

An Introduction to Digital Estate Planning

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In today's high-tech world, it's important to have a digital estate plan – a roadmap that protects, preserves and outlines your wishes for your online property.

February's Wealth Management Insights explores this important issue and a few simple steps you can take to get started.

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Planning for digital assets is an important part of a comprehensive estate plan. Take the time to make your wishes known, and you'll save your heirs a great deal of time and stress.



– Rick Holman
Senior Estate Planner

What you should know:

1. Take inventory of your digital assets.

- Create a list of all of your online accounts – for example, any email, social media, photos and videos, shopping, media sharing and storage accounts. Be sure to record all login and password details in your inventory document.
- Make sure to include notes, medical records, legal documents, intellectual property and any other assets you own in an electronic form.
- Don't forget your hardware. Record the location and login for any physical devices you own, such as computers, tablets, smartphones, e-readers, external hard drives and digital cameras.

- Save your information, either in a secure-but-accessible written document or electronically on a physical device or an online platform (such as in the cloud). Printed copies should be date-stamped and stored in a safe deposit box or home safe. Electronic copies should be password-protected and backed by strong encryption. These lists should be updated periodically.

2. State your wishes for each of your digital assets.

- Take a close look at the “Terms of Service” agreements for each of your digital accounts. Each provider stipulates what happens to an account in the event of death or incapacity. These details could have significant bearing on your plans. ▶
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- While some digital assets cannot be transferred (e.g., passed on to family or friends), you can choose to transfer, archive or delete other digital assets. Decide how you would like each account or asset to be treated and include those wishes in your inventory document.
- If any of your assets has monetary value – for example, rewards points, an online store you manage or a domain name – consider whether you would like to transfer ownership to another person. If you do, be sure to provide the necessary access and renewal information in your plan.

3. Formalize your digital estate plan.

- Name at least one person to administer your digital property. This may or may not be the person who will help manage your other assets and settle your estate. While this is not a legally binding designation in some states, you may still name someone and your other fiduciaries can work with that person to carry out your wishes.
- Incorporate your digital estate plan into a legally binding document, if possible. You may want to consider a separate Authorization and

Consent for the Release of Electronically Stored Information. Alternatively, you might give your agent, under a power of attorney, and/or your executor, under a last will and testament, the authority to act.

- Note that wills become public documents once they are filed for probate. This means anyone can read and access the information inside. Protect your information by referring your executor to a secondary document with your digital asset details. Digital estate planning legislation varies from state to state, and it is constantly changing. Consult an estate attorney to learn more about the applicable laws in your state.

What you should do now:

Our digital lives contain a seemingly infinite amount of personal information and assets. Taking the time to review, record and protect your digital assets is an essential part of a thoughtful estate plan. Your Baird Financial Advisor can help you start the digital estate planning process. ■