

Does a Young Adult Need a Will?

Estate planning attorneys focus on reminding clients of two basic and interrelated points: estate planning is not just for the wealthy, and everyone over the age of 18 should have an estate plan, no matter their financial situation.

A will is essential whether your net worth is \$1 million or \$100. Individuals with a higher income level and a high net worth are more likely to have an existing estate plan, and they may require additional tools in their plan to address their concerns adequately. But everyone should still have an estate plan regardless of their net worth. Unfortunately, people who do not have a will often mistakenly believe they lack sufficient assets to warrant one.

Focusing solely on money and physical property in an estate plan ignores the many functions of a will and why even a young adult with relatively little to their name should still consider having one.

Age, Assets, and Net Worth

The rates of people who have an estate plan in the United States have dropped in recent years.¹ Across age groups, “not enough assets” ranks among the top reasons Americans give for not having a will.² More specifically, 40 percent of respondents told Caring.com in its 2024 Wills and Estate Planning survey that they do not have a will because they do not have enough assets to leave anyone.³ That number increased by 21 percent from 2022 to 2024.⁴

An estate consists of everything a person owns when they die. A young person may *think* they do not have enough assets to warrant a will, but as far as the law is concerned, a person can have an estate even if they die with no money and no belongings. And if a young adult 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. This may include a pet, vehicle, or personal possessions, such as heirlooms or memorabilia.

While parents probably have a good sense of the monetary and tangible assets their children own, their child’s online, digital assets may be less known to them but are just as real to their child as traditional assets—and in some cases, just as valuable. Young people today may hold a range of digital assets that are worth real-world money:

- Cryptocurrencies like Bitcoin and Ethereum
- Nonfungible tokens (NFTs)
- Funds in a payment app account like PayPal or Venmo
- Money owed to them from selling products through an online store like Etsy
- Rewards program points
- Monetized content channels that produce ad revenue
- Website domain names
- Copyrighted digital works

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

² *Id.*

³ *Id.*

⁴ *Id.*

- Online wagering and sports betting accounts

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.

A Will Allows a Child to Take Charge

For young people, developing an identity and sense of self is a big part of the transition to adulthood. This process can be strengthened through estate planning considerations that allow them to exercise control over their life and consider the big-picture view.

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, they can raise the question of what would happen to these things if their child were to pass away.

When discussing the importance of a will, you should stress what happens 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 receive their belongings.
- A charitably minded young person might also be interested in making a gift to a cause they care 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 an *executor* to settle their estate. The executor distributes a person's assets—both digital and nondigital—based on the instructions in the person's will and can be granted power over their online accounts. This power allows the executor to do things like log in to and 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 executor in a will, the court will choose one for them. Unfortunately, the chosen executor may not be their first choice.

Debt is another point to keep in mind. Young adults aged 18 to 23 have an average debt balance of nearly \$10,000.⁵ Debts are part of an estate every bit as much as assets are. Although debt that cannot be paid off because of insufficient estate assets will likely go away and will not transfer to family members, 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

⁵ 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>.

After a child turns 18, they may be eager to take advantage of 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 list of priorities, 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 a 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 or your clients would like to meet to discuss the importance of an estate plan, please give us a call.