

# Managing digital assets through an estate planner's lens

When you think of digital assets, you may be inclined to think only of cryptocurrencies. Bitcoin was the first digital asset created in 2009, designed to be a digital currency or digital form of cash. Today, a digital asset is anything in a digital form that can create, or has, value and includes a right to use the asset. Digital assets are commonplace in our lives and include photo files, video files, audio files and graphic files. They also include everything from your social media accounts to cryptocurrency keys.

"Digital assets, particularly cryptocurrencies, tend to be more volatile than physical assets so they can increase the risk profile of your portfolio. The security of your investment is limited by your skills and the skills of a hacker and once compromised, they can be very difficult to retrieve," cautions Sarah Love, a fiduciary specialist at Private Client Trust.

So, how should you treat your digital assets when it comes to estate planning? "It helps to think of digital assets in two categories: those with sentimental value and those with economic value," says Love.

## Sentimental digital assets

Physical photo albums for many people have been replaced by Google Photos on a phone or a computer while a library may be in Kindle form as opposed to a bookshelf crammed with best sellers. Similarly, you may file your statements and policy documents digitally as opposed to a physical paper format.

Password protection and terms-of-service agreements can make it difficult for loved ones to access these accounts when you're no longer here or able to manage them. With Google, you can appoint someone to take control of your Google account including Gmail, Google Photos, Google Keep, etc. You specify who can access which parts of your account and there is also an option to delete your account completely.

Google refers to this as an "inactive account manager". Many social media platforms have similar tools available, so a good starting point is to check what each of the online platforms you use offers. This will ensure that both you and the person you nominate to take on this function are acting within your specific terms and conditions with that provider.

Where this kind of access is not available, you can consider using a family package, which allows you to share access among a trusted group of people. As an alternative, you can use password managers or lockers, but you must ensure that you keep them up to date.

## Digital assets with economic value

Digital assets that have economic value and which could include a right to use (such as eBooks) include assets such as cryptocurrencies, non-fungible tokens (NFTs) or gaming tokens. In some instances, these service providers offer a built-in inactivity or legacy management tool. "If you have digital assets with commercial value, you are advised to consult a professional, such as a fiduciary practitioner registered with the Fiduciary Institute of South Africa (FISA). In certain instances, your digital assets may be lost or be difficult to administer," advises Love.

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Three things you may not know about digital assets:

1. While emails, text messages, word processing documents as well as online utility, credit card and financial accounts are digital assets, these do not generally include the underlying asset. For example, an online bank statement is a digital asset, but the money is not.
2. Digital assets can be included in your will. You should list all your digital assets so your loved ones know what you have and where they can find them. Include all important online accounts (including email and social media accounts) and digital property (including domain names, virtual currency and money transfer apps).
3. You can inherit any digital assets that are fully owned and transferable. The executor of the estate would need these details to enable them to execute the transfer from the estate to the beneficiary/heir.

With technology playing a far greater role in our lives than it did 20 years ago and with the advent of digital assets, managing your digital assets when it comes to estate planning can be a minefield to navigate.

If you need help with your digital assets or have any fiduciary needs, please contact Sarah Love, CFP®, FPSA®, TEP on [sarah@privateclient.co.za](mailto:sarah@privateclient.co.za) or visit [www.privateclient.co.za](http://www.privateclient.co.za).

Love is an active member of the Society of Trust and Estate Practitioners (STEP). ■



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