

Digital assets and your estate plan

This asset type requires special planning

The digital revolution has touched virtually every aspect of our lives. The result is that you likely have at least a handful of “digital assets.”

These assets may include personal assets, such as online bank and brokerage accounts, and business assets, such as your company’s website, domain name, client databases and electronic invoices. As with all your assets, you need to account for them in your estate plan.

Questions and answers

There are numerous questions to answer concerning your digital documents and accounts after you’re gone, such as:

- How will your electronic records be handled after your death?
- Can family members obtain passwords and access to your accounts?
- Will the bills you’re automatically paying online continue to be paid?
- What happens to other information you consider to be confidential?

Unfortunately, with the laws in this area still evolving, the answers often aren’t clear. Another complication is that legal remedies vary from state to state, while many jurisdictions haven’t enacted any legislation for these critical issues.

Action steps to take now

To account for your digital assets, conduct an inventory, including any computers, servers, handheld devices, websites or other places where these assets are stored. Next, talk with your estate planning advisor about strategies for ensuring that your representatives have immediate access to your digital assets in the event something happens to you.

Although you might want to provide in your will for the disposition of certain digital assets, a will isn’t the place to list passwords or other confidential information. For one thing, a will is a public document. For another, amending your will each time you change a password would be expensive and time consuming.

One solution is writing an informal letter to your executor or personal representative that lists important accounts, website addresses, usernames and passwords. The letter can be stored in a safe deposit box, with a trusted advisor or in some other secure place. However, the problem with this approach is that you’ll need to update the list each time you open or close an account or change your password, a process that’s cumbersome and easily neglected.

A better solution is to establish a master password that gives your representative access to a list of passwords for all your important accounts, either on your computer or through a Web-based

“password vault.” Another option is to use one of several online services designed for digital asset estate planning.

Additional considerations

Other steps to consider include reviewing social media agreements. Read the fine print about your participation in social media sites and other online accounts. If you’re not satisfied with the terms upon closer inspection, you might terminate your account. Be especially wary of restrictions on the use of a power of attorney.

Finally, consider using a digital storage unit. There are online services available, or you could save information using encrypted files on your computer or other device such as a thumb drive. Wherever it’s kept, be sure to share the location of the information, and the password for the files, with a trusted individual who’ll need to access the data on your behalf.

Ownership issues

These can help your representatives identify and gain access to digital assets after you’re gone. However, bear in mind that it’s important for your estate plan to deal with ownership issues involving digital assets. This can be done in your will or by using a trust that provides the trustee with the authority to manage digital assets and transfer them to your beneficiaries according to your wishes.

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