

Passing on Your Passwords: An Introduction to Digital Asset Planning

By: Casey W. Pope, Esq.

If you're anything like me, you've grown accustomed to a digital lifestyle. You pay bills online, manage your banking and investments online, and interact with friends and business colleagues online through social or business networking websites. Maybe you also write a blog or own a digital store that has only an online presence. The point is, today's society is living in a digital world, and planning for your future should include planning for both physical and digital asset management.

Just like planning for your tangible assets, digital asset planning involves first taking inventory. Some examples of digital assets include online bank accounts, blogs, cyber stores, music files, movie files, photos, and social media profiles. Start by simply making a list of your digital assets, the web addresses or file folders where they are located, any usernames and passwords needed to access the websites or folders, and answers to any security questions. This list should be kept in a safe place that is readily available for an attorney-in-fact or executor to find if they need to access the files while acting on your behalf. A good place to keep this list would be with your last will and testament or power of attorney document.

The next step is to leave directions for the management and disposition of your digital assets. For example, you may want some social media accounts to be deleted, but want your online store to be maintained. For those that you want to be maintained, you should indicate who you want to be responsible for that. In the prior example, you would name a person to take over the management of your online store. If you are alive but incompetent, your attorney-in-fact or guardian should be able to do so. However, to ensure continued management upon your death, you will want to name someone in your last will and testament to have control over the asset. You should also leave directions for that person as to how you would like the asset to be managed.

With music, movies, and photos all going digital, you likely have a large library of these files that you would like to pass on to children or other family and friends. Since these files may be buried in your computer folders, they often go unnoticed and are disposed of along with the computer on which they're stored. Therefore, you should write down the location of these files and any passwords needed to access them. In addition, write out your specific wishes as to whom certain files are transferred and which files should be destroyed.

Digital asset planning not only ensures the disposition of your assets in the future; it also helps protect you and your family. If your attorney-in-fact or executor is aware of your online accounts, he or she can monitor them and prevent identity theft. Allowing another to manage your online accounts also helps to keep your finances up to date. Many people pay bills online today and even receive their statements via email. Without making others aware of the accounts and giving them the necessary information for access, accounts can quickly fall behind and go into default.

As the digital lifestyle grows more prevalent in today's society, the need for this type of planning will become increasingly important. Although many of our assets today are held or stored in a digital form, we rarely consider them when thinking about the management of our affairs during incompetency or after death. But with a little forethought and planning, you can easily ensure that your digital assets are protected and managed by including them as part of your comprehensive estate plan.

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