

199: 6 Steps for Protecting Your Family's Future with Pamela Maass Garrett



Full Episode Transcript

With Your Host

Bonnie Koo, MD

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Welcome to The *Wealthy Mom MD Podcast*, a podcast for women physicians who want to learn how to live a wealthy life. In this podcast you will learn how to make money work for you, how you can have more of it, and learn the tools to empower you to live a life on purpose. Get ready to up-level your money and your life. I'm your host, Dr. Bonnie Koo.

Bonnie: Hello, everyone. I hope you're all doing well. I am super excited about today's episode because I have been looking for a cool estate planning lawyer to chat with, to work with, et cetera. And I have found her. In fact, you definitely want to follow her on Instagram. She is the Law Mother, L-A-W M-O-T-H-E-R.

And basically we're having a conversation about estate planning and she's got a great acronym that we're going to talk through in terms of how to think about it. And you'll also have the opportunity to get her free book in a PDF form as well. I hope you get as much out of this conversation as I did.

Welcome to the show, Pam.

Pam: Thank you so much, Bonnie.

Bonnie: I'm so excited to have you here. And I just want to tell people how I met you. Well, actually, before we do that, why don't you introduce yourself real quick?

Pam: Yeah. So I'm Pam Maass Garrett, I'm an estate planning attorney based in Colorado and my law firm is Law Mother and we help parents and business owners protect what matters most.

Bonnie: Yeah. So I found you on Instagram, what's your Instagram handle? Because everyone needs to follow you.

Pam: Law Mother CO.

Bonnie: Okay, yeah. So I meant to ask you, because the way you do your reels with the backgrounds and stuff, I was like, how do you do that? So we can talk about that some other time. But I just remember thinking, how

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does she do that? And to me it's like this is like advanced reel stuff and I'm just not there yet.

So anyway, anyone listening, go check her out. They're entertaining and they're very informative. So that's how I found you. And then, of course, I stalked you, found your website and then emailed you there because I was like, I've been looking for someone like you for so long. Like looking for, specifically, I want to find a female estate planner because I like to just work with women and promote women. And also someone who does this, because obviously your social media presence is educational, right?

And so I've had a hard time finding someone. I just found like old white men, frankly. And being a woman, you understand some of the things specific to parents, although I guess they do too, but it's just different.

Pam: Yeah.

Bonnie: So let's talk about why estate planning is so important. To me, it's obvious. I'm sure it's obvious to you, but let's just talk about how everyone needs to think about it.

Pam: Yeah, so estate planning is important, especially for people in the medical profession, but really for everyone to make sure that your choices are honored and that things will pass the way you want when you pass away. A lot of people think they can't control what happens after they die, and I disagree, right? With estate planning, you get to control how your loved ones experience everything.

And without a plan, the default is usually something that most people don't want to see happen to their loved ones, right? So the government gets involved, assets go through probate, it costs a lot of money, causes a lot of conflict between family members, and costs a lot of time.

And then if you're a parent of minor children, it can be really scary for those kiddos. They end up in foster care and government care. And so really

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making sure that they're taken care of the way that you want with the people that you want.

Bonnie: Actually, let's talk about that real quick because one of the things I always talk about is how important it is to name a guardian if you have a kid, obviously. And I think a lot of people assume, like assuming they're in a married relationship, for example, that the spouse will automatically get guardianship. And that's true if they're alive, too, right?

Pam: Yes.

Bonnie: So we're talking about the worst case scenario where both parents pass very close together in time.

Pam: Yes.

Bonnie: So I think what you just said is really, it's not good, but just to highlight what happens if the unthinkable happens and both parents pass and no guardian has been named. Like you just said, foster care and all that. Obviously, no one wants their kid to do that, right? Does that happen even if there is a close relative or like a sister or anything like that?

Pam: If you have no plan in place and something happens to you and your spouse and you have minor children, essentially your kiddo is going to be in government care until they can find a blood relative. For a lot of people in this day and age, we don't have blood relatives that live in the state. And so that's where kiddos end up in government care for a little while until that happens.

