

Estate Planning for Cryptocurrency

How to Secure Your Digital Assets After Death



We live in a digital age that keeps accelerating with the advancement of technology. More and more people are investing in digital assets such as cryptocurrency. Cryptocurrency (“Crypto”) like Bitcoin or Ethereum has reshaped the way we think about money. With that in mind, an important question arises: what happens to your Crypto in the unfortunate event of your death? The simple answer is that without proper estate planning, it can often be lost forever.

For anyone unfamiliar with this digital world, Crypto is, in simple terms, digital or virtual money. While it does not exist as physical cash, it has monetary value and can be used like “normal money” to buy things or invest. Crypto is stored in a digital wallet, and the owner requires a special password, known as a private key, to access it. If the private key is lost, or if your executor or family are unaware that you own Crypto, or they cannot gain access to your digital wallet on your death, your Crypto will be permanently inaccessible.

Crypto is recognised in South Africa as an asset. When you die, it forms part of your estate alongside your assets and investments and must be accounted for by your Executor in your Liquidation and Distribution (L&D) account. Crypto is also regarded by SARS as an incorporeal asset and may attract Estate Duty and Capital Gains Tax. Because digital assets like Crypto are not specifically dealt with in the Administration of Estates Act 66 of 1965, it becomes even more important to include your Crypto in your will and to set out clearly how your Executor and heirs should gain access to it.

Your Will must be tailored to specifically mention your Crypto and identify who should inherit it. For security reasons, your digital wallet details, recovery phrases, and passwords should be recorded separately and not written directly into your Will, as a Will becomes a public document once lodged with the Master of the High Court. This information should be kept in a secure location, such as with your Attorney or in a safe, and made available only after your death. Many clients choose to prepare a separate Digital Assets Memorandum that sits alongside the Will and is kept confidential.

At Livingston Leandy Inc., we have a team of experienced Attorneys who understand how to deal with these digital assets through proper estate planning. Whether you hold Bitcoin, Ethereum, or any other Cryptocurrency, our team can help you record, protect, and pass on your digital wealth securely and legally to your loved ones.

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