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> Why You Need a Separate Estate Plan for Digital Assets

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## Why You Need a Separate Estate Plan for Your Digital Assets

By Rebecca Lake

Your estate plan likely includes a will, and perhaps a trust. But you may be missing protection for digital assets — your electronic files, records and accounts — if they aren't part of your estate planning picture.

"Digital assets are things like your online photo collection stored in the cloud and your online music and book collections," says Sean Foran, Managing Director, Business Transition Planning at CIBC.

The cloud refers to data or files that are stored on the internet, versus on your computer's hard drive. Google Drive™, OneDrive™ and Dropbox™ are all examples of cloud storage services you can use to hold photos, music, word processing documents and other files. The default setting on these accounts is private — meaning only you can see the stored files unless you decide to share them. If that access isn't shared with a trusted relative or friend, then all of that data, from childhood photos to important letters, may be lost.

By the end of 2020, the average Canadian will have accumulated \$10,000 worth of digital assets, according to a [Globe and Mail report](#), climbing to \$50,000 for some wealthier Canadians. Those figures include money stored in online payment accounts, loyalty program rewards, virtual currencies and online investment or bank accounts.

If you own digital assets, you need a strategy for passing them on to your loved ones. Here's why — and how — to create a digital estate plan.



### A digital estate plan matters

A digital estate plan lets you dictate what you want to have happen to your digital assets after you're gone. It can also make tracking down assets easier.

For example, if you're storing family photos on your phone, uploading them to Facebook or other social media sites, and backing them up in the cloud, a digital estate plan can help your family members find and secure them so they're not lost.

It's also important from a legal perspective. While provincial law covers traditional estate planning, it doesn't always extend to digital assets. Having a digital estate plan ensures that your estate executor and your loved ones are fully aware of your wishes.

### Know what you own

Taking inventory of your digital assets is just as important as taking inventory of real estate or other assets you own as part of your estate plan.

*"Your will needs to provide an inventory of digital assets, a special trustee to deal with these assets and detailed instructions of how you want these assets to be distributed to beneficiaries," says Foran.*

The most important asset to consider will likely be digital investment and bank accounts, if you routinely manage your financial life online. If a large chunk of your assets are tied up in online bank accounts or brokerage accounts, or cryptocurrency investments, your spouse or heirs may need access to pay bills, cover other expenses or close the accounts.

### Your digital assets may also include:

- Email accounts
- Social media accounts
- Forums or chat rooms
- Blogs or websites you own
- Digital photos, videos and music files
- E-book or audio books
- Online gaming accounts
- Online payment accounts (such as PayPal)
- Online seller accounts (like Amazon™ or eBay®)
- Credit card or travel loyalty program rewards
- Logos, illustrations, artwork or animations you own
- Digital copyrights, trademarks or patents



### You can create your inventory using a text document, a spreadsheet or an online database. For each asset in your inventory, specify:

- The type, whether it's a financial account, social media account, multimedia account, or so on
- Where it lives online
- The user name and password required for access (use a password keeper to record sign-on information if you're concerned about security)
- Each account's estimated financial value, if any
- Whom you grant access to, and their rights or responsibilities

That last part is particularly important for avoiding potential conflicts among family members about who can unlock the accounts. It's a good idea to ask those you plan to list if they're comfortable with the responsibility. And consider who would make a good candidate for managing digital assets. Ideally, they should be internet-savvy, organized, and someone you can trust to follow your instructions.



### Incorporating digital assets into your estate plan

Once you establish a digital asset inventory, the next step is adding it to your will. You can draft a new will or update your existing one with an amendment or supplement known as a codicil. Doing so can keep those assets from falling into the wrong hands.

*"Without explicit instructions in a will, digital assets may be left unclaimed and be vulnerable to hacking," Foran says.*

Updating your will sounds simple, but Foran cautions that service terms outlined by digital account providers may constrain your estate trustee. "Without explicit instructions in a will, companies may assume the deceased had no intention of sharing or transferring information."

Facebook, for example, allows you to name a legacy contact. That person can request the removal of your account after you pass away. But that person can't sign on to your account and post on your behalf. On Twitter, authorized individuals can request to have your account closed, although they can't access it directly.

LinkedIn can close and remove a deceased person's account, but only after someone verifies your identity and their relationship to you.

Special rules may also apply to digital media accounts. Amazon Kindle™ users, for instance, can share their accounts with authorized users, but the license for e-book files can't be transferred to someone else if you were the original purchaser. The iTunes terms of service also prohibit transfers. You may be able to give your executor access to close your account, but they wouldn't be able to copy any music files you bought.

If you're in doubt about how to create a digital estate plan or what assets to include, ask a financial advisor or estate planning attorney for advice. They can offer guidance on which digital assets belong in your estate plan, the best way to add them to your will, and what obstacles you may encounter.

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