And then really anyone related to you can go to court and say to the judge, I want to manage the money and I want to take care of the kids. And then the judge is going to listen to everyone. And this judge is a complete stranger, right? And often, as we were joking about, it's a white male, older white male who maybe doesn't have the same values as you, maybe is going to choose someone you would never want them to choose.

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And then the judge is going to listen and make a decision. And so how kiddos end up in kind of the foster care system is, one, no one wants to – In the interim it takes some time to get people out here where you're living. Sometimes they're in a situation where the court doesn't feel like they're stable enough or if there's conflict, if lots of people want them, that can happen. And then, yeah, in the unforeseen circumstance where there's nothing put in place it can end up that your kiddos are in foster care.

And the idea is when you set up an estate plan, you don't have to just use your blood relatives, right? So many of us in this day and age may or may not have good family relationships, or you may have good family relationships, but you might just have people in your life that you feel like would be better suited to raise your kids because they share your parenting philosophy and they're close to your kids and they live close by.

And so with estate planning, exactly what you said, Bonnie, you can name long-term guardians who could care for your kids if you could not. We always do short-term guardians as well. So people that live close by, in case your long-term guardians are out of state, they can kind of bridge that gap and take care of your kids until your long-term guardians can get into town.

We do emergency wallet ID cards, so all that information is there. Part of an emergency response plan, making sure your kiddos are always taken care of, whether it's something that is temporary like an emergency, an emergency situation and you recover from it, or a long-term situation where something unfortunate happens.

Bonnie: Okay, I had no idea you could do a short-term or long-term. And that makes sense because our current guardian is Matt's sister, but they're in Boston and I'm in Northern New Jersey. So I didn't even think about that because my immediate family is actually very close, like within a mile. So, okay, I need to update the will.

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Pam: In most states, and you can kind of confirm with your estate planning lawyer, in most states a blood relative can trigger as a short-term just by law. But in some states, you actually need to have that documentation on file. And definitely, if your short-term people are not relatives, you're definitely going to want to put something in place that gives them the ability to take care of your kiddos until your long-term guardians can come into town.

And then you can have the people that are long-term guardians manage the money for your kids, or you can have it be separate people. So if you're like, these people are good with my kids but they're not good with money because they haven't met Bonnie and they haven't learned everything Bonnie teaches, then you can designate someone else to be in charge of the finances for your kids.

Bonnie: Yeah. Part of me is just like, it's complicated but that's the whole point. So first of all, you probably don't recommend someone do it online if they have kids. I don't know what your opinion is about Legal Zoom and all that stuff.

Pam: It's one of those things where my philosophy around that is kind of opening up, right? So my biggest analogy for you and your audience is when people go on WebMD and try to diagnose themselves, right? They don't know what they don't know. You're a trained professional who's had years of experience, WebMD just doesn't cut it. And so unfortunately, those legal websites really just haven't gotten to – They haven't replaced professionals.

And you're going to save more money, you're going to save more time in the long run by working with a professional, because a lot of times when people try to do it themselves and they don't understand these intricacies, something unforeseen will happen down the road and it ends up being very costly for the family. So what I say in all situations, you shouldn't do it online, no.

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I think if you're the type of person who isn't going to do anything, I think at least doing something is better than nothing. But for people who are your audience, who are professionals, who really value professional services, you're going to get more value out of working with someone who can personalize it for your specific needs, talk through your specific issues and really design something for you.

Bonnie: Yeah. No, I love that analogy. That makes sense. Yeah. Dr. Google, we call it, right? That's what we call it.

Pam: Yeah.

Bonnie: I just wanted to say, I don't think I really thought through the consequences of not naming a guardian, including the long-term/short-term thing. And again, your caveat is that every state is a little different with how they handle it. When I think of my clients, the ones who don't have a guardian, they're like, okay, I know I have to do that, but I don't think they really, really, truly understand the consequences of not doing it.

I think it's actually really great that we went over that real quick because I think anyone listening who hasn't had that in place and you have kids, I feel like this is really going to be like, okay, I really need to do this. So I think that's really great that we did that.

