

Estate Planning for Your Digital Assets

Have you addressed this issue?

Provided by Charles D. Vercellone, ChFC

Social media and email accounts. Creative works, photos and keepsakes kept on home computers, the cloud or external storage drives. E-commerce accounts. Domain names. Bitcoin. These are all examples of digital assets. You will manage them closely as long as you live – but what will happen to them once you die?

Have you talked about it with those you love? In a recent survey of baby boomers, antivirus software provider AVG Technologies found that only 16% of respondents had thought about what would happen to their digital assets after their deaths. A mere 3% had alerted or prepared their loved ones in regard to this issue.¹

If you have a will or a revocable trust, you must plan for the transfer and/or administration of digital assets just as you have for tangible assets. Your digital assets may or may not be of great financial value, but they need protection against exploitation as well as abandonment.

Distributing digital assets is part of fiduciary duty. That is what makes articulating your wishes so important. A financial professional or financial firm acting in a fiduciary role on your behalf has an obligation to distribute your digital assets – but many social media and e-commerce websites will not readily allow this without the permission given by the user or his or her heirs.²

How about social media & email accounts? Facebook has a legacy contact feature for its users. You can appoint a custodian for your page after you are gone: your legacy contact will be able to respond to friend requests, change your cover photo and profile picture, and write a notice of your memorial service or funeral; he or she will not be permitted to log in with your password or username, read messages sent to you or modify your account settings. Alternately, you can simply tell Facebook that you would like to have your account immediately deleted at your death. Google has an Inactive Account Manager option that will let you leave instructions for what should be done with your Google Drive docs or Gmail account once you are deceased.³

As for LinkedIn, a loved one fills out an online form on behalf of the deceased, which is reviewed by LinkedIn pursuant to getting in touch with that person. The notifying party will need to supply your name, profile URL, email address and date of death plus information on the company you last worked for and a link to your obituary. Twitter handles accounts of the deceased in similar fashion, and it can also remove images in a person's account per request; the Twitter account is frozen at death, with access barred even to immediate family.^{4,5}

Computer files. Your executor or trustee should be provided with the location of your computers, tablets or e-readers after your death and the passwords to them if you have set password protection. Locating backups may also become crucial. Remember that annual fees for antivirus programs and website hosting may no longer need to be paid; the executor or trustee will need to be informed about those user agreements.

E-commerce accounts. Most of us have eBay, iTunes or PayPal accounts, all with monetary value (with a PayPal account, the value may reach into the five-figure range). Moreover, these accounts can serve as pathways toward our banking and credit card information.

What if your idle e-commerce account is hacked after your death? What if the account balance is drained or the cybercriminal uses the account to go on a shopping spree? What if your username and password could be stolen and used at other websites you have accessed? These what-ifs need to be considered – and addressed during your lifetime and in your estate plan.

Domain names. How can you keep a website going after you die? One way is to pay for a decade (or more) of hosting or domain name ownership with such URL longevity in mind, and letting your trustee or executor know just how to renew the agreement. Only that trustee or executor should have access to that knowledge – unless you want business partners or a future owner to know how the arrangements work.

Bitcoin. You can create a copy of your Bitcoin wallet file for a trusted beneficiary, or arrange Bitcoin transfer to your beneficiary dependent on multiple signatures or the signature of an oracle server, or at a specific date. Or, a wallet file may be divided into component pieces for different heirs, with the heirs having to unite the components to form the Bitcoin wallet.⁶

Does your will or trust need amending? Language regarding your digital assets is essential. At the very least, you want to tell your executor or trustee where digital assets are stored. Even better, the amendment should give your executor or trustee the authority to administer, archive, alter or destroy digital assets in addition to the power to direct them to heirs or other named beneficiaries. That means turning over your online passwords to your executor or trustee at your death, or having them access password management software used to create them.

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Citations.

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Charles D. Vercellone, ChFC
Wealth Strategies Group, LLC
200 E Big Beaver, Troy MI 48083
248-680-4622
chuck@wsgllc.net
www.wsgllc.net

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