

Four Steps for Helping Safeguard Online Assets

How-To Help for Living – and Leaving – a Digital Life

The world has gone digital. What's more, it has done so in what seems like a nanosecond. Today, 85% of Americans own smartphones!¹ 95% of U.S. households own a computer?² 93% of American adults use the internet?³

One consequence: the average person now has some 100 passwords.⁴ Not hard to imagine given email, social media, personal finance, utilities, benefits, health care records, subscriptions, entertainment platforms, travel-related providers, home services, credit cards and online shopping. Managing those accounts and passwords is tricky enough while the account owner is alive. Consider what may happen when you become incapacitated or die.



The dangers at work in today's digital world demand online accounts be password protected. Doing so helps thwart thieves, but may lock out family members and legal representatives as well. The result may range from sentimental loss, e.g., photos, videos, family history, to even monetary loss, in the case of PayPal or Venmo accounts.

Laws regarding the rights of executors, agents, guardians and beneficiaries with respect to digital assets still are sparse. Some online providers have provided policies; many have not. Even if there are relevant laws or policies, they may not align with the account owner's wishes regarding the disposition of digital assets. In addition, not having access to monitor or close such accounts increases the chance of them being hacked.

Cloud Cover: Moves for Managing Digital Assets

Here are some steps to help manage digital assets both while the account owner is living and to help those designated upon incapacity or death.

- 1 Keep a physical list of your online accounts.** Use the accompanying Digital Assets Inventory to do so. Be sure to store it in a secure place and share it only with trusted persons. Passwords can and should change frequently; it is important that the list is kept current. Some account owners may use password management software to store and manage passwords. If that approach is chosen, remember to keep that username and password in a secure location as well.
- 2 Regularly back up data.** Begin with data stored in the cloud. Back it up to a local computer or personal storage device. Equally important, back up any other data stored outside the cloud.

Elephant in the Room – Financial Plan B

Don't forget the digital aspect of survivorship planning. Make sure digital assets are included when you do sit down for those sensitive but necessary conversations about financial preparedness and what to do when one partner passes.



- 3 Confirm your consent.** Verify with your attorney that estate planning documents (wills, powers of attorney, trusts, etc.) give consent for providers to grant access to the contents of your electronic communications to the appropriate person (executor, agent, trustee, etc.). Also, estate planning documents should specifically allow the person designated to bypass, reset or recover your passwords.
- 4 Be vigilant always.** Cyberattacks have become common occurrences. Their scope goes beyond personal computers, tablets and phones. Many big companies (e.g., Yahoo!, Equifax, Facebook⁵), and even some government agencies (e.g., the SEC⁶, the IRS⁷), hold vast personal information that has been hacked. Review accounts frequently. Stay alert for any suspicious activity.

Estate planning is a chore. That includes the task of maintaining a handle on your digital assets. Simply remember why it should be done: to help make a difficult time for loved ones a bit less difficult.

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1 Pew Research Center, "Mobile Fact Sheet," Apr. 7, 2021.
2 IBISWorld, "Percentage of Households with At Least One Computer," Aug. 18, 2021.
3 Pew Research Center, "Internet/Broadband Fact Sheet," Apr. 7, 2021.
4 Tech.co, "Study Reveals Average Person Has 100 Passwords," Nov. 9, 2021.
5 DataProt, "10 of the Biggest Data Breaches in History," July 7, 2022.
6 ZDNet, "SEC admits data breach," Sept. 9, 2017.
7 Forbes, "IRA Reports 700,000 U.S. Taxpayers Hacked," Feb. 28, 2016.

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