Okay. So, obviously, we can't give people a full education on estate planning about this, right? But one thing I tell my clients is estate planning, it seems to be that thing that everyone knows is important, but they put it off. But then you might die and then it's too late. Do you litigate too?

Pam: I don't anymore, luckily. I've litigated for the last decade and now all I do is the planning side, which is wonderful.

Bonnie: Okay. Yeah, but you've probably seen the consequences of not good estate planning, I'm assuming.

Pam: Yeah.

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Bonnie: Because I get your emails and I saw the email you sent about kids who didn't get along, but then someone's kid died. And basically not foreseeing all the situations that can happen, right?

So, Pam, I know you have sort of a six step process or framework in your awesome free book. What's it called again?

Pam: *Legally Ever After*.

Bonnie: First of all, what an amazing title.

Pam: Thank you.

Bonnie: I thought it was very clever. Okay, so we'll link in the show notes how people can get their hands on that. So let's dive in.

Pam: Yeah, so the six steps spell the word legacy. And the first step we kind of just went through is L, which is name legal guardians and really making sure you do that because we want to make sure your kids are always protected.

The second step is E, for economic support. And one of the best ways I recommend getting started with that, especially for people who are just getting started, is to grab a file folder and put the first page of all of your assets in it. So your bank accounts, your retirement accounts, your life insurance accounts.

So the story I share is one of my friends, her father passed away unexpectedly during the pandemic and he had nothing in place. And so you might imagine she had to go through all his mail, computer files, boxes, trying to figure out what assets he had. And this took years, she's still not sure if she has all of her assets.

There's billions of dollars in every state's department of unclaimed property across the country. This is how assets get lost. So one of the first steps is just getting everything in one place and then telling someone you know, trust and care –

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Bonnie: Can I just pause you for a second? Like assets get lost? Like, of course that makes sense that happens, but literally just money is out there and people don't know it's there? That's basically what you're saying.

Pam: Yep. Yep. So if you think about the people in your audience, they probably have life insurance through their employer. They probably have retirement accounts. They probably have bank accounts at various banks. Well, if they suddenly pass away and they have nothing documented, then their loved ones are going through computer files, boxes, trying to figure out mail. And if they don't find that asset, that asset gets turned over to the State Department of Unclaimed Property.

So the New Jersey Department of Unclaimed Property has all these assets from people who've passed away. And if no one ever claims them, it kind of just goes, per that statute, back into the government's hands down the road. And so it just really also makes things very stressful for your loved ones, trying to figure out what you have and where it is. So that's kind of the first step.

And I'm guessing, Bonnie, with what you do with your audience, you get them financially organized too, right, through your process of working with you?

Bonnie: Yeah. Basically creating some kind of dashboard or like a legacy drawer or folder. I've had to rethink it because I'm like, how can I make it simpler? And I think the bigger question is, and maybe you have some ideas, okay, even if you have it organized, someone needs to know it exists.

Pam: Yes.

Bonnie: So I was thinking like, you know, because I'm kind of the one who manages all this stuff in my family and I was like, will Matt even know where to look? And I realized like, I don't think – Even if I emailed him in the past, I'm sure he won't remember.

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So I've thought about, tell me if you think this is a good idea or you have a better idea, I think I'm going to tell two trusted friends who know where it is and who will know to contact him if something happens. That's kind of what I've come up with because I don't know what else to do.

Pam: Yeah. Yeah, and I think that's a great idea and whatever is going to work for you. So I always say when you're doing your taxes every year, just look at it and make sure it's up to date. Some people like to go fully digital and they want to have it digital. Some people want to have it just in a file folder and just put it. If you're going to have it physically, I would say, put it in like a waterproof, fireproof bag or safe with your other documents.

G is guidance. So that includes some of your guidance around your healthcare directives, your medical powers of attorney and all of that. You and the medical professional probably have some idea of how that can go wrong when people don't have those set up. The biggest case around that was the Terri Schiavo case. I don't know if you remember that back in the nineties.

Bonnie: Yeah.

