

Estate Planning Pitfall

You've Overlooked Digital Assets In Your Estate Plan

Traditionally, an estate plan addresses the tangible assets you own, such as cash and securities, investment real estate, vehicles, and your house. But this is 2022. Increasingly, people are living in a digital world, where prized possessions include online bank accounts, social media accounts and other significant items protected "in the cloud."

It's not enough to just cover tangible personal property in your estate plan. Don't neglect your digital assets.

A better approach is to be proactive. First, collect all the relevant information on your family's behalf. This includes a list of email addresses, usernames and passwords. Because you're periodically required to change passwords for security purposes, try to keep this list updated. Consider using a password manager program for convenience.

Next, address the list of your digital assets in your will and trust documents. Significantly, make sure you assign authority to manage the assets of financial accounts and provide for their ultimate distribution. In addition, determine who'll be the beneficiaries of digitally stored photographs or music and other items of sentimental value. You don't want to have your kids fighting over these when you're gone.

And don't stop at your will and trusts. Incorporate this concept into a durable power of attorney (POA). If you don't already have a POA in place, now's as good a time as any to create this legal document. It enables a designated party to act on your behalf in a multitude of situations.

Finally, as with other components of your estate plan, review the documents relating to your digital assets on a regular basis.

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