



Estate planning in the 21st century

The digital revolution has changed virtually every aspect of our lives, and estate planning is no exception. Today, many people do business, communicate and manage their finances online. The result is a wealth of “digital assets,” which may take the form of e-mails, online accounts or other information stored on the Web or on remote servers.

Typically, digital assets are guarded by a phalanx of user names, passwords, security codes and other protections. Unfortunately, in many cases, when the owners of these assets die, this information dies with them. Not only do family members lack the information they need to access the owner’s accounts, but they may not even be aware that certain accounts exist. Thus, the next time you update your estate plan, be sure to leave instructions on how to access your digital accounts.

Learn from Joel

Most online service providers have procedures your loved ones can follow to gain access to your accounts. But these procedures can be burdensome, and delays can be costly.

Consider the case of Joel, who owns a lucrative online business. Like many Internet entrepreneurs, Joel does business almost exclusively by e-mail and through his Web site, but his estate plan provides little or no guidance for his family on how to take control of critical accounts.

When Joel dies, his family can’t access his business e-mail account without a court order, which takes weeks to obtain. One of the e-mails is a renewal notice for the company’s domain name, which has expired by the time the family retrieves the notification e-mail.

This is just one of many examples of digital assets that Joel’s family needed to deal with after his death. Others included online investment or bank accounts, electronic invoices, and important messages from customers and business partners.

The solution is simple, but it requires some planning. If you conduct your business and financial affairs electronically, leave instructions for your executor or family members with lists of critical URLs, user names, passwords, security codes or other information they’ll need to gain access to your accounts.

Keep the list in a secure place, such as a safe deposit box. But keeping this list up to date can be cumbersome if you open new accounts and close old ones and change your passwords regularly. One way to deal with this problem is to establish a master password that gives your loved ones access to a password-protected file — on your computer or an online storage site, for example — containing information about all your electronic accounts.

Show them the way

Most people keep their wills, insurance policies and other key estate planning documents in a safe place and let their families know how to find them. It’s just as important, if not more so, to provide similar guidance for your digital assets.

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