Pam: And in that case she was a young woman who unexpectedly had cardiac arrest. Her husband, after she was on life support, I believe it was for seven years, wanted to take her off. Her parents wanted to keep her on. It became multi years, decades of litigation, it became political, it was national. So even though for most of us, it won't kind of rise to that level, everyday families are having that type of conflict around it because they don't know what your wishes are for those kinds of things.

Bonnie: Basically, what it sounds like is there was no designated medical power of attorney or healthcare proxy.

Pam: Yeah. And there is no law that says your spouse is automatically that person. So if your spouse wants to do one way and a family member wants to, you know, contradicts them, it will go into court. And the court will listen and make a decision.

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Bonnie: Yeah, actually, that's an important point because I do know that you're not an automatic power of attorney for your spouse. And I don't think a lot of people know that. And there's different levels.

Do you want to just quickly go through the different types? And I'm sure it's state specific, but we just talked about medical power of attorney. I think I have full power of attorney, including financial for Matt, for example.

Pam: When it comes to power of attorney this is the situation, you're incapacitated, you can't make your medical or financial decisions. And so in most states, it's a medical power of attorney or health proxy for medical. And then for financial, it's a financial durable power of attorney. And you can have separate people for each and it's who can step in and manage those. And it's not by default, your spouse.

So really setting that up ahead of time so that your family members, and then we always do backups, right? So you want at least a few people as backups in case something were to happen to you and your spouse.

A is for asset protection. And that's where we really get into kind of the difference between a will and a trust. And then some of the advanced strategies that my high net worth professionals do, like asset protection trusts for their kids and creating generational wealth.

Bonnie: That's outside the scope of our podcast. And another reason why you should work with an actual lawyer, right? Because again, you don't know what you don't know. And there is, I think I have the book, Living Trust For Everyone. I'm sure you've heard, it's a very popular book and I read through it real quick.

But I think as I was trying to learn about this for myself and to teach, I realized this is beyond the scope of what I can learn. And then the next step I went to was, okay, how do I help them find a good estate planning lawyer?

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So can we just sidetrack a little bit and talk quickly about that? Because I think people are like, okay, I know I need to work with someone, especially when I do my part, okay, I need to do this, how do I find someone and how do I know they're good?

Pam: Yeah, so there's a few things I would look at when you're working with trying to find a good attorney. I would say it's always helpful to get a referral from someone you know and trust. And so if you're already working with a tax professional or financial professional or other type of lawyer, you could always, or other business owners, you can always ask the people in your life for a referral to someone in your area.

And then the other component is making sure that flat fee versus hourly fee. So at our firm, we do everything at a flat fee, agreed to in advance, so there's no surprises. And that actually really encourages the relationship with our clients. So if they have questions, they call us, they're not scared to get like a \$350 an hour charge. And so make sure you understand the billing arrangement and what it includes.

So in our field, there are some providers that have a low ticket item. So they'll be like, hey, we'll do your trust for \$1,000. But then all the things you need with your estate plan, they're charging like \$250, \$350 an hour. So it ends up being much more expensive than you originally thought. So I feel like transparency is very important.

The other component that I always talk about is funding a trust. Do they support you for putting all of your assets in the trust? Because that's a big reason why estate plans fail. Also, do they have some way to keep in touch with you?

So we speak with our clients at a minimum every three years and after every life change. We have a membership program for our clients who want additional support every year. And so really understanding that this is not something you can just do once, put it on the shelf and then let it sit for 50 years. It really does need to continue to be updated. And you really want to

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work with someone that makes it easy for you to stay in communication and keep things updated. It's really an ongoing relationship.

So I would say those are my kind of general tips. I am part of an organization called personalfamilylawyer.com. That website has lawyers like me across the country that practice similar to my philosophy. And so they're a good resource if you are looking for someone that really takes a holistic approach, really is looking at advising you and being that support and is looking at kind of that long-term relationship versus just treating it as like a one time transaction that may or may not support your loved ones.

