

Digital Asset Planning Checklist

Everyone should know what assets they own, yet many don't when it comes to digital assets. Use this checklist to help you make sense of yours.

What is a Digital Asset?

Any digital file that is of value to you or your company, including emails, online profiles, photos, videos, audio files, PDFs, Word documents.



Awareness of Digital Asset

Inability to easily identify digital assets jeopardizes your ability to plan for their disposition and management. Lack of awareness can also put small businesses and family members at risk of harm due to improper storage, access, ownership, or tax issues of digital assets in the event of the owner's death or incapacity. Remember, digital assets are not computers, phones, or digital storage devices, but instead consist of the data stored on the cloud and these devices. These items have a lot of value in today's world and proper planning starts with just being aware they exist.

Locating Digital Assets

During the identification of digital assets, create a list of your assets' exact location. In this case, location is not a physical place, it is the company, service, or website. You should determine what digital assets are stored on their electronic devices and servers, and what online service providers also have.

Track Access Information

Digital assets are typically protected by a username, log-in, password, ID, security question, pin number or other identifying information. Store all login information in a secure manner as it is essential for accessing digital assets. In some cases, if the information is lost, the digital asset could become unreachable and lost forever.

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Determine Ownership Rights

Ownership and transferability of digital assets can be complicated. Most are stored with an online service provider (e.g., Google, Yahoo or Facebook). When the account was first set up, the user agreed to a Terms of Service Agreement (TOSA) that likely set forth who owned the assets and whether access or the digital assets are transferable. In many cases, these TOSAs state that the user's right to the assets is non-transferable, meaning you cannot transfer the asset or account upon death. As such, it is crucial to understand what rights exist with regards to ownership and transferability of digital assets.

Prioritize Digital Assets

Not all digital assets are worth the time, cost and effort to plan for their disposition. In the same way you wouldn't dictate your estate plan around a roll of paper towels, you wouldn't bother dictating how to handle certain online accounts. However, some accounts that appear to lack value to you or your heirs could become a significant liability if left alone. Any account that has credit card or personal information attached to it should be tracked and planned for as post-mortem theft is a huge risk to estates.

Valuation of the Digital Assets

After prioritizing your digital assets, there should be in some cases a financial accounting of assets. Some digital assets like bitcoin, credit card points and other digital currencies have clear financial value. Other assets like blogs, apps, websites and other online accounts might have less clear financial value. For small businesses, it is possible that online portals or websites drive the majority of business leads and therefore have tremendous financial value. Valuing digital assets is important to get a more accurate account of the projected value of your estate as these assets are also subject to estate costs, taxes and fees like any other asset in your estate.

Develop a Plan for Digital Assets

Your plan for digital assets needs to address how, when, where and to whom the disposition of digital assets will occur. You might want to have certain digital assets disposed of entirely. In other cases, you might want immediate transfer of digital assets to avoid interrupting business. Planning for digital assets isn't just about what to do if someone dies – it also includes incapacity, ongoing security and management.



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