

# Where's Dad's password list?

One important new aspect of estate planning concerns “digital assets,” a form of property that only recently has come into existence. Simply stated, digital assets are electronic ones and zeros; that is, information inscribed on a tangible medium or stored in an electronic or other medium and which is retrievable in perceivable form. Common types of digital assets include:

***Personal.*** Personal digital assets include e-mail and text messages, e-books (e.g., Kindle and Nook), word processing and pdf files, photographs, videos, music files (e.g., mp3s and iTunes), spreadsheets, PowerPoint presentations, tax records and returns, and similar materials. They may be stored on a variety of devices, such as computers, tablets, smartphones, e-readers, cameras, hard drives, memory cards, CDs and DVDs, or online in the cloud. Each of these storage techniques often requires different means of access, including user names, passwords, answers to “secret” questions, biometric data (e.g., fingerprint or retinal scan), and gestures.

***Social Media.*** Social media assets involve interactions with other people on websites such as Facebook, MySpace, LinkedIn, and Twitter. These sites are used not only for messaging and social interaction, but they also can serve as storage for photos, videos, and other electronic files.

***Financial Accounts.*** Many people manage their financial affairs online, including bank and PayPal accounts, investment and brokerage accounts, bill payment (e.g., utilities, credit cards, car note payments, mortgage payments), and income taxes. Some clients may even deal with virtual currencies such as Bitcoin.

***Business Accounts.*** Business owners are likely to have customer databases containing names, addresses, and credit card information, along with information such as order history and pending orders. A professional such as a physician, attorney, or CPA may have client records, many of which will contain confidential information.

***Other Digital Assets.*** In this category are items such as domain names, blogs, loyalty program benefits (e.g., frequent flyer miles, credit card rewards, and business discounts or vouchers), and gaming property (e.g., virtual money, avatars, or other assets earned when playing online games).

Why is it important to include digital assets in the estate plan?

***Assist others upon death or incapacity.*** When individuals are prudent about their online life, they have many different usernames and passwords for their accounts. This is the only way to secure identities, but this devotion to protecting sensitive personal information can wreak havoc on families and fiduciaries upon incapacity and death as their rights to access digital assets are often unclear, as discussed below. Proper planning may make this process less complicated.

***Reduce Identity Theft.*** In addition to needing access to online accounts for personal reasons and closing probate, family members need this information quickly so that a deceased's identity is not stolen. Until authorities update their databases regarding a new death, criminals can open credit cards, apply for jobs, and get state identification cards under a dead person's name.

***Prevent Financial Loss to Estate.*** Failure to plan for digital assets upon death and disability may cause financial loss to the estate from four perspectives. First, electronic bills for utilities, loans, insurance, and other expenses need to be discovered quickly and paid to prevent cancellations. For example, without power the furnace may not run and keep pipes in the house from freezing, or the security system may not work if the residence is burglarized.

***Avoid Losing a Personal Story.*** Many digital assets are not inherently valuable, but are valuable to family members, who extract meaning from what the deceased leaves behind. Historically, people kept special pictures, letters, and journals in albums, scrapbooks, or shoeboxes for future generations. Today this material is stored on computers or online and often is never printed. Personal blogs and Twitter feeds have replaced physical diaries, and e-mail messages have replaced letters. Without alerting family members that these assets exist and without telling them how to get access to them, the story of the life of the deceased may be lost forever. This is not only a tragedy for family members but also, possibly, for future historians, who are losing pieces of history in the digital abyss.

If you have ignored this part of your estate planning, now would be a good time to start paying attention to it.

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