Bonnie: Yeah, everything you just said, like it just makes so much sense. Like I do know that estate planning isn't just one and done. Like you said, it's something you have to revisit, I don't know, every five years, any major life events or as your net worth grows, et cetera. So I did know that.

And again, I just feel like I'm just so glad we're doing this podcast because I know it's going to help so many people, basically. I'm pretty excited. And I love that you gave the personalfamilylawyer.com because as we were talking, because we did mine right before Jack was born and he's now six. And I know there are things that need to be updated or I just need to clarify.

The lawyer used to email us once a year and it was like "here are the people you named, make sure you still like them" type of thing, you know? Or they're still alive because that's important, right? But then he stopped emailing. And anyway, it's basically on my list of things to do to find someone in New Jersey because it was made in New York and I don't know how different it is. But maybe you have someone in New Jersey you can think of later.

So, all right, moving on.

Pam: So we were on C, which is carry through, communicate, and update. And that's a good segue to what we just talked about. And so making sure you're keeping things up to date after major life changes, that you're

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revisiting at least every three years. But I like to see your asset inventory, try to keep that up to date every year, it's very helpful.

And then Y is your legacy. And so when you're gone, your loved ones are going to miss you and they're not going to snuggle up with an estate planning binder to remember you by. They're going to want more to remember you by.

So one of my colleagues, her father passed away unexpectedly and she just had a voicemail saying, call me back. And she listens to that voicemail almost every day. And how much more meaningful would it be if she had more to remember him by? But none of us ever get around to doing that.

So I always recommend, you know, I have some exercises in the book, but writing a love letter to your loved ones. With all of our clients, we do a legacy interview. So at the end of our meetings with them, after their final meeting, we record them, we talk about their kids and about the people they love.

But during the holiday time or any other time during the year, when you're on Zoom with grandparents or you have your phone, just record them talking about certain stories and advice because all of that stuff will be really helpful down the road.

Bonnie: Yeah, I actually have heard of this and I don't think it's talked about enough. So I've had these in case of emergency binders and they include that. They'll ask specific questions. I know people who, for example, record an annual little video and it's timed like, oh, the holidays or maybe their son's birthday, for example, if they have a kid or kids, just to do a little thing.

I see in movies, and I don't know if this is true, I'm sure it is, where every person in the military has a letter that gets sent if they pass. You've seen that in movies, right? They already have a letter prepared for the spouse or for the family. So I just love that. And again, this is something where people aren't thinking about it because no one thinks they're going to die tomorrow

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unless they have a terminal illness or know that that's going to happen soon.

But I love the idea that you should do that. There's actually an app, have you heard of it? I can't remember the name but it was actually basically designed for this, to record stories.

Pam: I've heard of a few different apps for it, yeah. And some people set up email addresses where they're just like emailing their child throughout their childhood different things. But yeah, just thinking about whatever is going to be something you can do, just your values, your insights, your stories. And with technology these days, it's so easy to do it and just making sure you're doing that.

Bonnie: Yeah, I love the idea of the email thing because I'm also thinking, how can you make it as easy as possible for people to do this? So the email thing is brilliant. There's actually another app for kids, it's basically you get prompts texted to you about like when they're a baby and they ask specific questions and then you just text back and they collect them all.

Pam: Yeah, I've seen that. I don't remember the name of it. Yeah, but I have heard of that.

Bonnie: Yeah, I didn't do that. But I remember thinking like, oh, that's a cool idea. So that would be a great - I'm sure that service exists, or even the text prompts would be good because I feel like we always look at our phone and emails can kind of collect, right?

Pam: Yeah.

Bonnie: Okay, I think that's such a good point. Is there anything else to talk about? I'm just trying to - Maybe sort of common things that people aren't thinking about, like the whole conversation we had about guardianship, I think was really important. Just things that you know people aren't thinking about.

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Pam: Just to sum up the common things that people aren't thinking about, guardianship, making sure there's some type of plan so that the – Without a plan, the default plan is the government's plan for you. And most people aren't going to like that. It's going to be the courts deciding and probate and the cost and time involved.

