

Incorporating Crypto into the Estate Planning Conversation

In 2013, British IT worker James Howells accidentally threw away a hard drive while cleaning his house. Only later did he realize that it held the private key to 8,000 Bitcoin that are now worth hundreds of millions of dollars.

For more than a decade, he has tried unsuccessfully to persuade local officials to let him dig up the landfill where he believes the drive lies buried, even offering to buy the landfill, to no avail. His desperation illustrates not just the meteoric rise of Bitcoin and cryptocurrencies but also a fundamental aspect of what sets these assets apart. Without the private key, the Bitcoin is gone forever. There is no password reset and no recovery mechanism.

Crypto is the only asset class where a simple loss of access, not market decline, can wipe out an entire fortune. And that risk does not disappear when a client dies. If an executor cannot locate the wallet, seed phrase, or authentication steps, the asset may as well not exist.

Advisors can learn a lesson from Howells and the lengths to which he is willing to go to recover his lost drive: Clients who own crypto need an estate plan that accounts for how uniquely valuable—and fragile—these assets can be.

Who Owns Crypto?

When Howells first mined his Bitcoin, cryptocurrency was known mostly within tech circles. Since 2013, however, the value on the drive he inadvertently discarded has exploded from around \$9 million to nearly \$923 million, tracking the dramatic rise of crypto into a widely held asset. Indeed, many experts and reports consider 2025 the year that crypto went mainstream.

No longer a niche experiment, Bitcoin and other cryptocurrencies are now widely viewed as "digital gold" and, often, a hedge against traditional assets. Bitcoin alone has a market capitalization near \$2 trillion, making it one of the world's largest assets, ranked ahead of major global companies.

Despite its volatility, Bitcoin's long-term performance has been extraordinary. Ten-year returns exceed 26,000 percent, far outpacing the S&P 500, gold, oil, and US Treasury bonds. A modest \$100 in Bitcoin in 2014 would have been worth nearly \$27,000 in 2024.

Gains such as these explain why Howells is still willing to unearth tons of garbage—and why crypto has attracted millions of investors. What was once a fringe experiment has moved firmly into the financial mainstream, though estimates of how many Americans hold cryptocurrency vary widely.

- A June 2025 Gallup survey found that 14 percent of all US adults own Bitcoin or another cryptocurrency, rising to nearly 25 percent for men ages 18–49.
- A Security.org study places total US crypto ownership much higher, at 28 percent (about 65 million adults).
- Federal Reserve estimates come in far lower, at around 4.3 percent.

Interestingly, Federal Reserve data also shows that only 2–3 percent of US consumers use cryptocurrency for everyday purchases or money transfers. This suggests that most owners view crypto primarily as a long-term rather than a short-term play and supports the crypto community mantra "HODL" ("hold on for dear life").

This growing level of adoption has also fueled a strong sense of confidence among crypto proponents. As Howells wrote on X in August 2025: "You can block the gates. You can pack the courts. But you cannot block the blockchain. Crypto has already won." A blockchain is a shared digital record book stored across many computers that securely tracks transactions and cannot easily be changed or erased. In essence, Howells is expressing his belief that cryptocurrency is too decentralized to be stopped by traditional power structures like governments, courts, or regulators.

That confidence, however, exists alongside a far less predictable market reality, and opinions on it can vary as much as its price fluctuations. One could argue that the early adopters are the biggest winners: Bitcoin hit a record high in late 2025. But six weeks later, all its gains for the year had been erased, giving credence to the crypto naysayers.

However, more former critics are coming around as institutional investors, financial advisors, and Main Street buyers push crypto further into respectability. Kevin O'Leary, Shark Tank's "Mr. Wonderful," once called Bitcoin "garbage" (before he flipped from crypto skeptic to investor).

Having the Crypto "Talk" with Clients

Crypto is unique, in part, because it presents more than one way to lose big. Market volatility is one risk. But with cryptocurrency, a simple oversight (like Howells's) can erase a client's holdings.

Every Bitcoin transaction requires a private key, or an encrypted string proving ownership of the crypto funds held in a particular wallet. Coinbase likens it to a "password that unlocks the virtual vault that holds our money."

In Howells's case, that safeguard became the problem: The missing hard drive contains a record of the private key. Without it, he cannot access his Bitcoin.

Herein lies the heart of the issue for professionals who advise crypto owners: Access must be identified, documented, and shared with the right people ahead of time.

There is no mechanism—not through the courts, not through custodians, not through the blockchain—for an executor or other digital fiduciary to recover a lost private key.

Decentralization is what makes crypto appealing to many investors. It is also why proactive planning is essential to preserve this digital asset. Crypto may be the future of money. However, unless clients address access and other unique crypto issues while they are alive, their crypto wealth could be impossible to preserve, manage, or transfer after their passing.

How to Hold on for Dear Life: An Action Plan for Advisors with Crypto-Owning Clients

Whether your client is a longtime "HODLer" or a recent crypto investor, failing to plan for access can lead to catastrophic and irreversible loss. Advisors can help by flagging a few core issues early and pairing them with clear next steps.

Issue: Clients may not disclose crypto unless asked

• Advisor action:

Add a simple question to annual reviews: "Do you hold any cryptocurrency or digital tokens?"
Many clients do not think to mention small or experimental holdings unless prompted.

Issue: Crypto holdings are often scattered and poorly organized

• Advisor action:

Help clients create a cryptocurrency inventory of wallet types, platforms, and general holdings.
Guide them on structure only—do not collect or store private keys or seed phrases for your records.

Issue: Access information is insecurely stored

• Advisor action:

Encourage secure, redundant storage, such as with a digital password manager, online encrypted vault, or real-life fireproof safe. Clients should also document where access information is kept (without sharing the information itself) so estate fiduciaries can find it when the time comes.

Issue: Executors may lack the technical ability to manage crypto

• Advisor action:

Recommend selecting a tech-literate executor or naming a digital executor who is comfortable managing digital accounts and security protocols. Suggest that they include with their estate planning documents a brief "executor security checklist" that outlines verification steps (such as confirming account ownership and access authority) and highlights common red flags such as urgent payment requests, unexpected account changes, or requests for credentials.

Issue: Estate documents may not explicitly address crypto

• Advisor action:

Coordinate with the client's estate planning attorney to ensure that wills and trusts authorize fiduciaries to access, manage, and transfer crypto under applicable state law.

Issue: Crypto tax considerations

• Advisor action:

Inform clients that crypto is treated by the IRS as property, not currency, under existing guidance. Executors selling or transferring assets may trigger capital gains. Encourage clients to maintain transaction records and involve tax professionals.

Issue: Advisors must avoid mishandling sensitive data

• Advisor action:

Set boundaries. Advisors should never receive or store private keys or wallet credentials. Instead, provide high-level guidance on secure storage options while keeping sensitive data solely with the client or authorized fiduciary and ensuring that any applicable ethical, professional, or regulatory compliance requirements you may be subject to are fully understood and followed.

Issue: Crypto can create liquidity challenges for estates

• Advisor action:

Discuss the client's preferences for holding, liquidating, or transferring crypto at death. Clarifying intentions helps fiduciaries avoid rushed decisions in volatile markets.

Secure the Wallet, Secure the Legacy

Whether your clients hold crypto as a diversification asset, view decentralized digital currencies as the future of money, or fall somewhere in between, ensure that your guidance goes beyond investing strategy and addresses how crypto fits into their estate plan. Thoughtful estate planning can help preserve access, reduce confusion, and protect the value of their crypto for the people they intend to benefit.