

First the fire, now the recovery: Colorado advisers help clients get back on their feet

Some clients have lost homes, others face imperiled businesses

By Darla Mercado - July 3, 2012 - 3:05 pm EST

Firefighters in Colorado Springs, Colo., are reining in the locale's major blaze, but financial advisers in the area say some of the toughest times are still ahead for their clients.

After 11 days, the Waldo Canyon fire — amounting to nearly 18,000 acres — in the Colorado Springs area is now 70% contained, according to The Gazette, which is based in that city. Some evacuees are being allowed back into their houses, though some 350 homes have been incinerated. For many, especially those who lost their homes or businesses, the toughest part will be getting their lives back to normal.

Accordingly, advisers are standing by to help their affected clients and other residents get back on their feet. Also, members of the Financial Planning Association of Colorado are kicking off pro-bono efforts benefiting affected individuals. “For the most part, people who go through this have never been through it,” said Karl Frank, president of A&I Financial Services LLC and public-awareness director in FPA-Colorado. The firm manages \$110 million in assets.

In June, Mr. Frank rallied a number of chapter members to meet with fire survivors in Fort Collins, Colo., with “recovery” kits that contained information on getting through a disaster. Currently, he is banding together local advisers for a similar meeting in Colorado Springs, likely at a Red Cross shelter.

“People are in shock,” Mr. Frank added. “For financial planners, it’s really important for them to talk to clients about what happened; it’s not on the clients’ radar, and a lot of people are still wondering where they will sleep tonight.”

For Craig Carnick, founder of Carnick & Co., the Colorado Springs fires were close to home.

A resident of nearby Manitou Springs, Mr. Carnick and his wife were evacuated from their home early Sunday morning. The couple packed their photo albums, legal documents and medicine, and then stayed at their daughter’s apartment for three days.

Fortunately, for Mr. Carnick, his home was still safe when he returned. However, two clients have lost their abodes. They were lucky enough to have taken home inventories to ease the insurance claims process, the adviser noted.

Those who are worst off, however, are the business owners, and Mr. Carnick’s firm is working on pro-bono efforts to aid small entrepreneurs with consulting work and cash flow management. Tourism is an essential part of the local economy, and the summer is a big season for hiking, kayaking and other activities.

“The most dire part of the situation is for the businesspeople who rely on tourism,” he said. “Our problem is focusing on the restaurants and the hotels. Business owners are worried because they’ve had to lay off employees, and they worry about whether they’ll get them back once the touring season returns.”

Portioning out money for cash reserves came in handy for two clients affected by the fires, according to Jay Hardesty, president of Ashton Wealth Management. He recommends that clients set aside two years’ worth of retirement expenses in cash reserves.

“These reserves were critical for two separate clients and their families, as they were able to set up new households as they waited out the evacuations,” he said.

Carol R. Breglio, an adviser with Ameriprise Financial Inc., agrees that liquidity is especially valuable for these clients. “Clients who lost their homes will get a chunk of money [from their insurance claims] to rebuild, but it’s going to be months before they can get plans drawn up.”

Advisers in the area noted that even when they weren’t helping survivors with their finances, they offered up their time and homes for people who lost their dwellings.

Rob Wrubel, vice president of investments at Cascade Investment Group Inc., which manages about \$200 million in assets, said he has taken in a survivor — and his cats. Meanwhile, a client who was evacuated managed to bring his possessions over to Mr. Wrubel’s garage.

“This community has come together,” Mr. Wrubel said. “People are really pulling together.”