

Tax Insights: Does your estate plan include your digital assets?

In the current technological and paperless era where our bank and credit card accounts, social media, rewards programs, other data and information have become electronically reachable, it is increasingly important to keep record of account numbers, access names or codes and media access passwords as part of your estate documentation. Hereon, we will refer to these records as **digital assets**.

Digital assets include any data in which a person has some sort of ownership, right or interest. Examples are: e-mail accounts, documents in the Cloud, iTunes music collections, banking records, online shopping, travel memberships, photographs, computers, smartphones, frequent flyers programs, etc.

- Do you ever wonder if you can control where your digital assets and social media accounts go after your death or disability?
- What if your contacts continue to receive messages from you even when you passed away? Birthday reminders, for example.
- What if your accounts are frozen and your loved ones have no money to satisfy their basic needs?
- What if you have some confidential and sensitive information that you do not want to share?

These are some of the questions you should ask yourself when thinking and pondering this subject.

In most of the cases, the fate of your digital assets rests on the policy of the company, the state law or a personal representative appointed by you to have the right to access these assets.



Some of these digital assets have monetary value, like a blog, original writing, musical compositions, e-books and rewards points. Others have a sentimental and personal value, such as photos, videos, e-mails, Facebook, LinkedIn and Twitter. Both classes of digital assets are important when dealing with estate planning. You must determine what you would like to happen to them once you pass way.

Given that this topic is gaining momentum, many companies are becoming aware of this need and are providing an “online tool”, “legacy contact”, or an “inactive account manager” which allows the account owner to appoint someone on his behalf to manage and terminate the account.



Contact us

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Nevertheless, the best way to protect your digital assets is to include them in your estate planning documents. Granting a power to manage your digital assets through a Power of Attorney or a Durable Power are alternatives available to consider. This mechanism allows an agent appointed by you to manage your digital assets in the event you are not be able to do it on your own due to temporary or permanent disability or death.

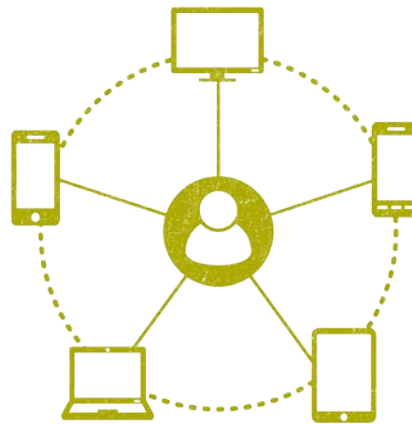
It is essential that you create and maintain an updated list of your inventory of digital assets. If you receive bills/statements by e-mail or pay bills automatically, it will facilitate the identification of your assets and debts to manage them correctly and to stop payments for services not needed.

In addition, managing your online accounts after death or disability could prevent fraud, identity theft, and other cybercrimes.

There is no federal or local standard addressing the issue of the designation of a third party access to digital assets not owned by the person designated. Therefore, plan to avoid complications with sensitive information.

We are in a digital era, where we are exposed to new technology every day. Handling with your computers, external devices, and cell phones, for example, under certain circumstances is highly recommended and should be done cautiously since in most instances the information is valuable and sensitive.

At **Kevane Grant Thornton** we can help you understand the complex estate tax rules and to determine the course of action. We provide sound and practical solutions to minimize the effect of taxes evaluating alternatives on your estate assets.



*“Manage your
digital assets as
any other asset
in your estate.”*

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