbands. (Forbes)

60...Percentage of wealth women will control by the year 2022.

(Wall Street Journal)

39...Percentage of investable assets in the U.S. that women have decision-making control over.

(American Funds)

47...Percentage of women surveyed who have a relationship with a financial adviser. (Morgan Stanley)

2/3...Number of those women who work with a financial adviser who said they were misunderstood or neglected. (Morgan Stanley)

18...Percentage of female respondents between ages 60 and 75 who could pass a retirement income focused literacy quiz.

(RICP® Retirement Income Literacy Report)

35...Percentage of male respondents between ages 60 and 75 who could pass a

retirement income focused literacy quiz. (RICP® Retirement Income Literacy Report)

57...Percentage of female advisers who said they felt their female clients were less knowledgeable about planning and investing than their male counterparts. (Edward Jones)

7...Percentage of the 1.2 million financial advisers registered in the U.S. from 2005 to 2015 who had misconduct records. (Motley Fool)

> 1/3...Number of advisers with misconduct records who are repeat offenders. (Motley Fool)

Properly Serve Your Female Clients

WITH WOMEN being the primary breadwinners in 44 percent of U.S. households (according to the Pew Research Center) and handling \$11.2 trillion of the investable assets in the U.S. (according to Morgan Stanley), planners must focus on proper service for female clients. Here are a few ways to do that:

Communicate to inspire confidence. Women are efficient powerhouse decision-makers, but some surveys show their confidence in their investing abilities is lacking. Morgan Stanley reports that a recent survey found that women are 44 percent less likely to consider themselves knowledgeable about asset allocation and investment decisions than men. But according to the recent *Forbes* article, “Five Reasons Women Are Taking the Lead in Financial Planning,” women are more willing to educate themselves. Although the article reported younger women are using websites, podcasts, and financial tools, you can provide educational information to female clients of all ages.

“Women want advisers who can not only educate them but who can validate them as intelligent and competent investors,” financial adviser at Edward Jones Jennifer Marcontell, CFP®, wrote on WealthManagement.com.

Acknowledge issues unique to female clients. In this issue of the *Journal*, Mitch Anthony and Steve Sanduski write about how firms could lose clients if they don’t proactively focus on the life

transitions that clients might face in the future (see page 24).

According to the U.S. Census Bureau, the pay gap between the genders is still about 20 cents. The gap widens for women of color with the widest for Latinas, who earn about 54 cents to a white man’s dollar. The wage gap in general hinders wealth building—leading to lower retirement savings and lower raises. Acknowledge this and advise female clients on ways to overcome this in retirement—which will likely be longer than your higher-paid, male clients who have a lower life expectancy.

“It’s important to let female clients know you’re aware of the challenges they might face throughout their lives,” Marcontell wrote. “Make it a point to proactively communicate these challenges and begin thinking of solutions.”

Ask how they prefer to be contacted and be genuinely personable. Client communication is not a one-size-fits-all solution. Especially with women. Don’t communicate with all your female clients the same way—ask them about their preferred methods of communication and understand what is unique about each client. Also, be empathetic and personable.

Marcontell wrote, “This will help foster a more meaningful connection, and ultimately help build a level of trust that will be mutually beneficial as this relationship evolves.”