

Ellen's Positive Note #8

The goal of *Ellen's Positive Notes* is to lighten the mood during these difficult times of Covid-19 and to provide you with tools to help you. If you have colleagues in the financial services industry, who do not subscribe to my e-alerts, please pass this along and ask them to email me so we can add them to our list: (ebessner@babinbessnerspry.com) or Kim (kmcpeake@babinbessnerspry.com). I invite any feedback or questions or comments or other ideas you have for this new weekly column. Here it is... and **stay safe – please!**



What your clients should include in their personal continuity plans

Help your clients prepare for a rainy day with this helpful list

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In my last [Positive Note](#), I suggested that everyone needs a personal continuity plan (PCP), a concept I developed through this pandemic, even though I developed one for myself years ago. There are no templates for a PCP because each client is

unique, but I did promise to provide the beginning of a PCP list so you can start the conversation with your clients and support them in preparing their own PCPs.

Before I delve into my list, a few words of caution:

This list is not meant to cover your know-your-client (KYC) obligations. However, the better you know your clients and their private story (see my book *Communication Risk*, chapters four and seven), the more easily you can help them build their own PCP.

While it is your client's obligation to prepare his or her own PCP, you can provide the bricks and mortar, with lists and resources, to your clients for this purpose.

If you want to suggest names of organizations or individuals who can assist your clients, I strongly suggest you provide clients with more than one name for them to consider. Clients should do their own research into the references you make, and also consider references from others. For example, provide the names of three lawyers who prepare wills and powers of attorney (POA).

If you are looking for a referral fee from any of the people or organizations you refer clients to, be sure to follow the applicable regulations and your dealer's internal policy or code of conduct to ensure that you're compliant and do not inadvertently fall into a conflict of interest that you don't immediately disclose to your dealer.

Some of the items on my list will traverse into areas of KYC and financial planning. Clients need to be sure they have relevant and updated information to build a PCP, and you need to be awake to the fact that you may need to update your clients' KYCs or financial plans. Be aware of any inconsistent information clients give you or have given to their financial planner. Some clients may not really know themselves sufficiently to remember what they told you, or the information they gave you could have been wrong or could now be dated. If this is the case, you will need to test the accuracy of the new information and you may be required to update your clients' KYCs and/or financial plans.

With all of that in mind, here is a preliminary list to consider when building a PCP:

Liquidity/money for a rainy day

Your clients need to have in their PCP sufficient liquidity for a rainy day (or dare I say, a pandemic). There are unexpected emergencies or issues that can arise both in everyday life as well as in major upsets, like Covid-19, which none of us would have expected to be facing.

How much money does your client need for six months, 12 months, etc., if they lose their job? While savings are much better than borrowed money, if the client is in a good financial position to seek and obtain either more credit or a line of credit (or an increase in their existing line of credit), it may be a good idea to consider the necessary liquidity that would be required and have this set up when the going is good, just in case it becomes not so good.

If your client is not financially sound, as part of their PCP they should develop a plan that might move them into a better financial position. For example, my daughter lives in London, England, and I suggested to her that even though she has just enough money to meet her financial obligations in a very expensive city, she should put a small amount aside every paycheque so that if there were ever a rainy day, she would have the liquidity. Of course, she has me if there is a rainy day, but she strongly prefers to be independent, and having this small amount of money set aside will make her feel better. Further, she won't always have me, so this is a good habit that might require her to tighten her belt, even if it's difficult to do so.

Power of attorney and will

Does your client have an up-to-date POA and last will and testament prepared? If so, where are they kept? Does your client have people they trust to name in these, or should they consider naming a professional? Once completed, these documents should be in a location known to those who are named as attorney for property and for personal care and executors. If you move the original documents or change the attorneys or executors, be sure to provide updated information to the relevant people.

Trusted contact person

This is a new concept and you should review recent and updated regulatory requirements to ensure you are compliant. However, clients need to understand

the importance of choosing a trusted contact person who is not their POA for property just in case there are abuses by the POA or you cannot locate the client and don't know who the POA or executors are.

Where your client lives and where they want to live in the future

This pandemic may have helped clients identify how their current home is or is not sufficient for their needs in an emergency, or how it might not be appropriate for them in the future.

For example, if your client lives in a high-rise and has become uncomfortable with either the floor they are on (too high up or too low down) or that they do or do not have a balcony, they might want to consider their next dwelling and what might be more suitable for them.

If your client lives in a house that has many stairs and they are getting older, they might need to consider moving to a bungalow or an apartment or condominium. Further, if they are getting older and they are not sufficiently close to medical help, they might want to consider a long-term plan to move.

Further, your client might want to consider whether they have a generator or whether any of their family members have one. In my family, we are currently researching which of our houses should have a backup generator so we can all congregate in one place if there is no electricity, especially in the winter. Also, my sister is a decorator and she tells me that she has clients in line waiting for things to get back to "normal" as they recognize that they need to redesign their homes. After spending so much time at home, they have realized the importance of loving where they live and making their homes more functional.

Medical care

In addition to whether your client lives close enough to a hospital or other medical centre, do they have a good family doctor who they trust and who is sufficiently available in a crisis? If not, this should be a priority. If they do have a family doctor or other treating physicians, these people should be known to the attorney for personal care.

Exercise plan

If your client has been exercising, does their exercise regime need to be adjusted for the future? Do they need a more flexible exercise plan with online options? Do they need basic equipment at home? I am very lucky — I have a stationary bicycle, exercise bands, a weight bench and weights at home. My house is very small so the equipment takes up very little room, but if I cannot get outside for whatever reason (read: pandemic), I am well set up.

Insurance

What policies does your client have and do their attorneys and executors know where copies of the policies are kept? Your client might want to consider a file or vault for insurance policies, their POA, will and other documents of importance.

Jewelry, art and other valuables

Does your client have appraisals or invoices that show the value of these items? If so, where are these kept? Is it clear in the will or in any memorandum to whom these items should be given?

Pets, plants and other things that need ongoing care

Does your client have a back-up plan for unexpected periods when they might be unable to care for pets and plants? Does a backup person have a key or the ability to enter your client's home somehow? Does the client have special care instructions (e.g., a veterinarian contact) somewhere?

Second names on payment plans

Your client should have a second name on payment plans for things like their telephone or internet bills, so if a change needs to be made in their absence, this can be done by someone like their attorney.

Real estate continuity plan

What needs to be paid to avoid penalties or other problems? Think mortgages, lines of credit, insurance, taxes, phone or internet payments, hydro and electricity. If no

one is living in a property, has the insurance company been notified so that if something happens to the property during a prolonged absence, there is coverage? What needs to be done to ensure there is proper maintenance on your properties — like the garden, etc.? If your client has rental properties, or even just one house, are the details of all the financial obligations set out somewhere? Is there a central file?

A list of all assets and liabilities

This list should include payments of lines of credits, mortgages and other obligations so that the attorney can know what needs to be attended to.

I think you get the picture. This list is just the beginning. As your clients think about their lives and what needs attention, they might be able to add to their list and make sure the information is in a location where it is available only to those they trust.

I hope this is helpful. You, as an advisor, might want to begin this exercise for yourself and see how it goes before you begin to suggest this to your clients. Good luck!

A special thanks to Michael Kulbak, MBA, CPA, CMA, for helping me develop this list.