

# What's In Your Digital Wallet?

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Less than half of Americans currently have a will, living trust, or other estate plan<sup>1</sup>. If you are among those who understand the importance of this preparation, there is a category of assets that you may have overlooked but definitely need to include in your planning: digital assets.

If, on the other hand, you still are unsure of the value in an estate plan, this information should help convince you.

## Digital Assets

*Investment News* recently reported<sup>2</sup> that our increasing shift to digital data storage and Internet usage means we now own valuable assets that “live” only on disc drives, the web, and clouds.

"These could be photos that are stored on a website, social media profiles, PDF documents, e-mails and other types of intellectual property," Darla Mercado<sup>3</sup> wrote last July. "Web-centric businesses – for example, an eBay storefront or a PayPal account – also carry monetary value."

These digital and media assets have value, and some goods and services such as e-books are accessed through licenses that will expire when you do. If you used an Apple ID to build your iTunes library, you agreed to Terms and Conditions that, while not specifying what happens after you're gone, does state:

*You may not rent, lease, lend, sell, transfer, distribute, or sublicense the Licensed Application and, if you sell your Mac Computer or iOS Device to a third party, you must remove the Licensed Application from the Mac Computer or iOS Device before doing so.*

This suggests that when you ascend to the clouds, your iTunes content goes with you. In fact, the content remains grounded, locked up in your account and unable to be passed on.

While some digital assets can be bequeathed to specific individuals, and accounts like your iTunes can be recreated at some point to create a new account with access for additional parties, the smart move is to get all your digital assets and designated executors identified in a will or trust document.

## Securing access

Getting your financial plan in order is essential to avoiding unnecessary loss, fees, and taxes. Here are some specific areas to consider.

- **Digital vaults.** Rather than memorizing logins and passwords, or keeping them on sticky notes attached to your computer monitor, I recommend that you secure a digital password vault. There are many apps for this, and most are free or at a nominal cost. Access to this digital vault could be assigned to one person who is identified in your trust document and informed of his or her responsibilities well in advance.
- **Digital fiduciaries.** You may want to consider a “digital fiduciary.” Naming a person in your estate plan documents isn't a guarantee that websites will honor this designation but it is a step in the right direction. Currently very few laws exist to help your executor or successor trustee in these situations.
- **Email accounts.** Because Internet service providers often refuse to disclose usernames and passwords to appointed executors or successor trustees (even those formally identified in an estate plan), you will need to consider how you might pass your login information to the responsible person in your estate plan.

<sup>1</sup> <http://info.legalzoom.com/statistics-last-wills-testaments-3947.html>

<sup>2</sup> <http://www.investmentnews.com/article/20140720/REG/307209998/the-latest-wrinkle-in-estate-planning-digital-assets>

You could also instruct that your email account remain open for several months. Otherwise, there will inevitably be important notifications in emails that remain unread and unanswered.

- **Automatic payments.** We each now have, on average, 25 online accounts, and many use automatic debiting to take care of cellphone, gym membership, insurance, and utilities payments. Some are set to auto-renew. These do not necessarily stop upon the account-holder's death, but could continue deducting from accounts. A "digital fiduciary" with the right login and password could correct this situation.
- **Photographs.** Treasured family photos may only exist online in digital format and access to them may be important to future generations.
- **Bitcoins.** Bitcoins have become popular and they can be left to heirs. Be sure to read your terms of service agreement for specific provisions on what will happen in the event of an owner's death.

These are just a few things that estate planners and financial advisors will help with, ensuring that when we go, we are among the *dearly* departed.

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Bitcoin is a type of digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds, operating independently of a central bank. An investment into bitcoins is not suitable for all investors. Bitcoins are not subject to the same regulatory requirements as exchange traded funds or mutual funds. Investors should have the financial ability, sophistication, experience, and willingness to bear the risks when investing in bitcoins.

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