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Leaving Behind the Digital Keys to Financial Lives

By **PAUL SULLIVAN**

BOB GINSBERG, a retired production manager for an educational publisher, is worried that he does not know any of the logins and passwords for online accounts belonging to his partner or brother and they do not know his.

At 72, he said his concern was not about Facebook or e-mail. It was for their financial lives, which have migrated online, making paper account statements anachronistic. Now, when people die without disclosing their financial affairs to anyone, there is often no paper trail for heirs to follow.

“You’d never know someone else’s financial arrangements, but if it was paperwork you’d have a clue,” Mr. Ginsberg said. “I’m entirely comfortable doing absolutely everything online. But if I have to take over for my brother or my partner, I don’t have any of their information.”

In its annual [Wealth and Worth study](#), released this week, U.S. Trust said 45 percent of the high-net-worth people it polled had not organized passwords and account information for their digital lives in a place where heirs or an executor would find them. (By contrast, the bank said that 87 percent knew the location of important documents and most had a will.)

Much has been written about how family members struggle to get access to the e-mail and social network accounts of loved ones who have died. They have sentimental value much the way photo albums and personal letters do. But far less attention has been paid to the logins, passwords and answers to security questions that will give access to an online financial life.

In an era when far fewer records are kept on paper, spouses and children may not even know that some accounts exist. Think of savings accounts that are only online, or a rollover retirement account that hasn’t been touched in years.

“It’s not only something that needs to be addressed with an individual dying,” Chris Heilmann, chief fiduciary executive at U.S. Trust, said. “If an individual becomes incapacitated, people typically plan for someone to have a durable power of attorney so someone can step in and handle your affairs. But now you’re finding the attorney has to deal with your digital issues. They have to access your computer; they have to pay bills for you.”

Sharing the combination of letters or numbers that give access to a person’s most important financial details is turning out to be a lot harder than telling loved ones that everything they need to know is in a safe deposit box. What can people do?

There are many Web sites and tools that allow people to upload their accounts and passwords in so-called digital vaults. They promise security and a one-stop shop for disparate digital lives. But they often go unused — just as there are a lot of lawyers around but not everyone has an estate plan.

People need to record their account information and passwords just as they need to make an appointment to draw up a will. And that seems to be the problem.

Joel Feldman, a retired garment manufacturer, said he had an estate plan but he had been reluctant to write down all of his logins and passwords and give them to his son. He also does not use a financial adviser, who would know some of that information.

“It does concern me,” Mr. Feldman said. “I keep saying I’m going to make a CD of my bank statements and put it in my safe deposit box, but I don’t do it.”

He said he figured that his son could probably find everything on his computer.

One reason people say they put off drawing up a list is that passwords are constantly changing. But that doesn’t seem to be the reality for many in retirement now. Mr. Feldman said he has only two or three different passwords because he would forget more than that.

Kieran Clifford, a retired vice president for finance from Lucent, said the password to his Gmail account was recently stolen. By combing through past e-mails, the hacker found a Fidelity statement, got the account number, and e-mailed his broker at a separate firm to transfer \$250,000 to a bank in Hong Kong. Everything had the same password — his initials and date of birth.

“The e-mail said I’m going out to a meeting and you won’t be able to contact me so go ahead and do the transfer,” Mr. Clifford said. Fortunately, his financial adviser called him before doing anything, and they now have an agreement that any move must be confirmed by phone.

Like many things, it sometimes takes a scare to get people to act. After the incident, Mr. Clifford, 65, said he wrote down his passwords and gave them to his daughter. What remains to be seen is how vigilant he will be in keeping his passwords different from each other and updating the list his daughter has.

For people who are not highly organized and pragmatic about their estate plans — and that is most people — it seems that short of a crisis they need a persistent adviser to push them. Mr. Heilmann said that when his firm reviewed traditional estate plans with clients it got them to draw up digital plans as well.

This is where wealthier people have a leg up: someone else to do the kind of boring data entry that few of us want to do.

Mr. Heilmann said people needed to think about five things to ensure that everything goes smoothly with their digital financial lives if they become incapacitated or die: they need to maintain a list of their digital information; send the information to someone they trust; make sure other people know who has the information; leave instructions for how everything should be handled; and note all of this in an estate plan and update it regularly.

While time-consuming, this advice is straightforward. But advisers said that for many who are considering these steps, another issue arises: a fear that someone else has access to their financial life.

Louise Gunderson, a managing director at UBS wealth management, said she encouraged clients to upload their information to a secure system that allowed whoever they designated to see the account information but not to move the funds.

“We come up with a solution, but it depends on who acts on it,” she said. “Some parents say, ‘I don’t want my kids to know anything.’”

For the less wealthy, whose children need to know everything to care for them, advisers warn the children not to use the passwords to log into accounts as their parents. Doug Lockwood, president of Hefty Wealth Partners, said that to have any legal standing — and to ensure that other relatives don’t accuse them of wrongdoing — caregivers needed to have a power of attorney while their parents were alive and to know the rules when they die.

“I get calls asking, ‘If I have online access, am I allowed to trade?’” he said. “I say, ‘Absolutely not.’ As the executor, you would be in violation of all kinds of rules.”

As for people who do not get around to organizing their digital accounts, Mr. Heilmann said it would cost heirs additional money, time and anguish.

“We may know this person is receiving certain statements digitally from financial providers,” he said. “Now the executor has to go to those institutions with a death certificate and certain court appointment papers. It’s not easy and it’s not fun.”

(Several states have laws governing the handling of digital assets after someone dies, but these generally focus on social media and e-mail accounts.)

Mr. Ginsberg said a hard drive that crashed recently had financial data for his accounts and those of his 96-year-old aunt, whose affairs he manages. He said at first he could not remember her login information for an online-only savings account he had set up for her.

“I knew nothing about the account other than its URL,” he said. “I thought, what was I going to do?”

That highlights one warning that advisers give: Do not go totally paperless, however tempting it may be.

But even that scare was not enough to prompt Mr. Ginsberg to ask his partner and brother for their digital financial information. “I’m not really that comfortable saying ‘I want to have all your financial information in case you die,’” he said.

The alternative, of course, is to try to piece everything together after they’re gone.