



IT'S ASCENTIAL TO KNOW

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ESTATE PLANNING FOR DIGITAL ASSETS

In this new digital age, our lives are increasingly tied to technology and the internet. We engage with each other on social media, manage our finances and bills online, have pictures stored on our phones, keep documents on our computers, and communicate via email. When we are gone, these things don't automatically go away, they may live on in cyberspace. The passing of a family member is difficult, having a plan in place to manage digital assets reduces stress for your loved ones during a difficult time. Take Jim and Cindy as an example.

Jim and Cindy lived in Minneapolis and each year escaped the Minnesota winter to their second home in Florida. When they weren't on a golf course with friends, they loved to travel the world and take photos of their adventures. Their two daughters enjoyed living vicariously through their parent's adventures by following them on Facebook. Cindy was the photographer, while Jim enjoyed posting on Facebook. He fully embraced what technology offered,

managing their life online and storing their cherished photos in the cloud. As with many couples, he was the designated spouse to handle the financial and technology stuff.

One day, tragedy struck and Jim passed away unexpectedly. Fortunately, he had planned ahead by documenting how to access their online accounts, pay the bills, and download the family photos. He also wrote down his wishes to have their youngest daughter work with Cindy to access and manage their digital assets. Jim's planning for the unexpected made the period of grief after his death more manageable for the family.

Many people are familiar with estate planning for their tangible assets, but how should they plan for managing their digital assets when they are gone? What constitutes a digital asset?

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Broadly speaking, digital assets encompass your online user accounts and digital property including:

- ▶ Social Media Accounts
- ▶ Online Subscriptions
- ▶ Online Financial Accounts
- ▶ Computer Files
- ▶ Virtual Currency
- ▶ Domain Names
- ▶ Apps on Phone
- ▶ Other Stored Data

Many people assume their digital assets will be handled through their estate. Any asset that you own will pass through your estate via will, trust, or designated beneficiary. However, many people don't own their digital assets, they just have a license to use them. These licenses are governed by service agreements. Service agreements are commonly skipped by people opening accounts, as they are the long document that only goes away if you click the "I Agree" button at the bottom. Often, companies limit the ability to access or transfer these accounts after a person is gone. To address the issue, many states are updating their laws but being proactive in planning your digital estate is the best course of action.

Planning for digital assets can be done with some simple steps:

- ▶ **Choose a person who will be in charge of your digital assets when you are gone.** This person will act as a fiduciary to access, manage, and close out your accounts per your wishes. This person should be someone you trust and is capable of navigating technology and online accounts.
- ▶ **Name the individual you choose as your digital executor in your legal estate documents.** Naming the individual can be done in your will, trust, or other legal method, such as writing and signing a letter with explicit instructions for managing your digital affairs.
- ▶ **Document your digital assets.** Include details on how to access your computer and phone, list the accounts you have, provide login details (username, password, security questions), summarize your ongoing bills, and identify where to find important documents and photos. Update this information at least once

per year and share with your digital executor how to access it. Naming a person to manage your affairs is helpful, but their success will be limited and frustrations high if your digital assets cannot be identified, located, and accessed.

- ▶ Finally, the idea of compiling all of this information can be uncomfortable. **Make sure the information is secured.** For example, physical documents can be stored in a safety-deposit box or other secured location. There are also online tools such as password managers and digital lock-boxes that allow sharing of files.

If your estate plan has not been updated in some time, chances are it does not address your digital assets, and should be reviewed. Most people do not enjoy estate planning, but having a plan in place, including a plan for digital assets, is really a gift to the loved ones you leave behind.

ROTH IRAs FOR KIDS

Are your kids or grandkids working a summer job? If so, consider giving them the gift of a Roth IRA.

As long as the child has earned income that is reported to the IRS, they may be eligible to make a Roth IRA contribution. Their contribution would be limited to the amount of income they earn in a year or the annual contribution limit of \$6,000, whichever is lower.

Children under the age of majority can establish a “custodial Roth IRA,” in which case a parent or guardian would be listed on the account along with the minor. When the child reaches the age of majority for their state of residence, the account ownership transfers to them.

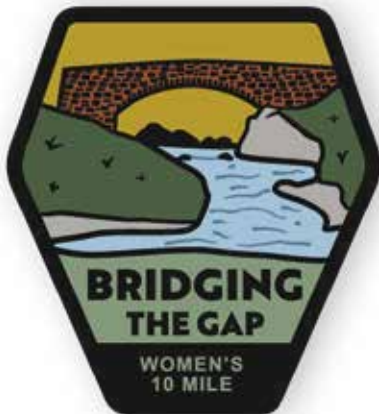
Beginning to save in a Roth early on gives the funds more time to grow tax free within the account until needed for retirement. An 18-year-old who starts



saving in a Roth could have over 40 years of tax-free growth by the time they are 60!

We encourage parents and grandparents to consider contributing to Roth IRAs for their working children or grandchildren for this reason. The kids may not appreciate it fully now, but down the road a gift to a Roth IRA could have a huge impact.

JOIN US FOR “BRIDGING THE GAP”



We are excited to partner with the Duluth Running Company to sponsor the inaugural “Bridging the Gap Women’s 10 Mile” on October 2, 2021. This new race was created to raise awareness of the gender gaps women continue to face, and is a fundraiser for the Entrepreneur Fund to support female entrepreneurs.

We felt this cause was particularly timely given the increased challenges women have encountered since the onset of the pandemic, and hope that this event can help support women in achieving their goals. We are always

advocating for our female clients, colleagues, and community.

If you or a family member are interested in participating in this event, please let us know. The course is beautiful, and fall in Duluth is spectacular! We hope you will join us.

To learn more, visit
DuluthWomensTenMile.com

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Kristin Rognerud,
Financial Advisor

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