

Three top tips for gifting digital assets to charities

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In today's digital age, a significant amount of our lives is stored online. It's important to ensure these digital assets can be dealt with in the event that we're unable to do so. This concern was recently at the centre of an illuminating campaign by STEP on how to preserve your digital legacy. [1]

STEP focused on how digital assets can be accessed by loved ones. In particular, social media profiles which often store sentimental items such as photos and videos. However, digital assets also increasingly include items of monetary value, such as cryptocurrencies. Often individuals and families want to use these monetary digital assets to make charitable legacies.

Here are three top tips for donating such legacies upon death to charities.

1. Understanding digital assets

It's crucial to understand the nature of cryptocurrencies, non-fungible tokens, and other monetary digital assets. Broadly, these are digital assets stored in digital wallets and secured by private keys. It's vital that if said assets are intended to be gifted, the ability to transfer is provided in a secure way. This, for example, could involve the use of a seed phrase or private key.

Cryptocurrencies are unique assets because of their volatility. They have the potential to appreciate. However, there can also be significant fluctuations in value over the holding period.

2. Charitable organisations capability

Consider whether the intended beneficiary has the necessary knowledge and resources to manage the cryptocurrency. Does the charity have the capability and resource to manage the digital assets? If not, alternative arrangements may need to be made.

3. Legal documentation

It is important to consult with a lawyer to prepare a will which includes a digital assets clause or add such a clause to an existing will. This should detail your digital assets, provide access and specify how you want the assets to be handled. It should be noted that some digital asset exchanges have policies that prohibit the transfer of accounts upon death. As such, it is advisable for a lawyer to check the terms and conditions of the exchange.

Planning for the management of your digital assets is a crucial aspect of estate planning in the digital age. But by taking measures now, you can ensure that your digital life is handled in accordance with your philanthropic wishes.

[1] For more information on STEP's campaign, visit www.memories.step.org

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Meet the Author



Henry Wickham

Partner

Jersey

E: henry.wickham@ogier.com

T: [+44 1534 514291](tel:+441534514291)

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