

Now more than ever, we live much of our lives online. The proliferation of technology and web-based services has greatly increased our digital footprint – with elements of our social, financial, professional, and consumer lives being played out on the web. The result? A wide variety of digital “assets” that accumulate over time. As with most assets, it is crucial to plan for the treatment of these assets in the event of your incapacity or death. Accordingly, many estate plans are evolving to include instructions for the handling and disposition of digital assets. Failure to include such provisions can lead to inconveniences, delays, and interruptions in service. Unsurprisingly, this has also become a pertinent topic for financial planners; indeed, we consider this an important element of the financial planning process.

So, what to do? Most state property laws now recognize a person’s digital footprint as an asset. Recognition of that asset as *property* means it can be managed, conserved and, with your permission, accessed by trusted third parties like family members, your power of attorney, or other fiduciaries. This represents a crucial element of your estate planning discussion. To prepare for this discussion, you will need to document your digital footprint and decide who should have access to it, or to parts of it.

#### FOR EXAMPLE

John lives alone. He receives his electrical utility bill via email; he pays the bill through his bank’s online bill-pay feature. When a health event leaves John hospitalized and unable to attend to his finances, John’s power of attorney, Richard, starts paying John’s bills. Without access to John’s email, Richard doesn’t receive the electric bill. Without being able to quickly access John’s online bank account, he can’t review recent bill pay activity. The result? Late payments, late fees, and possible suspension of service.

- *Itemize your Digital Assets.* Create an inventory listing your email accounts, banking and investing accounts, social media profiles, utilities/billing, entertainment/streaming platforms, and digital/cryptocurrency. Documenting their existence is an important step towards planning.
- *Identify those platforms enabling ‘designated agent.’* Some sites allow you to appoint a user to act on your behalf (should they need to). Take advantage of this option where possible.
- *Organize your usernames and passwords.* Store this information securely with a secure password manager – a secure app/site that safely stores and organizes your usernames and passwords. Some examples: Dashlane, LastPass, 1Password.
- *Identify the person(s) best suited to manage your digital assets.* Have conversations with these people about the way you’ve structured your digital life.
- *Finally, take the appropriate steps to legally document the above.* Work with your estate attorney and financial planner to update your estate documents, complete any necessary designations, and communicate your plans to the appropriate parties.

**BOTTOM LINE:** As our lives have become increasingly electronic, so too should our estate plans. A few simple measures can go a long way in securing the smooth handling of your digital assets.

Questions? Talk to your financial planner or estate attorney to get the ball rolling.

## Charitable Giving

The new tax code means most taxpayers use the standard deduction. Since you may not be itemizing, consider making a gift of appreciated securities from your investment portfolio. Such a gift avoids the need for taxpayers to realize capital gains, and the charity can sell the stock tax-free. *Qualified Charitable Distributions* from an IRA also escape taxation, satisfying your charitable intentions while keeping your tax bill low.

## RMD Season

A provision of this year's *CARES Act* created a Required Minimum Distribution (RMD) holiday for 2020. Accordingly, you won't be receiving the usual RMD reminders we typically tackle in the fourth quarter. If you have questions about how this impacts your situation, please contact us.

## Beneficiary Designations

In the spirit of year-end housekeeping, we like to remind our clients of the importance of beneficiary designations on retirement accounts, life insurance policies, and transfer-on-death (TOD) accounts. As these designations supersede any language stipulated in a will, it is crucial that they are up-to-date and consistent with your wishes and estate plan. Please contact us if you'd like to double check your designations.

## Open Enrollment Coming Up

Medicare and various state-level insurance marketplaces have their annual enrollment beginning over the next several months. If you are enrolling for the first time, or considering a change, now is the time to take stock of your situation and assess your current needs.

## Tax Planning

As the end of the tax year approaches, it often makes sense to level-set on year-to-date income versus expected income. Wages, pensions, and social security can all be predictable, whereas business distributions, dividends, interest payments, and capital gains can fluctuate from year-to-year. Additionally, this year's RMD holiday (above) has reduced income for many taxpayers, while others have performed Roth conversions throughout the year. It never hurts to check in with your advisor and tax preparer to get a directional sense of your tax profile for 2020.

*Questions? As with any area of financial planning, these topics are among many interwoven threads in the fabric of your financial life. Your team of financial professionals are well positioned to integrate the various aspects at hand.*

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