

## Does a Young Adult Need a Will?

As our client—and as a parent—you know that having a comprehensive estate plan ensures that your children will be taken care of if something happens to you. But what if something happens to your child? Should they have a will, too? And if they do not, what happens then?

These are some of the questions a parent might ask themselves and their child when broaching the topic of estate planning. While it might not be the most comfortable conversation, getting your child to step out of their comfort zone and encouraging them to think about their legacy can help their transition to adulthood.

### Motivations for a Young Person to Get a Will

When your child turns 18, they are legally an adult and can make a will. Although this is one of the less glamorous aspects of being an adult, it can foster a sense of independence and control over one's actions and decisions.

The percentage of people who have an estate plan is low across all age groups. Oddly enough, however, the percentage of young adults with a will increased from 16 percent in 2020 to 24 percent in 2024, according to research from Caring.com.<sup>1</sup> Among the 18- to 34-year-old cohort, these were the top motivators for getting a will<sup>2</sup>:

- Media coverage (34 percent)
- Family expansion (34 percent)
- Home purchase (28 percent)
- Current events (26 percent)
- Upcoming travel (22 percent)

### Most Young Adults Own Some Traditional and Digital Assets

It should be stressed that, even if your child does not own much, they still probably have things of value, such as a bank account, pet, vehicle, or personal possessions (collectibles, art, jewelry, heirlooms, or memorabilia). They could also have an inheritance they are already in possession of or that you are managing for them through a family trust.

While you probably have a good sense of the monetary and tangible accounts and property your children own, their online, digital assets may be less known to you but just as real to them as traditional assets—and in some cases, just as valuable. Digital assets are worth real-world money and include the following types of assets:

- Bitcoin and other cryptocurrencies
- Nonfungible tokens (NFTs)
- Funds in PayPal, Venmo, and other payment apps
- Money owed to them from selling products through an online store such as Amazon or Etsy
- Rewards program points
- Monetized content channels that produce ad revenue
- Website domain names

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<sup>1</sup> 2024 Wills and Estate Planning Study, Caring.com, <https://www.caring.com/caregivers/estate-planning/wills-survey> (last visited Aug. 27, 2024).

<sup>2</sup> *Id.*

- Copyrighted digital works
- Online wagering and sports betting account funds

It is worth noting that a young adult may also have other digital assets that are valuable from a more sentimental perspective, like extensive photo or video libraries stored in a digital cloud.

Explain to your child where the *estate* in *estate planning* comes from. An estate consists of everything a person owns when they die. A young person may *think* they do not have enough money and property to warrant a will, but in terms of the law, a person can have an estate even if they die with \$1 to their name.

And if your young adult child owns anything of any value—even if it is just sentimental value—and cares about what happens to it, they should think about creating a will.

### **Why Everyone Needs a Will**

Parents who want to encourage their child to create a will can start by talking to them about the first step—taking inventory and making a list of all of their items and accounts. Next, you can raise the question of what would happen to these things if they were to pass away.

When discussing the importance of a will, you should stress what occurs when somebody dies without a will:

- Without a will, everything a young adult owns will likely have to go through probate court and eventually pass to their parents according to state statute. Some children may be fine with this, but others may prefer that a sibling, stepparent, stepsibling, significant other, friend, or somebody else receives their belongings.
- A charitably minded young person might also be interested in making a gift to a cause they are passionate about.
- Even if a child has only one specific item they want to leave to someone at their passing or only one person they want to receive all of their assets, this could be enough to warrant a will.

A will also allows someone to name a *personal representative* to settle their affairs. The personal representative distributes a person's money and property—both digital and nondigital—based on the instructions in the person's will and can be granted power and control over their online accounts. This power allows the personal representative to do things like deactivate social media, email, and gaming accounts; access and pay online bills; and transfer and share digital content and account access.

If the person does not name an personal representative in a will, the court will choose one for them. Unfortunately, the chosen personal representative may not be their first choice.

Debt is another point to consider. Young adults aged 18 to 23 have an average debt balance of nearly \$10,000.<sup>3</sup> Tell your child that debts are part of an estate every bit as much as their money and property are. Debt that cannot be paid off from what they leave behind will likely disappear

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<sup>3</sup> Megan DeMatteo, *The Average American Has \$90,460 in Debt—Here's How Much Debt Americans Have at Every Age*, CNBC (Nov. 14, 2023), <https://www.cnbc.com/select/average-american-debt-by-age>.

and will not transfer to you or other family members. But acknowledging what happens to our debt when we die can be part of the estate planning discussion.

### **A Will Is a Big Step into Adulthood**

When a child turns 18, they may be eager to show off their new adult status. Creating a will is one of the things that only a legal adult can do. While it may not rank high on their priority list, they can benefit from knowing what a will is, how it works, and why it is important.

Talking about wills entails broaching the topic of death, which could discourage your child from taking the next step. But when they are ready to take it, they should have a foundational understanding to build on and a trusted advisor they can turn to for advice. If you would like to meet with us and your soon-to-be adult child to discuss the importance of an estate plan, please give us a call.