And then just the simple things, to just get financially organized. It's going to help you be financially organized in life, which is so important for all the work you do, Bonnie, with your clients. But it also helps with making sure things are taken care of down the road.

And that's the goal with my book too, is these concepts can seem very overwhelming, but it's actually very straightforward. It's not rocket science. So once you understand the rules of the game, it's really easy to apply. It's just helpful to work with someone who can really advise you through it and make it easier and simpler. We all are so busy, it's nice to have someone to give you guidance.

Bonnie: Yeah, and one thing that, first of all, you're located in Colorado. So if you live in Colorado, you should definitely work with – I don't know if you have a team. Do you have a team?

Pam: We do. We have a team, yeah.

Bonnie: Yeah. Everything you're saying, like it just makes sense. And just as an online business owner, and I know you're a bit more business-minded than maybe some other lawyers. Like, I'm always thinking about like, how can I make sure they're taken care of? What are all the things that I can think of? And clearly you've done that for what you do. I'm pretty sure you do this for clients. Do you give them, I heard it called different things, like a crib sheet, basically. Like when someone dies and let's say it's a spouse, like people don't really know what you're supposed to do.

Pam: Yeah.

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Bonnie: Yeah, they need literally like, do this, do that, like collect X number of copies of their death certificate. So do you help your clients with that part too?

Pam: Yeah, we do. Our clients that work with us, we have some different – Like a handbook after someone passes away, what to do.

Bonnie: Yeah because I think that's also, a lot of people just don't know what to do. And there's a lot of Facebook groups for female physicians and I've definitely seen stories where a parent passes and it's just a complete mess. They don't know what to do. They got to go through like the whole house. And especially if they're a hoarder, like just all this crazy stuff.

Pam: One thing that you just said that prompted me to think about things that people don't think about, one is divorce. So I would say one of the biggest mistakes I see is people go through a divorce and they forget to update their beneficiaries on retirement accounts and life insurance accounts. And then something suddenly will happen and then everything goes to the ex spouse because they've left it that way.

So your beneficiary designations are super important and they will trump anything else. So really making sure that those are up to date, I think that's one of the biggest mistakes I see people make. And I think that's one of the biggest mistakes I see people make when they do it themselves online is they'll go and create a will that says, hey, I want everything to go to my spouse and kids, but then they leave the beneficiary designations as something different and they don't realize a beneficiary designation will trump.

Bonnie: Yes, I did know that. And I could definitely see that being just like an afterthought because most divorces, obviously, are not very pleasant. And I do know of a case, like a friend of a friend where this happened. They forgot to change, but thankfully it was an amicable divorce, so the spouse wasn't like, "Sorry, it's all mine." But I'm sure there are instances where that's not the case.

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Pam: Yeah. Yeah, absolutely.

Bonnie: Yeah. And that's really unfortunate because, as you said, it trumps any will. Because I think a lot of people think that the will is like the end all be all, right?

Pam: Yeah, and they don't understand it all connects. Yeah.

Bonnie: Yeah. Okay, well, I feel like we talked about so many things. I know this is going to be so valuable for all of my listeners and I got a nice education, but also I just really liked how you had that framework of how to think about things. And I haven't read your whole ebook, but I definitely scanned it and felt like it was really informative.

And again, this is like the resource that I have been looking for. So thank you so much for what you do. And I'm jealous that I'm not in Colorado, so I can't work with you. I know you're maybe expanding and going to have some vetted recommendations, so I look forward to that happening.

Where can people find you?

Pam: Yeah, so I would say on Instagram is a great way at Law Mother CO. And then lawmother.com is our website.

Bonnie: Thank you so much for being here.

Pam: Thank you so much, Bonnie, I really appreciate it.

Hey there, thanks so much for tuning in. If you loved what you heard, be sure to subscribe so you don't miss an episode. And if you're listening to this on Apple Podcasts, I'd love for you to leave a review. Reviews tell Apple that this podcast is, well, awesome. And it will help women find this podcast so that they too can live a wealthy life. And finally, you can learn more about me and what I do at wealthymommd.com. See you next week.