Secure Your Digital Wallet: Cryptocurrency and Your Estate Plan

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.[1]

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 you die. If your executor cannot locate the wallet, seed phrase, or authentication steps, the asset may as well not exist.

Howells learned the hard way a lesson for crypto-owning clients: You need an estate plan that accounts for how uniquely valuable—and fragile—these assets can be.

Crypto Goes Mainstream

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,[2] tracking the dramatic rise of crypto into a widely held asset. Indeed, many experts and reports consider 2025 the year that crypto went mainstream.[3]

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.[4]

Despite 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.[5] A modest $100 in Bitcoin in 2014 would have been worth nearly $27,000 in 2024.[6]

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

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[1] Ryan Gladwin, *Man Fails to Buy Landfill with His Lost $923M Bitcoin—Here's His New Plan*, Yahoo!Finance (Aug. 5, 2025), https://finance.yahoo.com/news/man-fails-buy-landfill-lost-100824532.html.

[2] *Id.*

[3] Daren Matsuoka et al., *State of Crypto 2025: The Year Crypto Went Mainstream*, a16zcryto (Oct. 22, 2025), https://a16zcrypto.com/posts/article/state-of-crypto-report-2025.

[4] DeepNewz, *Bitcoin Surpasses Google with Over $2 Trillion Market Cap, Becomes Sixth Largest Asset Globally*, The Defiant (May 19, 2025), https://thedefiant.io/news/markets/bitcoin-surpasses-google-over-2-trillion-market-cap-becomes-sixth-largest-asset-77ec71e0.

[5] Prem Reginald, *Bitcoin Outperformed Traditional Assets by Over 26,000% in the Last Decade*, CoinGecko (Dec. 13, 2024), https://www.coingecko.com/research/publications/bitcoin-versus-traditional-assets-price-returns.

[6] *Id.*

into the financial mainstream, though estimates of how many Americans hold cryptocurrency vary widely.

- A June 2025 Gallup survey found that 14 percent of US adults across all age groups own Bitcoin or another cryptocurrency, rising to nearly 25 percent for men ages 18–49.[7]
- A Security.org study places total US crypto ownership much higher, at 28 percent across all age groups (about 65 million adults).[8]
- Federal Reserve estimates come in far lower, at around 4.3 percent.[9]

Interestingly, Federal Reserve data also shows that only 2–3 percent of US consumers use cryptocurrency for everyday purchases or money transfers.[10] 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 posted 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."[11] 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 early adopters like Howells 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,[12] 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.[13] Kevin O'Leary, *Shark Tank*'s

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[7] Jeffrey M. Jones & Lydia Saad, *Cryptocurrency Still Has Limited Main Street Appeal*, Gallup (July 22, 2025), https://news.gallup.com/poll/692777/cryptocurrency-limited-main-street-appeal.aspx.

[8] Brett Cruz, *2025 Cryptocurrency Adoption and Consumer Sentiment Report*, Security (Nov. 21, 2025), https://www.security.org/digital-security/cryptocurrency-annual-consumer-report.

[9] Juan M. Sánchez & Masataka Mori, *Cryptocurrency Ownership Among U.S. Households*, Fed. Rsrv. Bank of St. Louis (Mar. 11, 2025), https://www.stlouisfed.org/on-the-economy/2025/mar/cryptocurrency-ownership-us-households.

[10] Fumiko Hayashi & Aditi Routh, *U.S. Consumers' Use of Cryptocurrency for Payments*, Fed. Rsrv. Bank of Kansas City (Sept. 24, 2025) https://www.kansascityfed.org/research/payments-system-research-briefings/us-consumers-use-of-cryptocurrency-for-payments.

[11] James Howells (@howelzy), X (Aug. 4, 2025, at 10:59 CT), https://x.com/howelzy/status/1952399001346527334.

[12] John Towfighi, *Why Crypto Is Melting Down and Stocks Keep Falling*, CNN Bus. (Nov. 18, 2025), https://www.cnn.com/2025/11/18/business/bitcoin-price-crypto-stocks.

[13] Alexey Bondarev, *10 of the Harshest Bitcoin Critics Who Flipped to Become Frantic Crypto Believers*, Yellow (Jan. 4, 2025), https://yellow.com/en-US/news/10-of-the-harshest-bitcoin-critics-who-flipped-to-become-frantic-crypto-believers.

"Mr. Wonderful," once called Bitcoin "garbage" (before he flipped from crypto skeptic to investor).[14]

From Speculation to Protection: What Sets Crypto Apart

Part of what makes crypto a unique asset is that it presents more than one way to lose big. Market volatility is a risk with every asset, and cryptocurrency is certainly no exception. However, unlike a brokerage or banking account, with cryptocurrency, a simple oversight (like Howells's) can erase all your 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 your money."[15] 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.

Therein lies the heart of the estate planning issue for 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 you address access and other unique crypto issues while you are alive, your crypto holdings could be impossible to preserve, manage, or transfer after your passing.

How to Hold on for Dear Life: A Crypto Preservation Plan

Whether you are a longtime "HODLer" or a recent crypto investor, not having a plan to access and preserve your funds can lead to catastrophic, irreversible loss. Below are core crypto issues that your digital estate plan should cover to keep your funds safe and shareable.

Issue: Keeping your crypto accessible. Crypto has no password reset, no customer service line, and no central authority to recover lost assets. If your heirs or executors cannot locate your wallets, keys, or access steps, or if your estate plan documents do not authorize access, your crypto may be permanently unrecoverable.

What you can do:

- Create a secure detailed inventory of your wallets, platforms, and holdings. Keep it somewhere safe and encrypted.
- Appoint a tech-savvy executor or a digital executor and update your will or trust to specifically reference crypto and grant access rights under state law.

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[14] Kevin Helms, *Shark Tank's Kevin O'Leary Reverses Stance on Bitcoin, Says Crypto Is Here to Stay, Invests 3% of His Portfolio*, Bitcoin (Feb. 28, 2021), (https://news.bitcoin.com/shark-tanks-kevin-oleary-bitcoin-cryptocurrencies-here-to-stay-invests-portfolio.

[15] *What Is a Private Key?* Coinbase, https://www.coinbase.com/learn/crypto-basics/what-is-a-private-key (last visited Dec. 22, 2025).

- Store private keys, seed phrases, and multifactor authentication (MFA) backup codes securely. Let a trusted person know where these instructions are kept in case of an emergency.

Issue: Keeping your crypto safe. Crypto is vulnerable to hacking, phishing, and fraud, both during life and after death. Weak cybersecurity, insecure storage, or missing documentation can put your assets and estate at risk and create tax complications for your heirs (for example, difficulty establishing cost basis, reporting taxable gains, or responding to inquiries by the Internal Revenue Service (IRS)).

What you can do:

- Use a reputable password manager and enable MFA for all crypto-related accounts. Never list passwords or private keys in your will. Create a separate secure method for your trusted agents or executors to access your accounts.

- Back up recovery codes, wallet instructions, and key documentation in an encrypted, nonpublic location to prevent loss from device failure or theft.

- Keep thorough transaction records and understand the tax rules. Under existing guidance, the IRS treats crypto as property—not currency—meaning that transfers, exchanges, and sales may trigger capital-gains taxes; lifetime transfers may require gift-tax reporting; and valuable crypto holdings may increase your taxable estate.

Secure Your Wallet, Secure Your Legacy

Whether you hold crypto as a diversification asset, view decentralized digital currencies as the future of money, or fall somewhere in between, ensure that your crypto accounting goes beyond investment strategy and includes estate plan considerations. Thoughtful estate planning can help preserve access, reduce confusion, and protect the value of your crypto for the people you intend to benefit.